Chris Meekins | (703) 351-5294 | chris.meekins@raymondjames.com
Bobby Griffin, CFA | (727) 567-2546 | bobby.griffin@raymondjames.com
Matthew McClintock, CFA, CPA | (212) 856-4891 | matt.mcclintock@raymondjames.com
Tavis C. McCourt, CFA | (615) 645-6811 | tavis.mccourt@raymondjames.com
Ed Mills | (202) 872-5933 | ed.mills@raymondjames.com
Savanthi Syth, CFA | (727) 567-5274 | savanthi.syth@raymondjames.com

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COVID-19 a Psychologist's View - Getting Back to the Good Old Days

Dr. Gelfand, a renowned cross-cultural psychologist, has extensive research experience in behavioral trends across societies. In our call, she discussed the direct implications that the traumatic effects of COVID-19 may have on long-term consumer behavior. In this note, we discuss some key takeaways from our conversation about the widespread effects of the virus and how, if, and when we as a society might expect to return to normal.

Our main takeaways proceed as follows:

- Feeling safe is a prerequisite to normalcy.
- If people feel safe, people rebound more quickly.
- Those in lower socioeconomic positions are most likely to respond with caution and limit discretionary spending over the long term.
- People follow other people, so community reengagement will help people regain comfortability.
- People feel safer when they have credible, consistent, and authoritative data.
- The media can help the rebound by promoting positivity.
- People are quicker to adapt to things than you might think.
- The pandemic is moving from a health problem to a psychological problem.
- The rebound will likely take longer than the 'tightening up' period, but it will happen.

DIGGING DEEPER

Feeling safe is a prerequisite to normalcy

Dr. Gelfand repeatedly emphasized the importance of psychology, social norms, and national leadership in fostering a widespread return to comfortability. She said that, in order to return to "normal" behavior, people will have to feel fully safe again. The perception of safety will depend on many factors, such as the consumption of positive messages from media, the emotional inclinations of different individuals, and the evidence of measures implemented to combat future traumatic events. Dr. Gelfand corroborated what we have stated for months; returning to normal will require widespread acceptance of the virus, as promoted by a change in social norms or leadership approaches, and/or a reduction of perceived threat, perhaps through the development of a vaccine or therapeutic.

If people feel safe, people rebound more quickly

Signaling safety encourages individuals to adopt more risk tolerance. If we as Americans feel secure to focus on returning to ideals, we will feel inclined to return to our prior, more carefree ways of life. Steps toward making people feel safer could include putting up barriers between cashiers and customers and taking temperatures of flyers at airport security lines.

Those in lower socioeconomic positions are most likely to respond with caution and limit discretionary spending over the long term

Responses to the pandemic will be heterogeneous. Higher obstacles to social distancing seen in many lower-paying jobs as well as comorbidities that are more prevalent in lower socioeconomic groups have already caused disproportionate despair to people in lower socioeconomic positions. However, Dr. Gelfand said that this group will have a harder time rebounding psychologically, too, as these individuals tend to exercise higher

degrees of risk aversion than their counterparts in higher social classes. As a result, people in lower socioeconomic strata are likely to reduce spending behaviors and prioritize personal savings for a long time following the dissipation of the crisis.

People follow other people, so community reengagement will help people regain comfort

Societal trends drastically influence individual behavior. People often draw their own perceptions of 'safety' from the actions of their communities and influencers. Accordingly, if we can effectively reengage communities after the crisis diminishes, we can speed our recovery. Some recommendations that airlines and airports can take to help customers feel safe and speed up the recovery include implementing procedures that promote social distancing (as seen in Delta's choice to block out middle seats), promote cleanliness (for example, flight attendants wearing gloves, more intensive disinfecting measures, and clear communication of these measures to customers) or taking temperatures before allowing passengers to pass security.

People feel safer when they have credible, consistent, and authoritative data

Dr. Gelfand repeatedly stressed that, in order for people to feel secure, they must feel that the data they reference is reliable. Americans need credible information from credible sources; we need to be able to trust in our leadership, institutions, and scientists. A lot of uncertainty in recent weeks stems from ambiguity about who and what to trust. As our leaders grow more consistent and responsive in their recommendations, people will feel safer and more inclined to return to previous activities after we are over the curve.

The media can help the rebound by promoting positivity

Dr. Gelfand noted that people tend to focus and act on negative news. Given the overwhelming prevalence of negative and often contradictory messages in today's media, a positive shift in the general tone of media would significantly improve individual and community feelings of safety across the board. In other words, the media should uplift Americans by highlighting how the difficult measures people are taking to stop the spread are tangibly working while encouraging continued vigilance in positive tones. Such reporting has two key benefits: listeners are more inclined to feel safer, and people are more encouraged to exercise creative innovation to further collaborate against the spread. Dr. Gelfand said that positivity in media will be key both in rebounding from this outbreak and responding to and rebounding from potential outbreaks down the line.

