

HOW WILL COVID-19 CHANGE OUR LIVES?

YJ

April 27, 2020

Introduction

Since the outbreak of COVID-19, the epidemic has rapidly spread to all parts of the world. The new coronavirus has caused varying degrees of impact on people's lives and operations in various industries: some industries are facing severe challenges, while others are ushering in new development opportunities.

1. Anxiety Disorder

To control the spread of the epidemic, many countries and regional countries have adopted school closure and transformed it into distance education. Thus, students and teachers all over the world are experiencing a special semester.

In the face of the rising number of confirmed COVID-19 cases, the lack of knowledge about the condition, and believe in them or their family members are at risk of contracting COVID-1, and may even face death. Therefore, students' psychology will be significantly affected. Moreover, students who are going to graduate this year are facing great depression in the job market. Social competition is becoming fiercer, and employment pressure is severe, thereby, college students are facing substantial psychological pressure.

Many of the above factors will undoubtedly further increase the unease of students. Many young people in blue moods tend to be available drug and alcohol problems. Thus, it is suggested to give more concern, which requires the community, families, and schools to pay attention and provide the necessary help, psychological intervention, and immediate support to them.

2. Travel Reschedule

Because COVID-19 is highly contagious, many countries and regions have imposed travel restrictions to control the spread of the coronavirus. The United Kingdom advised citizens not to

go to Hubei Province, China, where the virus was first discovered¹ and issued a special travel warning for Italy².

The COVID-19 epidemic in North America began to develop rapidly in mid-March when it was initially a peak tourist period during spring break, thereby a canceling trips trend. More and more closed scenic spots, countless canceled vacations or business trips, and reduced flights by airlines cause great depression in the tourism industry. According to data from ForwardKeys, a data analysis company based on information of global flight reservations, international airline seat in service from 30th March – 5th April was Just 10 million, decreased to 23% of last year³. Not only travel agencies, airlines, and hotels but also the interests of consumers have been substantially harm. Travelers also receive high economic pressure due to many travel insurances that do not include outbreak events compensation.

Refund policies also have strict conditions. Take United Airlines as an instance, before Mar. 12nd, it announced free cancel for customers who booked tickets after Mar. 13th. While the fact is that most of the passengers booked their later trips before the middle of Mar., they could not cancel or postpone⁴.

Moreover, when passengers performed the refund operation, many airlines announced that they would refund the ticket in the form of vouchers or other non-cash refund methods such as airline mileage and credit points instead of cash refunds. The voucher service period is up to one year, and some airlines have less than one year. However, limited time is given for consumers to confirm a new travel time with high uncertainty on when the canceled flight will return to normal. So, they need to verify the corresponding rules of each airline carefully. For many consumers, the voucher is probably a blank piece of paper. It is feasible for consumers to expect airlines to relax restrictions on the terms of use of these virtual currencies, such as extending the redeem time, etc., increasing consumers' willingness to accept.

3. Repayment Delay

Credit cards are a payment tool that everyday life depends. However, with the wave of unemployment and salary cuts brought about by the virus, millions of people have difficulty in repaying their credit card debt.

Many banks, such as Capital One and Discover Financial Services, allow borrowers to defer payments for a month or more. In addition, some banks are reducing or eliminating late, and even forgiving customers some debts⁵.

¹ GOV.UK, "China Travel Advice", Latest update 17 April, 2020. <https://www.gov.uk/foreign-travel-advice/china>

² GOV.UK, "Italy Travel Advice", Latest update 28 April, 2020. <https://www.gov.uk/foreign-travel-advice/italy>

³ "COVID19 Causes The Global Aviation Sector To Collapse | Forwardkeys", Forwardkeys, 2020. <https://forwardkeys.com/covid19-causes-the-global-aviation-to-collapse/>.

⁴ "United Airlines (@United) On Twitter", Twitter.Com, 2020. https://twitter.com/united?ref_src=twsrc%5Egoogle%7Ctwcam

⁵ McCaffrey, AnnaMaria, "Millions Of Credit-Card Customers Can'T Pay Their Bills. Lenders Are Bracing For Impact", WS, 2020. <https://www.wsj.com/articles/millions-of-credit-card-customers-cant-pay-their-bills-lenders-are-bracing-for-impact-11587807001>.)

