Decoding consumer behavior

As the pandemic fades, the transformation begins

Featuring an Interactive Country Dashboard

2nd edition

Roland Berger

Looking back to 2020, Covid-19 challenged us to redefine how we live, work, interact and consume. From one day to the next, home became the pivotal point of our lives and we learned to digitalize our communication with friends and colleagues. Consumption patterns changed fundamentally. People reacted with consumer reluctance and a heightened consciousness of what they were buying and from whom. The online channel grew in importance for many, while the offline channel lost relevance as the preferred point of sale.

Once again, we studied the Covid-19 effect on consumption habits around the globe in collaboration with the research company Potloc. We surveyed 2,100 people in the two largest cities of each of 12 countries around the globe in July 2021, ensuring that the survey population was split equally by genders, age groups and income levels. A clear picture emerged: There will be no going back to "pre-Covid society". And for businesses, the transformation is only just beginning.

This study was produced in partnership with
potloc

Cover photo shulz/gettyimages

The new normal is here to stay

There will be no return to pre-Covid life

Around the world, 43% of respondents are increasingly optimistic about the outlook for their personal life, although European consumers, in particular, remain concerned.

Only 29% of respondents globally believe life will be back to normal within the next year. 35% expect this to take more than a year, while one third assume that things will never return to how they were before Covid-19.

Country snapshot: How optimistic are consumers?

[% of respondents]

Optimists →

Japan	France	Germany	Italy	Spain	UK	Switzerland	Brazil	US	Saudi Arabia	UAE	China
25%	**27%**	**29%**	**34%**	**39%**	**43%**	**43%**	**44%**	**51%**	**52%**	**52%**	**88%**

Source: Global consumer survey by Roland Berger and Potloc

New routines and new ways of living are here to stay

New patterns of communication are clearly here to stay. A year and a half into the pandemic, consumers are still using social networks (56%), online streaming services (40%) and apps (33%) more than they did before Covid-19 broke out. Podcasts, online video tutorials and music streaming became more important, especially for the younger 18-44 age bracket. Conversely, around a third of people reduced their consumption of newspapers and printed magazines.

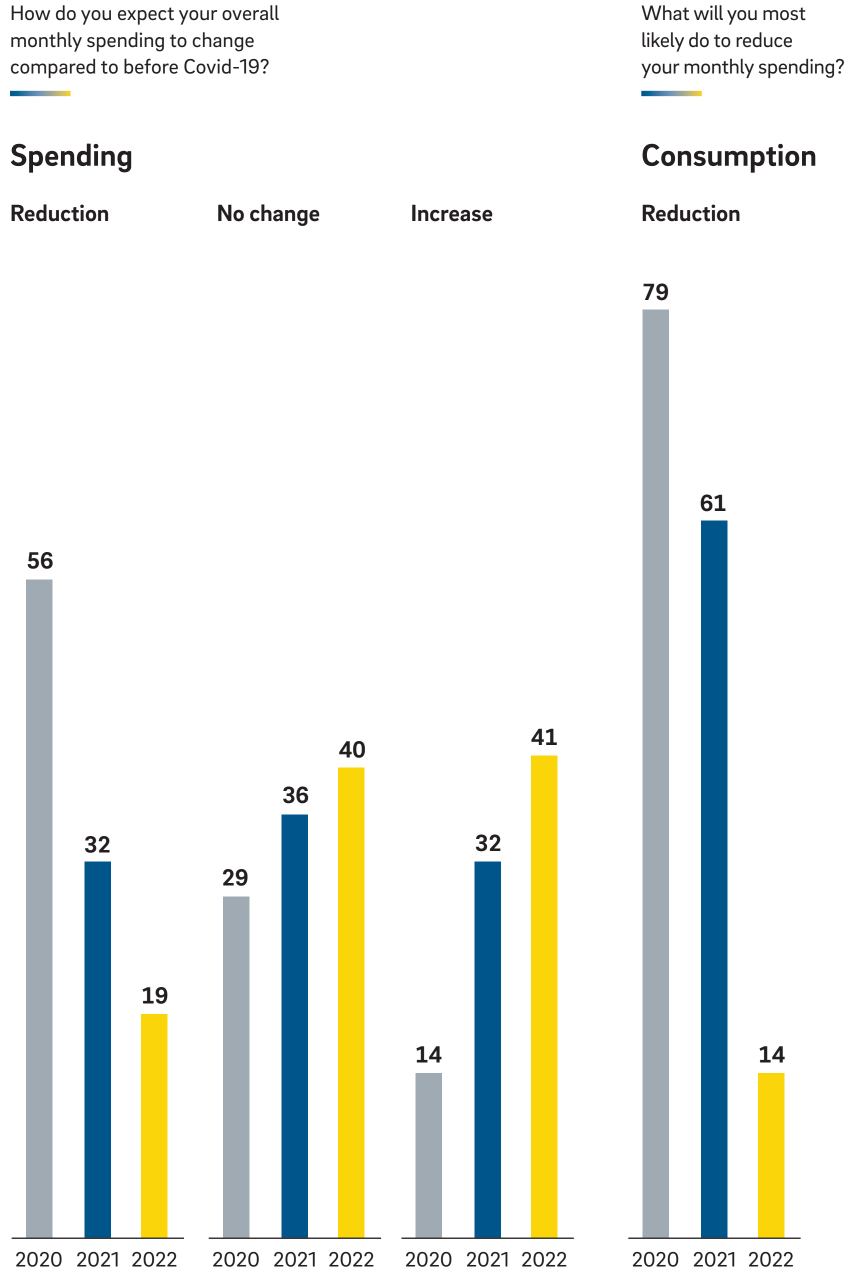
Powerful rebound of spending and consumption in 2022