People are quicker to adapt to things than you might think

Despite Americans' characteristic 'do whatever we want' attitude, we have effectively adapted to drastic constraints in everyday life very quickly. We have rapidly accepted and put into practice social distancing, hand washing, refraining from touching faces, and, in many localities, staying at home. Dr. Gelfand compared this shift to that which occurred during World War II, when Americans came together, rationed supplies, got creative, and unified to help one another. Such shifts demonstrate how quickly and powerfully cultures can adapt, particularly in light of threatening events.

The pandemic is moving from a health problem to a psychological problem

The pandemic qualifies as a traumatic event, which is typically defined as any event that causes harm and challenges sense of safety on an individual and/or community-wide level. As individuals and communities struggle with fears and anxieties related to social isolation, economic strain, and the virus itself, the pandemic is becoming increasingly problematic to mental health. Dr. Gelfand cited some byproducts of this phenomenon, such as sleeping problems, increased aggression, alcohol and drug abuse, and grief. Further, she explained that these symptoms of psychological distress are contagious and that Americans are having a particularly difficult time coping because we strongly value our freedom and safety. While this is true, Dr. Gelfand explained that the tragedy also brings some degree of silver lining: traumatic events tend to inspire altruism, empathy, and creativity.

The rebound will likely take longer than the 'tightening up' period, but it will happen

Response curves to traumatic events typically appear asymmetric. Dr. Gelfand describes the transition that our country has undergone thus far as "tightening up"; people forsake a degree of liberty in exchange for security. Although this process has been rapid, the "loosening up" process tends to take a bit longer. Although it may take some time-- perhaps eighteen months to two years-- for people to feel the same level of comfort as they felt back in the good old days (pre-coronavirus times), we expect that it will happen. Since humans inherently crave belonging, it is unlikely that remote activities could ever substantially replace face-to-face interactions. Dr. Gelfand predicts that Zoom happy hours may remain a mode of

connecting with long-distance family and friends, but business-as-usual should resume to normal when possible. Further, more crowded venues, such as concerts and sporting events, are also likely to resume post-pandemic, but may take longer to do so than more essential gatherings. Notably, in the event that the virus comes back for another wave after we return to normalcy, Dr. Gelfand predicts that Americans will return to the challenge with resiliency and speed up the processes of both tightening up to combat the threat and loosening once we regain safety and normalcy.

OUR CALL NOTES

Some of the following notes have been paraphrased to improve readability.

Chris Meekins: While we spend a lot of time discussing what is necessary for government leaders to decide to reopen the economy and remove the stay-at-home orders, an equally important question is what will be necessary for individuals to decide to return to their normal activities. That really is the question which impacts all sectors that we cover here at Raymond James we're really trying to answer with this call. So, we're pleased to have with us Dr. Michelle Gelfand, a cultural psychologist, to discuss how quickly individuals will return to activity levels they engaged in before the crisis. Dr. Gelfand has been studying how groups interact with threats like pandemics, both in modern nations and among pre-industrial societies. She is a professor of psychology and an affiliate of the R.H. Smith School of Business at the University of Maryland. She is director of the Culture Lab, which studies the strength of cultural norms, negotiation, conflict, revenge, forgiveness, diversity, theory and methods, and cross-cultural psychology. She incorporates many interdisciplinary perspectives into her research, and works with computer scientists, neuroscientists, political scientists, and—increasingly—biologists to understand all things cultural. Her work has been published in top outlets such as Science, the Proceedings of the National Academy of Sciences, Proceedings of the Royal Society B. Academy of Management Review, Academy of Management Journal, Research in Organizational Behavior, Journal of Applied Psychology, Annual Review of Psychology, Psychological Science, the Journal of Personality and Social Psychology, Organizational Behavior and Human Decision Processes, Journal of Cross-Cultural Psychology, among others.

So, I'm going to turn over to Dr. Gelfand for some opening remarks, then kick off the conversations with some questions, next bring in each of our analysts for further questions and answers, and then open it up to questions from the audience. With that, let me welcome Dr. Gelfand and take any opening comments she would like to begin with.

Dr. Gelfand: Sure, so, I'm really happy to be here. I'm a cross-cultural psychologist, so I study human behavior around the world, and I'm really interested in how humans respond to things like threat. Of course, right now, we're in this unprecedented situation, and I focus on really the psychological and social level of how people are reacting to the pandemic around the world and the implications for change and how we're going to be dealing with the situation over the next, presumably, eighteen months to two years. So, I think it is a really important perspective to understand the human element of the crisis and how people respond in these kinds of very difficult circumstances. So, I'm happy to address lots of different elements of this and send you other materials to follow up on anything that is of interest.