Although extending the repayment time could relieve financial stress on customers, when we can go back to normal life is still unknown. Furthermore, the bankers are expected to have a stricter review on the applicants during the card issuance process as a result of fearing the risk of increasing bad debts.

4. Stock Market

Facing the decline in global fuel demand caused by COVID-19, the price of US benchmark oil, West Texas Intermediate (WTI) Crude Oil, last week fell to negative \$40.32 per barrel for the first time in history.

During the first few months in 2020, the financial markets were described as unbelievable and scary. However, we can have a sight of the high volatility effect on some of the investors via the recent WTI change. Based on the fact that almost exhausted oil demands because of the world lockdown, while the cost and space of oil storage have increased significantly.

This also caused a considerable effect on retail investors in the stock market. In some countries, ordinary investors can buy crude oil derivative products sold through banks on mobile apps. Although at the beginning of March, WTI was once considered to be a low price as a result of break up between OPEC and Russia, many professions recommend buying the dips for large purchases to make investment. In April, as investors sell plenty of the WTI crude oil May 2020 futures contract when the demand continuously goes down, WTI reached its lowest point in history. The "negative" price means the cost of transporting oil to a refinery, or storage has exceeded the value of the oil itself. While the drop-in oil price may generate billions of dollars in losses to its retail investors in South Korea and China as reported⁶.

Of course, risk control staff and investors may feel very wronged: after all, from the professional study to the years of practice at work, the negative price problem has never entered everyone's mind. But the reality is so cruel, and if something goes wrong, the losses can never come back. The negative WTI price does remind financial institutions and all the investors that in the future, small probability events should also be attached with great importance.

5. Online grocery delivery

In this epidemic, facing by reducing the number of trips and risks as much as possible, the fear of the pandemic, and worries about the impact of out-of-stock prices and other factors, many consumers choose to buy products online. Problems such as skyrocketing orders, delivery delay, and out-of-stock products occur with it.

⁶ Xie Yu, Frances Yoon and Jing Yang, "When Oil Prices Went Negative, Investors In China Took A Hit". WSJ, 2020. <https://www.wsj.com/articles/crude-oil-treasure-turns-toxic-for-chinese-bank-and-its-small-investors-11587642511>.

During the epidemic, the orders of almost all online grocery platforms have increased more than several times, and the lack of capacity has become a common problem faced by online grocery platform during this period.

Famous grocery delivery service providers are Amazon Fresh, Instacart, FreshDirect, and so on. Many people have to be familiar with them because they have to spend the majority time of a day to refresh the browser, like snap up tickets of a hot concert, to get an available delivery window.

“The customer demand we expected over the next two to four years has happened on the Instacart platform in the last two to four weeks,” company founder of Instacart Apoorva Mehta said last week⁷. Amazon asserts that Amazon Fresh and Whole Foods grocery has surged by more than 60% since the outbreak. In order to provide better service to its premium members and loyal customers, amazon has held new sign-in customers⁸. Instacart is planning to hire 300,000 personal shoppers⁹.

People's online shopping habits have been developed, but most consumers with online shopping experience are not used to buying fresh food online. For online grocery provider, increased pressure on timely delivery, quality assurance, and back-end supply also exposed the pain points of this new e-commerce

But it is hard for the elderly and demanding for the people who are not familiar with online shopping. Moreover, unlike hypermarket chains, many local stores closed temporarily due to decreasing customer flow.

6.Distance Education

According to data from UNESCO's official website, as of Apr. 28, governments in 186 countries and regions have announced or implemented measures to close educational institutions to slow the global spread of the epidemic, resulting in 849 million children and adolescents from pre-school to high school level unable to continue their studies¹⁰.

The impact of COVID-19 on education has far exceeded the scope of school suspension. Even if it is temporarily suspended, there will be various problems.

Firstly, in school, the inconvenience in communicating between students and teachers affects academic performance. Professors need to build another assessment system for students' learning results in the short term. It is also hard for people to respond to online learning after being used to in-person lectures for thousand years although online networks is highly developed. Under most situations, supervised learning on campus is more effective than self-learning or distancing education.

⁷ Usatoday.Com, 2020. <https://www.usatoday.com/story/tech/2020/04/08/instacart-pair-you-real-time-shopper-speed-up-delivery/2966439001/>.)