As people's reluctance to consume fades, efforts to reduce expenditure are coming to an end. A global rebound is expected by 2022 at the latest. While the US, the UK and China are the most optimistic countries surveyed on this score, Southern European countries such as Spain and Italy are slightly more cautious.

After 79% of consumers said they intended to scale back their consumption in 2020, 61% stayed true to this principle in 2021. With only 14% of consumers planning to reduce consumption in 2022, however, signs of a recovery are now appearing. Which businesses profit most from the rebound will depend largely on their post-Covid readiness.

Personal optimism returns; spending and consumption will trend upward from 2022

[% of respondents]



Research on country/city level – click here.

Source: Global consumer survey by Roland Berger and Potloc

The shift to digital is permanent

Covid-19 has accelerated the shift from in-store shopping to what is perceived as the safer and more convenient option of online shopping. This trend has continued through 2021, forcing companies to improve their online presence: 33% of respondents say they have increased their online shopping frequency, while 37% now visit bricks-and-mortar stores less often. Women (43%) attach greater importance to reducing in-store shopping trips than men (31%).

Nevertheless, the Salesforce shopping index shows that the forceful shift to digital channels that drove digital revenue growth up 71% in 2020 has since flattened significantly, with digital commerce expanding by only 3% in Q2 2021.

Country snapshot: How great is consumers' online affinity?

Increased frequency [% of respondents]

Slow adapters ← → **Fast adapters**

Spain	France	Italy	Switzerland	Saudi Arabia	UAE	Japan	Germany	US	UK	Brazil	China
19%	**22%**	**26%**	**28%**	**32%**	**32%**	**35%**	**36%**	**38%**	**39%**	**39%**	**49%**

Source: Global consumer survey by Roland Berger and Potloc

Two years that changed consumption habits for good

The changes that the coronavirus pandemic has brought to our lives are clearly here to stay. From here, there is no return to a "pre-Covid society".

6 key insights

1. **Sustainability and quality affect how consumers live, behave and consume**

2. **Traffic and order processes are digital first – A multi-device presence remains a must**

3. **Exclusivity and experiences are key to winning back consumers to stores**

4. **Online shopping is driven by basics – Free shipping is a global booster**

5. **Shopping baskets retain a bias toward essentials and cocooning**

6. **Vaccination is reviving social life and travel plans, but most people don't want to go back to the office**