Chris Meekins: Great, thank you so much. Well, let's kick off with the questions as that I have, and then I'll turn it over to Bobby, Ed, Matt, Savi, and then Tavis, and then we'll get to questions from you.

So, first, let me just say – do you think right now what we're going through is traumatic event and, if so, how do individuals process traumatic events?

Dr. Gelfand: Yeah, I think that this certainly qualifies as a traumatic event from a psychological point of view. A traumatic event is generally any event that causes lots of different sorts of harm, whether that is physical, emotional, or psychological harm. These things really challenge our sense of safety, and it's not only this situation experience that is an *individual* threat or *individual* trauma, but also a *collective* threat to our communities and institutions. One thing we know from psychological science is that people tend to process traumatic events through a variety of different emotions. One common response is clearly fear. Humans, like other animals, possess basically a defensive system for combating these threats. People are asking many questions – what does this mean for me and for my family, my community, and my country? So, there's a tremendous amount of uncertainty causing anxiety and worry. Some of you have seen some of the recent stats that show that it is causing a lot of sleeping problems, aggression, alcohol abuse, and drug abuse in some households. We know from research on fear that it can also be quite contagious from people – when we see other people with fearful responses, it also tends to spread.

But, during traumas, we also experience a tremendous amount of grief. These kind of losses that we are experiencing – they don't have the clarity

of a single point of time, as seen in death – but they tend to involve a lot of different feelings around grief. For example, they involve a loss in sense of safety, social connections, personal freedoms, jobs and financial security. Of course, going forward, we're not totally sure what new losses will occur we can't predict.

I do want to mention that, on a more positive note, we also see during collective threats like this a tremendous amount of cooperation and altruism across people who are responding to this. There are many instances that people display a remarkable amount of empathy and concern for others. I also want to mention that this crisis really doesn't compare to any other historical or other life events. I think it's fair to say that many of us have not experienced anything near the kind of toll it's having on our health, psychological well-being, social well-being, and of course economic consequences.

I also want to mention from a cross-cultural point of view, I've studied how nations respond to threats, and we know that the U.S., generally speaking, has been safe from many chronic threats. Of course, we've had threats over history, but not chronic types of natural disasters or pandemics like you see in other countries. From my research, we see that groups that tend to have a lot of threats—like Japan, Singapore, Austria, and Germany—they tend to have much stricter rules in general in daily life. That's because strict rules can help people to coordinate to fight these kinds of threats. So, the U.S. has veered 'loose' in my data. This is something that we've published in science, and we've followed up with some computational models. So, the U.S. is in a particularly unique position where we've been separated by two oceans from other continents, we haven't had chronic natural disasters (we of course have our share of them in certain states), and so it's been really difficult for people to grapple with the idea that we may need to give up some liberty and freedom for constraint and security. I have focused a lot on how nations are dealing with this pandemic, and there is a distinctly cultural angle here that Americans in particular are struggling with the severe amount of constraints that we've had.

Chris Meekins: That's incredibly helpful. You talked about fear and grief; what exactly are the criteria, whether subconscious or conscious, that individuals may use before they feel that they can return to normal? What is necessary for them to overcome that – is it just the government saying "all good," or what would be necessary to reach a sense of comfort?

Dr. Gelfand: I think that the bottom line is that people will go back to normal when they feel safe again. So, we think about what causes people to feel safe. A lot of that is related to our individual-level experiences related to our sense of risk. When we feel things are seriously risky, we don't feel safe – we hunker down. But, also, emotions drive our perceptions of risk. People who feel really negatively – they tend to look for negative information and use this negative information to drive judgments about safety. So, the bottom line is that as people start to feel less negative and more positive, they'll start paying more attention to more than just negative information. We know that humans in general seek out more negative information than positive information, and this feeds into our senses of risk and safety. Another thing I would add beyond the psychological dimension has to do with the social level. We are looking to people in our communities, we're looking to social norms of what people are doing. We are watching to see when other people are going back to normal. That's a strong signal: when it's normative to go back to normal. Of course, we're also looking to our leaders; we want non-conflicting information from our leaders. This has been a serious issue clearly in the U.S. but also in other countries that have struggled with ambiguity on whether or not we are safe to go out. So, it's multiple levels of analysis – one is psychological, one is social, and one is what our national leaders are telling us. So I think we'll all be looking for these signals to help us guide when it might be okay to turn back to normal.

Chris Meekins: How cautious do you believe people will be to return to events with large crowds, such as movie theaters, concerts, and sporting events? How much time do you think will be necessary for people to get more comfortable with that?