⁸ "Amazon Will Not Accept New Grocery Delivery Customers Amid Spike In Orders", New York Post, 2020. <https://nypost.com/2020/04/13/amazons-grocery-alternative-rejects-new-delivery-customers/>.

⁹ Wm. Moyer, J. and E. Ruane, M. (2020) The Washington Post. Available at: https://www.washingtonpost.com/local/demand-for-online-ordering-leaves-grocery-stores-scrambling-customers-waiting/2020/03/27/8c246b48-6ed7-11ea-96a0-df4c5d9284af_story.html (Accessed: 27 April 2020).)

¹⁰ "COVID-19 Educational Disruption And Response", UNESCO, 2020. <https://en.unesco.org/covid19/educationre>)

Second, suspension of classes also causes inconvenience in the family, because parents must strike a balance between work and childcare. Besides, the level of family education poses a challenge to online teaching. Parents now play the role of teaching assistant. Many parents have difficulty completing the task of being their children's studying companions because of their own restrictions. Furthermore, we cannot ignore people who have limited access to online educating sources.

Finally, the suspension of schools also exacerbates inequalities in education. For example, families with favorable economic conditions often have higher education levels and more resources to fill learning gaps and provide abundant activities for children when they are unable to attend school. This gap and inequality are likely to widen.¹¹

7. Work From Home

Now that the epidemic affects the centralized office mode, many enterprises and schools have adopted remote office and online education the increasingly sophisticated online office software has become the most preferred alternative for the companies. For office workers, the remote office that is not restricted by geographic space becomes a necessity for most enterprises, and online office software that can achieve office collaboration will be widely used. Major technology enterprises like Zoom, Microsoft, and Webex are also competing for providing free resources to help work from home. Microsoft provide premium version of Teams for free for half of a year; Google continues free access to teleconferencing until September 30th and Webex's main promotion in March was "G20 Summit", which was remotely connected through Cisco's video conferencing solution, and leaders of the 20 countries attended in the form of video¹².

After the epidemic, as video conferencing provides a new, more efficient, and geographically independent conferencing mode, remote video conferencing may gradually become the choice of more companies.

8. Insurance Industry

The coronavirus makes people reconsider whether insurance is really not needed. After SARS which happened in 2003, most of insurers has put epidemics into their exclusion clauses. It means limited source that consumers can turn to their insurers for help under this epidemic.

In addition, it is said that the medical insurance company will waive the co-pay for the treatment of the coronavirus. However, some insurance company immediately clarified that it only waived the cost of virus test. In some states, uninsured people have to pay high hospitalization costs. Hence,

¹¹ "COVID-19 Educational Disruption And Response", UNESCO, 2020. <https://en.unesco.org/covid19/educationre>

¹² Cisco.Com, 2020. https://www.cisco.com/c/dam/en_us/solutions/industries/docs/finance/intl_reg_wp040309.pdf.

it may increase people's careful attention to purchase premium health insurance and awareness of health risks, after the coronavirus is controlled or ended¹³.

Moreover, some auto insurance companies decided to return part of the user's insurance premium. Since no one drives on the street, they expect fewer accidents in the next two months, and the company's expenses will be reduced.

Progressive, an insurance company, which mainly focuses on vehicles, announced an "apron relief program" plan in March. In addition to providing insured with a total of 1 billion US dollars refunds, but also offer other additional services. This includes refunding 20% of the insurance costs from April to May¹⁴.

9. Food and Restaurants

The development of the outbreak has caused a cliff-like drop in the chain catering industry due to the spread of the new coronavirus.

Take New York State as an example. New York State declared a Disaster Emergency on March 7. On March 16, to control the further spread of the virus, the New York State and City Government announced that restaurants and bars would not allow in-store dining services, limited to take-out, and food delivery services are enabled¹⁵.

With the government's restraining order and people's quarantine at home, consumer demand has dropped significantly. The catering industry is facing a large number of store closures, and most restaurants have shortened their business hours under suggested curfew law. Furthermore, unable to destock has caused material waste.