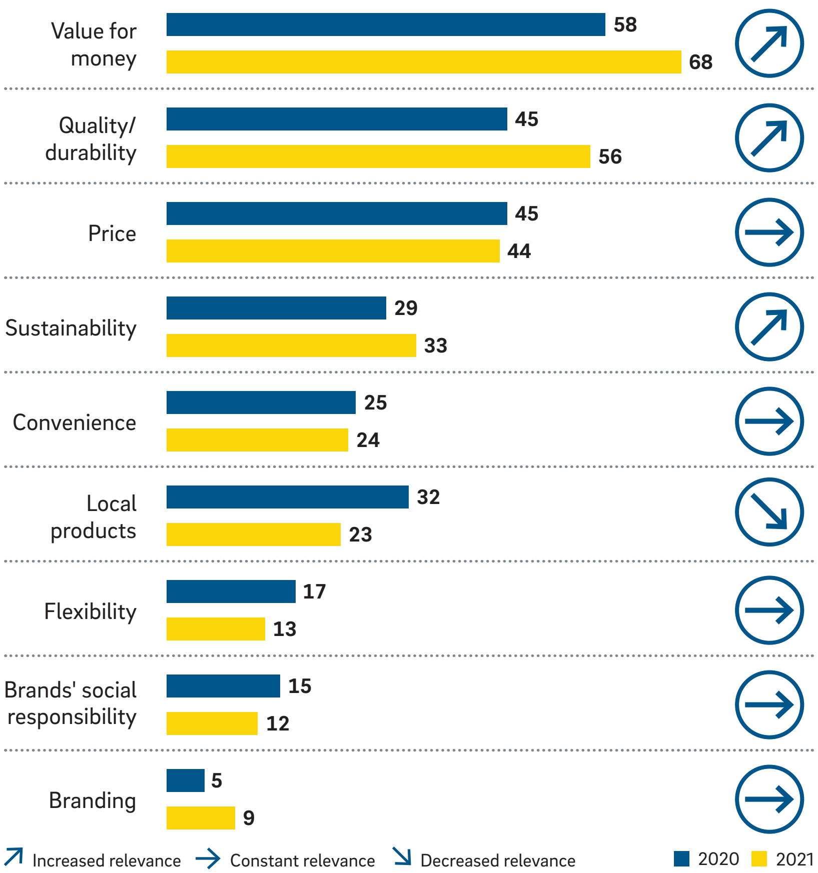
Insight 1: Sustainability and quality affect how consumers live, behave and consume

Covid-19 prompted consumers around the world to make increasingly conscious decisions about what they buy and why. Getting good value for money is still very important to them. While price remains on a constant high level, sustainability and (high) quality have gained further importance since last year. By contrast, local origin has seen its significance erode since the loosening of Covid-19 restrictions.

Sustainability and (high) quality gain further relevance

[% of respondents]

Which of the following criteria will be more important to you after Covid-19?



Research on country/city level – click here.

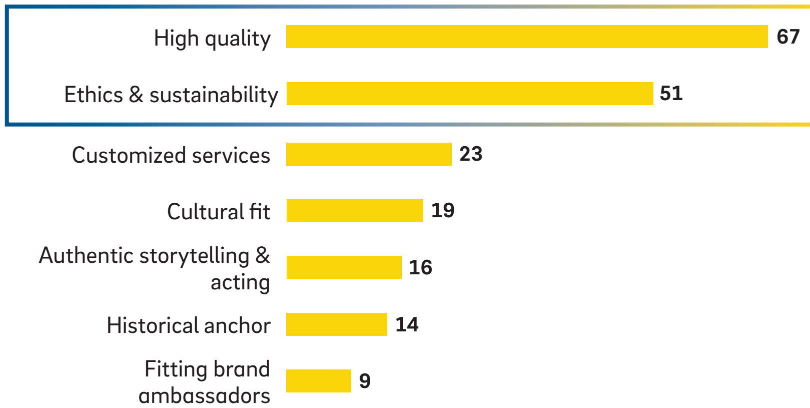
Source: Global consumer survey by Roland Berger and Potloc

Also, brand values are increasingly being linked to quality, ethics and sustainability issues. Good customer service and a cultural fit are rated as more important by one fifth of respondents worldwide. Social responsibility, authentic storytelling, fitting brand ambassadors and historical brand anchors are also important to Chinese consumers. However, fewer than 9% of respondents in other countries see such brand considerations as important to their purchase decisions.

Brands are prized mostly for their high quality, ethics & sustainability

[% of respondents]

What should brands embody for you to consider their products when making your purchasing decision?



Research on country/city level – click here.

Source: Global consumer survey by Roland Berger and Potloc

According to Salesforce findings, 76% of consumers expect brands and companies to adapt to changing circumstances. They want companies to reduce the number and variety of messages sent to consumers and expect a stronger focus on products rather than brands. Marketing experts attest to these changes, with 72% saying that meeting consumer expectations is more difficult than a year ago.