Dr. Gelfand: That's a great question. We know from our own research and models and other data that it takes longer to bounce back after a serious threat. This might be evolutionary adaptive – when threats start getting more salient, we start tightening up and having stricter rules to coordinate to deal with those threats. But, we find that it is asymmetric – as threats start getting less salient, it takes us much longer to loosen up and regain safety. People tend to want to remain vigilant before loosening back up and returning to normal. This might be more the case for certain types of people and certain groups. Some people in context promote a "prevention focus," a term that comes from Tory Higgins from Columbia University. People who are prevention-focused are very cautious and vigilant, so they focus on preventing mistakes. People who are more "promotion-focused" are more focused on attaining their ideals; they are not as concerned about making mistakes. We have some research that shows that people who have for example lost jobs, people coming from low socioeconomic status, people from racial minorities that bear

a lot of the brunt of the virus and face discrimination, people who are Asian-Americans, and people who do not necessarily trust the judgment of the government might all be more prevention-focused and take a little longer to come back. So, again, the point is that signaling safety is going to help promote promotion focus and reduce prevention focus. This comes from clear signals from our government, social norms in our communities, and our own psychological reactions or negative affect. Also, we must be mindful that some groups will find it still more difficult. This is consistent with data from the Great Recession; we know that this was also found during that particular time, and this pandemic is a lot more serious on a number of dimensions.

Bobby Griffith: Thank you again for joining us, Dr. Gelfand. My question relates to the Great Recession and unemployment. How long would unemployment have to last before permanently changing how that person spends-- so, even once they get their job back, they are more cautious or are spending differently than they were going into the crisis?

Dr. Gelfand: Often, it's the case that economic recessions are short-term events, but there is a lot of research that shows that the consequences of unemployment and falling incomes can have lasting consequences. Data from the Great Recession gives us some clues around this. We know that consumer spending experienced very severe declines, including household spending cuts and increasing rates of personal savings. So, personal experiences of these economic shocks can scar consumer behavior in the long run. After the Great Recessions, we focused in on some groups-- for example, millennials in their older twenties and older thirties. Millennials became far more conservative in terms of their spending. They began to consider many stocks far too risky to invest in, tending to shy away from investing. They saw what the collapse did to their families and friends, so this generation in particular chooses to save their money and are much more conservative when it comes to investments. I would say that we can look to the past to see that, in fact, it is going to have a serious long-term effect on spending, particularly on certain groups.

Bobby Griffith: When people shift a large part of their behaviors, like they are doing right now, very rapidly, how does it work when they return to a normal level? Does it take longer to return to normal, are there lasting changes? Maybe just expand upon some of that.

Dr. Gelfand: Yeah, I would say on the positive front that when people are following very strict rules and cooperating at the level we are in so many communities, we know from many models that this reduces threat. So, this behavior has a direct impact on the kinds of threats we are going to experience. So, we can forecast reducing the threat through our own behavior and very strict new rules that we are dealing with such as quarantining, social distancing, and hand washing. These actions are predicted to reduce the threat, and that should help us to get back to normal daily routines. The uncertainty around this has to do with leveling the curve and when we will feel safe to get back into very large contexts, such as concerts, museums, and conferences. We do not know, for example, whether in six months we will have to go back to our very strict rules. In a positive sense, we've gotten used to this; we know that we can do it in many communities to the extent that we see that it works and is keeping us safe and reducing the threat, we will be more willing to do that. I do think that, in general, we know that it takes longer, as I mentioned earlier, to go from severe threat to loosening because people tend to be more risk averse in these contexts. Again, as we get these clear signals that it's getting safer, we are leveling/flattening the curve, we're seeing the fruits of all of our agony and new behaviors, we will see shifts in behavior.

Bobby Griffith: You have mentioned how important it will be for us to feel safe. How important is the media's tone in promoting that? I think we are in a pretty diverse media environment, so if we are getting mixed messaging out there, how is that going to play into the consumers feeling safe again to leaving their homes?

Dr. Gelfand: I think that it is a critical issue that we need clear and consistent messages. We are yearning for clear and consistent messages that tell us we are safe. We also need positive messages; most of the media is filled with negative messages which make humans go crazy. For example, I saw a tweet the other day from Steven Pinker that said there are some positive messages we are getting about communities that are flattening the curve. Also, we know that loose cultures have a lot of amazing creative innovation – that's the great thing about the U.S. even though it has taken us a little longer to tighten up. I've seen in my data that the nations that have tightened up most quickly have efficient governments and are tighter. This is controlling for underreporting, wealth, average ages, and population density, and it's also controlling for authoritarianism. It's not a story of authoritarian governments, but efficient governments. The big picture point here is that we need these positive messages; we need positive feedback about when we are doing well. If we all try to get those words out, when we start to see that leveling of the curve in Italy, New York, and Spain, we can veer more optimistic. Optimism is really critical for that promotion focus to minimize fear and risk aversion. So, I would say clear, consistent messages and also positive information, so we can sort of thwart that proclivity we have toward negative information that

makes us more risk averse.