According to the National Restaurant, Association, New York state restaurants had to lay off more than 250,000 people. They lost nearly \$2 billion in revenue/sales in the first 22 days of March. The national report follows one released by the NYC Hospitality Alliance previous week, which surveyed nearly 2,000 restaurants in the city and found that almost 70,000 people had lost their

¹³ "Do Insurers Have COVID-19 Covered?", KPMG, 2020. <https://home.kpmg/xx/en/home/insights/2020/03/do-insurers-have-covid-19-covered.html>.

¹⁴ "A Note About COVID-19", Progressive.Com, 2020. <https://www.progressive.com/support/covid19/>.

¹⁵ Andrew M. Cuomo, "No. 202: Declaring A Disaster Emergency In The State Of New York", 2020. <https://www.governor.ny.gov/news/no-202-declaring-disaster-emergency-state-new-york>.

jobs. The National Restaurant Association survey also predicts that 11 percent of the restaurants surveyed will close permanently in the next 30 days¹⁶.

The epidemic significantly reduced the chances of residents dining out but did not reduce the standard of living. Instead, it allowed more people to entertain themselves by starting to share DIY food. Dalton coffee in Korea, rice cooker cake in china and banana bread in North America and etc., these short videos on YouTube for making gourmet foods has greatly increased, and the sales of flour commonly used for cakes in stores has increased dramatically. Friends and families share their food with videos and photos on social media, no matter how they look.

Like dalgona coffee, whose another name is coffee stirred 400 times, consisting of milk topped with a thick layer of coffee foam that's made by vigorously mixing instant coffee, sugar, and water is exhausted¹⁷. According to the data from Google Trends, the keyword "Algona coffee" seemed didn't exist until March 2020, and then it quickly reached a peak in early April, which is also the pinnacle of the epidemic situation.

Although life is hard outside, families and friends can be joyful by making food personally.

10.Fitness Games

Affected by the staycation started in 2020, the gaming market will usher in a blowout. Steam, a game platform that Valve company, its statistics show that from March 9, 2020, the number of user on the Steam platform is on the rise. In March 2020, the average number of people online on Steam was 14.2349 million, increasing to more than 50% year-on-year¹⁸.

Also, several media reports show that Steam broke up its history record: it's the first time for Steam to have more than 20 million concurrent users¹⁹.

People who are forced to stay at home are looking for a healthy and beautiful body and various entertainment methods. In addition to push-ups, squats and other relatively simple fitness methods, another fitness game with entertainment nature inside has also become popular: players can experience the thrill of the game during fitness and can achieve the purpose of sports in a relatively relaxed and joyful atmosphere.

Sina Weibo hotspot data displays that the most popular fitness games during the epidemic were "Ring Fit Adventure", "Just Dance" and "Beat Saber". Among them, the heat of Ring Fit Adventure

¹⁶ "New York Restaurants Have Lost At Least \$2 Billion In Sales Due To COVID-19, Survey Says", Eater NY, 2020. <https://ny.eater.com/2020/3/31/21199988/nyc-restaurants-report-sales-loss-covid-19>.

¹⁷ "Dalgona Coffee", En.Wikipedia.Org, 2020. <https://en.wikipedia.org/wiki/Dalgon>

¹⁸ "Steam: Game And Player Statistics". Steam: Game and Player Statistics, Store.Steampowered.Com, 2020. <https://store.steampowered.com/stats/Steam-Game-and-Player-Statistics>.

¹⁹ "Steam Hit Its All-Time Concurrent User Peak Over The Weekend", The Verge, 2020. <https://www.theverge.com/2020/3/16/21181272/steam-concurrent-user-record-set-cs-go>.

far surpassed other fitness games. When it was launched by Nintendo in October 2019, the retail price for this fitness game released by Nintendo was \$80. However, the price rose to \$100 due to short supply, and then third-party vendors sold the product for up to \$200+ on ebay²⁰.

In this special holiday, the game has changed from the entertainment of a particular group to the lifestyle of the whole people and has greater possibilities in user value. It reflects that people will pay more attention to their physical health and enhance their enthusiasm for participating in physical exercise in an easy way.

²⁰ Anastasio, Cecilia, "Coronavirus Fears Spark A Run On Nintendo's Ring Fit Adventure", 2020.Wired. <https://www.wired.com/story/ring-fit-shortage-coronavirus-covid-19/>.)