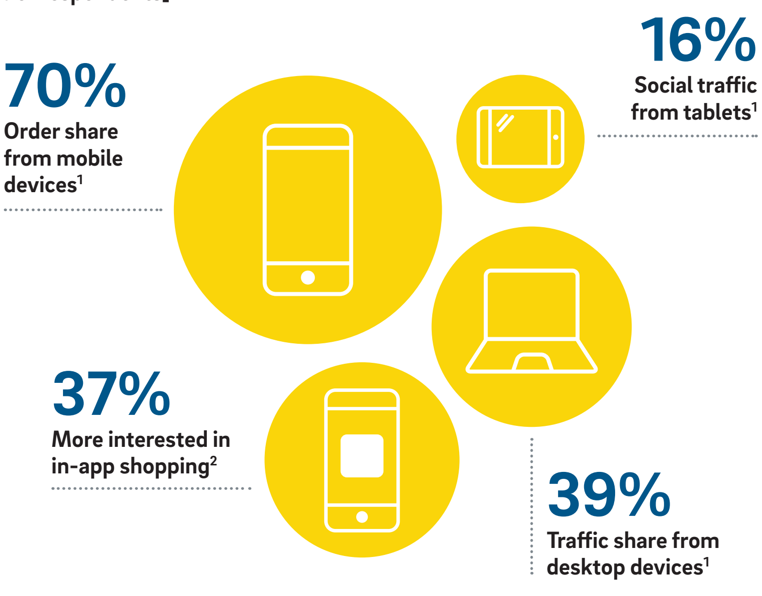
Insight 2: Traffic and order processes are "digital first"

With communication and shopping now increasingly digitalized, the past year has seen massive growth in digital traffic and orders placed online. According to recent Salesforce data, however, the significant upward surge since the beginning of Covid-19 last year leveled off in Q2 2021 as sanitary restrictions eased around the world.

Salesforce data further attest: Consumers are still browsing and shopping online using multiple devices. Mobile devices have evolved from being merely a source of inspiration to the tool of choice for online shopping: Whereas 58% of traffic is channeled via mobile devices, they are used to place 70% of online orders. Interestingly, desktop devices still accounted for 39% of browsing activities in Q2 2021, although only 28% of orders were placed via this medium. "In-app" shopping has grown in importance since last year, with 37% of respondents indicating a greater interest in this option. Tablets are seldom used for browsing and/or online shopping but they are evidently finding their niche as the most-used device for traffic derived from social media platforms. Thus, it is vital for all companies and brands to optimize their multi-device presence to provide seamless, fast and convenient purchasing mechanisms.

While multi-channel is important, mobiles remain top focus

[% of respondents]



Source: 1) Salesforce Shopping Index, Q2 2019 – Q2 2021, 2) Salesforce Consumer & Workforce Snapshot, August 2020

Insight 3: Exclusivity and experiences are key to winning back consumers

Smaller and independent stores are on trend. 32% of respondents now visit smaller independent stores more frequently, while 21% prefer specialized stores. By contrast, all larger store formats like shopping malls, department stores, and retail parks are perceived as increasingly unattractive and have taken a lasting hit. Discounters will play a special role for those who are keen to curb their spending in the years ahead.

To lure consumers back to stores, promotions are a useful tool in the short term, but are expected to lose relevance beyond 2022 as saving attitudes will likely wane. Vaccinations, safety measures (such as strict hygiene standards and face masks) and less crowded stores remain key drivers to bring consumers, especially women, back to physical shopping.

Other key drivers for the return of footfall to physical stores – especially in the Arab countries and China – include exclusive product assortments and the opportunity to enjoy new experiences, as well as special membership privileges. Personal consultation with a store assistant is a more powerful argument for men (29%) than for women (22%) and is especially important in Germany and Switzerland. Live in-store events and in-store technology such as intelligent mirrors are already adding value in China, though not yet functioning as game changers elsewhere in the world.

> **"Smaller and independent stores are on trend. By contrast, all larger store formats are suffering. Exclusivity and experiences are key drivers to lure consumers back to stores."**

Thorsten de Boer, Senior Partner Roland Berger

Exclusivity is especially important in the US, while Germans rely on personal consultation

[% of respondents]

What are the key criteria that attract you to shop in a given store?