Ed Mills: As I focus a lot on DC and our government, certainly we have a polarized country. It seems as if it almost doesn't matter what the message is, we kind of put our jerseys on and go into different corners. If that continues to be the case, how important is it from your perspective to have safety come from other means, such as a therapeutic, a vaccine, or much lower scientific data, versus communication?

Dr. Gelfand: Both are going to be critical to help people feel normal. The political divisions and mixed messages have really exacerbated the problems that we have had in this country. This virus affects all of us—no one can escape it in the sense that we will learn of people who are affected by it for better or for worse. That will hopefully help us to come together. We see that, under serious threat, we do sometimes see some more division but we usually see most people coming together as a nation as we have in the past. The more that we are experiencing this common threat together and are all being affected by it, the more we need clear leadership that says 'this virus is not partisan, this virus will affect all of us, so let's get beyond this.' Obviously, finding a cure for this is a very big point in the psychology of a threat and feeling safe to go out and go back to conferences, travel… all of the lost opportunities that we are all mourning. However, it is remarkable that we see so much resilience in these contexts. We have fear and grief, but we also have tremendous outpourings of creativity and altruism. We can see that kind of response – I wrote about it in an op-ed that was published on The Hill – we look back to World War II. We were really able to tighten up, we rationed, we got creative. Our companies were very creative in finding ways to solve the crisis, and people also came up with all sorts of amazing ways to stay connected. I teach a class on negotiation at Maryland and the university has responded with an incredibly rapid response on being able to seamlessly continue class online. So universities, businesses, and people—we're on Zoom half our lives now—we're doing things in ways that are incredibly resilient. So, there will be a lot of great lessons from this horrible time, and I think that we will see this crazy resiliency that humans have under threat when they can combine both the strictness of rules with this creative, entrepreneurial spirit.

Ed Mills: We have transitioned to certain things that we thought had to be in-person previously. Now that we have used technology, do we have any research about how permanently or what percentage of adoption usually comes after we have been forced into a new paradigm?

Dr. Gelfand: This is really interesting because many of us think that using these social distancing measures have helped us to focus on high-priority goals. It has helped us to stay connected to the most important people in our lives. With that said, there is nothing that can substitute face-to-face interaction. I do not think people will want to stay on Zoom all of the time as much as it has helped us stay connected and deal with loneliness and a sense of social isolation that has been really difficult because humans undoubtedly crave belongingness. We have done a lot to help deal with that, and some people have had harder time than others. Still, I believe that face-to-face type interaction is something that we will always prioritize in terms of meetings, organizations and so forth. Time will tell how much we resort to using online types of media to perform our business transactions, but my hunch is that we may use it more for family and friend connectedness and virtual happy hours, but I believe that once we feel safety, business-as-usual is likely to continue in terms of how we organize ourselves at work.

Matt McClintock: Thanks for joining us, Doctor. Prior to this event, there appeared to be a behavioral shift underway toward what we call the "sharing economy," as displayed in businesses such as Uber and Rent-the-Runway. How do you think COVID-19 could impact consumers' willingness to share versus outright owning the products for themselves? It sounds like it could actually accelerate it, but I'd like to hear your perspective.

Dr. Gelfand: Yeah, we see that the sharing economies are really incredible-- the innovations we've had on things such as Uber have helped us have such convenience. I think that we are sort of a convenience type of country—we like convenience, we like efficiency. Time is money in the U.S.; I've studied that concept around the world. I believe that the sharing economy will be just as appealing as it was in the past as we feel safe again, because we like to cut to the chase and get things done – that's sort of the American way. Those types of technologies really help us toward that goal. We also tend to be an impatient culture, as De Topo noted about us years ago, and this feeds into our behavior when things take too long it makes us kind of crazy. So, I think your intuition is probably right – once we feel safe, those technologies are so phenomenal for helping us to coordinate efficiently.

Matt McClintock: Perfect. Could you also provide, on a related note, your thoughts on hoarding and how long consumers are likely to maintain elevated stockpiles after the crisis and maybe even into the recovery and post-recovery?

Dr. Gelfand: This is a great question, and we have a paper that we are going to be working on called "Where Did All the Toilet Paper Go?" This initial response is sort of a panic response, when there is a lot of uncertainty and we are getting mixed information from all over the place. This is a natural human response: panic. This is essentially acting out of self-preservation, and we saw this early on with the panic buying of toilet paper and hoarding supplies – I wrote about it, actually, in a piece that came out in the Boston Globe. But I think what we see now that the threat has gotten much more real, we are getting more information and are actually social distancing, we feel that we have more control in dealing with this, so we see less of this behavior and more of the evolution of cooperation. I, for one, have been able to buy some things – not sanitizer – but many of us are experiencing less of the hoarding in our daily lives. So, I think hoarding is an initial reaction, but as threats grow more severe, we see more coordinated cooperation. That is something that I think is evolutionary adaptive. We have seen similar patterns in pre-industrial, small-scale societies that had a lot of threat, like famine or warfare. They tend to have very strict rules where people behave themselves and cooperate. This is kind of useful in helping people to survive a collective threat. We can't survive on our own when we have these kinds of shocks to our nations and societies.

Matt McClintock: How do you see this pandemic affect spending toward luxury goods or toward more discretionary items that people don't really need?

Dr. Gelfand: In many times of economic trouble, people hunker down and are much more conservative in spending on luxury items and we see that here especially compounded with travel as people find more difficulty going places like airports that they are afraid of. So, we have seen this in the past during recessions; people start to shave more, they stop spending as much on items. There are lots of things that, as we are trying to grapple with things such as traveling, there are things that can be done to help us feel safe. For example, after 9/11, airports instituted precautions such as security checks to make people feel safer; it felt like sort of a violation of liberty, but we all came together because it was necessary. Now, I imagine airports could take temperatures as you see in other countries, or large gathering places could do the same. This feels unprecedented, but we have in the past sacrificed our liberties for rules in contexts where they really helped us. The more we can create that, the better. We can see that in grocery stores who use social distancing tape where people should stand. Places should come up with ways that compel people to spend more; to the extent that they help people feel less worried, they will spend more. They should come up with these sorts of innovations to help people navigate uncertain territory, especially before we have any vaccine.

Savanthi Syth: Thank you for talking to us today. Even on a normal day, people tend to have a higher risk aversion to flying than to other modes of transportation. What can airlines do to address extra fears and how quickly do you think people will get comfortable with flying?

Dr. Gelfand: People have a basic cognitive bias - an availability heuristic – that causes them to conjure up images of airplanes crashing and overemphasize the probability of that event compared to other vehicular risk. We have a risk aversion to flying that is not based on probabilistic fact. So, people are already scared to fly, and this will compound that fear. To address this, airlines and airports are already pretty tight, as they need to be. They need strong coordination are used to having a lot of rules. Some new rules you may see include flight attendants wearing gloves, social distancing on airplanes, more intensive disinfecting and communicating this is happening, and maybe taking temperatures pre-flight. Like I said, we have given up serious freedom in airports in past times. The more that airlines signal safety by creating new rules that make people feel safe, the more we will see people warming up to flying again. The same is true with airports; we will need more organization and more efficient coordination. One benefit of loose cultures is that we have a lot of openness, and we are creative and tolerant. Tight cultures struggle with that, are more self-regulated and have more order in all aspects of community life, even down to the times on clocks in the streets. They are better at order. We want to find a balance; we're seeking to become ambidextrous to have the ability to shift between two cultural codes because, in order to be resilient in the face of corona, we need to be tight to help people stay safe but also loose to capitalize on openness. So, in sum, airlines and airports can respond by being more coordinated and create some new rules around social distancing, temperatures, and so forth.

Savanthi Syth: You mentioned earlier that after the Great Financial Crisis, millennial spending was impacted more. Do you expect, after this crisis, to see different responses from varying age groups and also those living in more rural areas versus densely populated cities?

Dr. Gelfand: Yeah, absolutely. This goes back to the idea of who is going to be more prevention-focused, people who are extra cautious. That's the psychological variable that we are interested in. Then, we can start thinking about the contexts that may have more prevention focus. Clearly, millennials and populations that have already been scarred in the past will be one population. People who have been unemployed, in particular those that were hit in both the coronavirus and the Great Recession, people of lower socioeconomic statuses and racial minorities will also have

more prevention focus. People who have witnessed or experienced more trauma from the coronavirus, either by seeing people who have it or otherwise struggled with it will also have more prevention focus. Political ideology might also be something to keep our eyes out for – we need to make sure we are getting clear messages about what is appropriate in this context and get scientists out there to promote trust in their research. New Zealand has been an interesting case study. Although it is a loose culture, it has had a better response than Italy, Spain, and the U.S. because of the very serious top-down, consistent leadership that has said 'we've got to hunker down.' I think that we will see that they recover more quickly from this. So, those are some of the factors that we should keep our eyes out for.