	Global average	US	Germany	Switzer-land	Saudi Arabia	UAE	China
Exclusive product selections	33	42	37	32	48	36	38
Experience new things	28	27	24	23	48	33	33
Special membership benefits	27	29	15	18	32	34	33
Personal consultation	25	12	51	48	25	24	23
In-store events/ tutorials	19	17	10	14	24	17	52
In-store technology	16	13	8	5	23	14	38

<10% 10–20% 20–30% 30–40% 40–50% >50%

Research on country/city level – click here.

Source: Global consumer survey by Roland Berger and Potloc

Insight 4: Online shopping is driven by basics – Free shipping is a global booster

Ordering online remains the one channel through which the frequency of shopping is increasing around the globe. One third of respondents said they bought more online in 2021, after 42% had made the same assertion a year earlier. Home delivery gained popularity across the world, with 59% of respondents making greater use of it. The French currently have the weakest affinity for this model.

A lot of consumers tend to shop online even more frequently when free delivery and free returns are on offer, with both figures slightly higher for women than for men, alongside some regional peaks (see table below). Similarly, about one third of respondents would step up their online shopping frequency in return for guaranteed delivery times or same-day delivery.

Good customer service too is increasingly appreciated by a fifth of respondents. Data from Salesforce cites experienced, rapid and resolute support as the top three criteria that define "good service" in the eyes of consumers. As things stand, click-and-collect shopping, virtual sizing assistance/consultation and live shopping are regarded as less significant and are not (yet) key drivers of online shopping frequency.

Free shipping boosts online shopping globally – Germany and Switzerland less promotion-driven

[% of respondents]

What could retailers do or offer to make you more willing to shop online?

	Global average	US	Germany	Switzerland	Saudi Arabia	UAE	China
Free delivery	59	66	49	52	63	67	41
Promotions & vouchers	37	35	16	21	53	52	40
Free returns	36	43	40	49	44	24	26
Guaranteed delivery	34	34	35	17	43	31	27
Same-day delivery	30	36	26	19	43	39	25
Effortless return services	29	32	38	41	34	22	31
Good customer service	20	23	16	16	32	15	19
Virtual sizing assistance	14	18	17	15	24	14	8
Click-and-collect offering	12	5	12	4	17	5	15
Live shopping	4	3	2	0	1	9	10

<10% 10–20% 20–30% 30–40% 40–50% >50%

Research on country/city level – click here.

Source: Global consumer survey by Roland Berger and Potloc

Insight 5: Shopping baskets retain a bias toward essentials and cocooning

The key changes witnessed last year in the composition of shopping baskets and in the mix of channels – the purchasing of essentials and what is known as "cocooning" – remain visible through 2022.

Specifically, 37% of consumers reported spending more on food in 2021, and 29% will do so again in 2022. Personal care and hygiene items too are likely to absorb around 20% more of shopping budgets both this year and next. Though consumers have tended to increase their spending on essential items offline, some of this rise in expenditure is also finding its way into online channels, as quick commerce ("q-commerce") is being pushed around the globe. Compared to European countries, where figures are below the global average, the US, the Arab countries and China all exhibit a more pronounced affinity for this mode of online shopping.

Spending around "cocooning" is still on trend, with consumers spending more on furniture, household and gardening items through 2022 – not surprisingly, given that 71% of respondents worldwide will still be spending more time at home in 2021.