Tavis McCourt: Thank you for joining us today. You talk a lot about tight vs. loose cultures. If you think about it from a country perspective, this is a fascinating scientific experiment because it is happening simultaneously and globally. If we think about coming out of this on the other side, what other types of cultures or countries would you expect consumer behavior to rebound faster, and in which would there likely be some lasting impact to behavior?

Dr. Gelfand: This is a great question, and we have a paper that is under review right now at Nature that addresses this question. It is also online as a pre-print for anyone who is looking to read it. We looked at two factors that, in combination, seem to be really critical for flattening the curve. One has to do with peoples' willingness to follow rules; that's tightness, it is a social construct. The other has to do with how coordinated and efficient governments are. These factors, in combination, really predict very different rates of death rates and acceleration rates. If you imagine a nonlinear curve, the governments that are efficient and in tight places like Singapore and Japan tend to be doing very well relatively speaking. The places doing far less well are loose cultures that have been inefficient in their governments and also tight cultures with inefficient governments. So, in our data, there is a huge, clear advantage to having strict social norms and being used to following strict norms. Again, this is based on our history and ecologies. There are also huge advantages of having governments that are able to swiftly coordinate in public sectors. These places are doing far better. In this analysis, we control for GDP (countries with low GDP are getting hit much harder), underreporting (there are questions about how much data we really have), average age (that is a really important predictor of death rates), population density, and autocracy (the message here is not that we want to be an autocratic country – actually, autocrats are likely to be inefficient). All of the effects I just described are above and beyond these factors. I am happy to send the paper, or you can Google it. I also talked about this on Hidden Brain this week—more generally about this area of research and this notion of trying to use culture to fight the virus.

Tavis McCourt: Is there a broad-based answer for tighter cultures and looser cultures likely to see consumer behavior return to normal? Or is most of the research on the reaction to the virus?

Dr. Gelfand: Most of the research is on the initial, critical stages of who is able to contain the virus. By extension, those who are able to contain the virus by effectively coordinating and dealing with the virus to reduce the threat will likely be ready earlier to be able to get back to normal. We see that anecdotal information from different countries. Of course, the course of this virus is still very uncertain. It is possible that we might be going through tight and loose periods. It is possible that after we let our guards down and go back to school, work, and normal life, we may get information that forces us to go back to a tight mode again. I think that is going to be the challenging in trying to see what is going on with the virus and how long it takes to get a vaccine. But, the more important issue is that the better that we cooperate and the more efficient we are, the more we will reduce the threat and lead people to feel safer to go back to normal spending, investing, and connecting again.

Chris Meekins: Thank you to all of our analysts for the great questions. We got some fantastic questions from people, so in our final fifteen minutes, we will try to do a rapid fire while still getting all of the information we need. Longer-term, will the U.S. consumer shift more toward being savers or spenders? I.e., Japanese culture versus American culture consumers over the long term.

Dr. Gelfand: That's a great question. In a book I just published – "Rule Breakers, Rule Makers" – I talk about this question on spending habits. It's a clear connection with tightness: tight nations tend to have less debt and less spending. So, the more we feel unsafe, the more we are in that tight mode, then we can see that spending would likely be lower. But the more we feel in the safe mode when we can loosen up, we are likely to become more of a spending nation once again. So, I think that it is a direct connection with some of the research we have done.

Chris Meekins: Great. You talked a lot about safety and how, if people feel safe, they'll go to events. What happens if people get out, feel safe, start to go back to normal, and then we get a second wind of this virus and we have to shut things down? Are people less likely to come out of

that as quickly the second time?

Dr. Gelfand: Well, that's a really great question. I can only speak to some of the mathematical models we have done on this that shows that people tighten up in response to threats. Tightening happened a little slower in the U.S., as we see happens in loose cultures, but, after we do that once and thwart off the threat, we build experience and resilience. What we're doing in terms of rule-following is unprecedented in the U.S., so now we will have more collective efficacy. If that happens, and I think it might, I think we will be able to switch from loose to tight with more self-efficacy and collective efficacy, which are critical to efficient actions. I think we will be able to respond even better and with more resilience now that we know we can do it. If we do go back to normal, we need positive messaging saying that we need to be ready and encouraging Americans by pointing out what we have accomplished. We will also need clear messages.

Chris Meekins: Great. How long after we receive the 'all clear' from leadership and government do you think it'll take for people to go to crowded events again?

Dr. Gelfand: That's a great question, and I think that we need the data. People need to be able to trust that message. So, we need a credible source and credible information. The more credible and solid the source and data, the more likely people are to listen and respond. The problem in last few weeks is that we don't know who to trust or what information we can be certain about. This will make the rebound take longer. So, we need to work on increasing trust in leadership, institutions, and science in order to make those calls.

Chris Meekins: Are there any areas in U.S. culture where behavior changes won't happen with regard to consumption because of this threat? Are there any areas you do not think will experience changes in consumption or other impacts because of the virus? For example, I suspect Netflix accounts will not be impacted.

Dr. Gelfand: In general, because of conservative nature that this activates in us, the big ticket items and large purchases are what we're most concerned about as a nation when we are under threat. On the other hand, we have to worry about large investments in things like education or investing new companies we are concerned about. As a psychologist, I am only speculating here based on the underlying conservative shift we see that happens under threat. Uncertain items that cause a lot of pause will be impacted most.

Chris Meekins: Can you quantify the general population to risk takers versus moderate versus risk averse? Do you know approximately the percent of the population in each group?

Dr. Gelfand: A lot of research on antecedents are about the prevention versus promotion focuses. I do not know what the population is exactly, but these categories are probably randomly distributed. People who are more prone to negative affect, neuroticism, anxiety, and lower self-esteem tend to be more prevention-focused and cautious. People who are more optimistic, demonstrate positive affect, are more extroverted, and more learning-oriented tend to be more promotion-focused. These vary with personalities, and I can send a meta-analysis on this for those who are interested.

Chris Meekins: What behavioral changes that have occurred are most likely to be permanent? For example, eating at home and less business travel.

Dr. Gelfand: This is hard to predict. My hunch would be that, once we are back to normal, there is a sense of safety, and when there's a vaccine, then we will rebound to normal. Some new inventions may stick around such as Zoom happy hours and Zoom church meetings. New creative ideas and technologies that help us feel connected are likely to stick around, but I do not anticipate massive shifts in behaviors like going out to concerts and other normal social activities. In fact, people may be more grateful for vacations, libraries, and other experiences once things return to normal after realizing how important they are to us.

Chris Meekins: Great. What are some things employers can do to help employees feel safe coming back to work once the stay-at-home ban is lifted?

Dr. Gelfand: This is a very important question. Leaders can accomplish this by helping people feel like there is order, safety and coordination, but also remaining open-minded and creative to make employees feel heard and satisfied. Leaders should strive for tight-loose ambidexterity in organizations. Also, leaders should exude clear, consistent messages that the organization is focused on minimizing contamination and engaging in healthy practices while simultaneously capitalizing on creativity, spirit, and voices of employees. It is about balances the senses that we want to feel safe but also want to be open.

Chris Meekins: Do cultures need to see multiple traumatic events before they shift to tightness? Will Americans want to give up liberty in exchange for safety after this, or will they need multiple changes?

Dr. Gelfand: In our research, we can see that countries that chronically experience threat veer tight. They learn after repeated threats that following rules is a good thing that saves lives. When we don't have chronic, repeated threats, we go back to normal as described in amicable systems theory. In these contexts, people tighten up in response to threats, but, if the threat is not repeated, then we can see loosening. That makes sense; we are somehow calibrated in terms of the degrees of threats we are facing. It may take longer to loosen up, but if the threat isn't repeated, we will see gradual loosening back to what we had in the past. We will hopefully also learn a lot of lessons that will help us as a nation see advantages of responding more quickly if more threats happen. We corner the market on openness in this country, but we struggle more to tighten up. We are learning as we go.

Chris Meekins: Will lower-income unemployed individuals be able to be more prevention-focused, when many of these individuals lack the luxury of staying home and work in service industries?

Dr. Gelfand: This is an interesting point. My sense is that these groups will be more conservative in *spending*. Middle- and upper-class individuals tend to have more luxury to practice social distancing, which we do not see in the working class in places where people are struggling. I still think there will be more prevention focus in making sure one is safe in lower socioeconomic statuses, but my point was primarily about the impact on spending behavior.

Chris Meekins: As a big picture idea, how will the outbreak impact the way we as a society and on an individual level deal with threats that are less immediate, like climate change?

Dr. Gelfand: This is the billion-dollar question, I think. This situation has really shocked our cultural system. We are starting to realize that Mother Nature's theory is not something to take for granted. As we see our response of coordinating and collaborating to deal with natural threats, the hope is that we learn from this and start collaborating to prevent future threats. Again, we need good leadership on this; we need to learn from what other people have done. A lot of mixed ideology prevents this from happening, but I am optimistic that we will learn a lot from this and that this will change the course of conversations about other potential threats like climate change.

Chris Meekins: Thank you very much, Dr. Gelfand. We really appreciate it, you've given us a lot to look for. Hopefully those of you that joined the call found it helpful. If there is anything that we can further provide, please let us at the Raymond James team know.

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