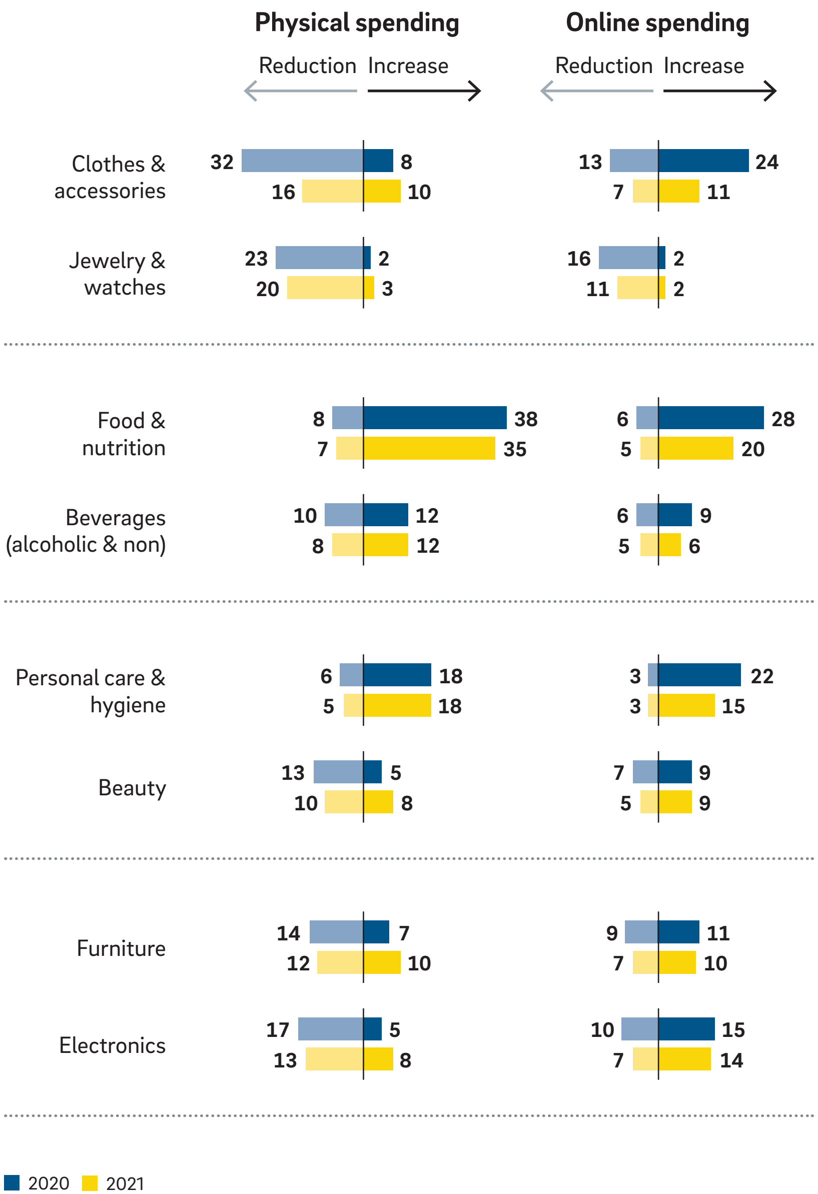
Current fashion shifts mirror the changing lifestyles of consumers worldwide: Leisurewear, sportswear and outdoor apparel are expected to grow continuously through 2022. In the same period, spending on jewelry and watches, formal attire and fashion accessories is likely to remain lower. The reduction in spending on fashion is expected to be stronger (across all categories) in in-store channels – a finding that highlights the importance of online channels as a shopping "venue" for fashion. Convenience, extensive customization and 24/7 availability are cited as key success factors.

"Current fashion shifts mirror the changing lifestyles of consumers worldwide. Convenience and customization will be key success factors."

Richard Federowski, Partner Roland Berger

Consumers invest in essentials and cocooning remains the order of the day

[% of respondents]



Research on country/city level – click here.

Source: Global consumer survey by Roland Berger and Potloc

Insight 6: Vaccination is reviving social life and travel plans, but most people don't want to go back to the office

After compulsory social distancing and the restrictions of lockdown, having spent so much time only meeting others in the virtual space, the vaccinated are now understandably eager to enjoy a social life again – going out and meeting friends, eating at restaurants, visiting museums/theaters and going sightseeing. Other respondents mentioned the desire to attend fitness studios or go clubbing with groups of friends, while 26% look forward to more frequent domestic travel and 29% to more international travel.

Nevertheless, respondents do not want to change all their "new normal" routines. Consumers seem to have little or no interest in going back to their "old normal" office lives: A mere 10% of respondents said that, once vaccinated, they would like to spend more time in the office again. These figures are especially low in Germany and Switzerland (see table below). Salesforce data show that 69% believe the pandemic will permanently change the nature of work. According to the same data, 37% would like to work from home full time, while 32% would prefer a split between time at home and time at the workplace. This trend further showcases the long-term relevance of Covid-19 effects on consumer behavior.

People are interested in social activities, while working in offices is less favored

[% of respondents]

Which of the following activities would you do more frequently after receiving a Covid vaccination?

	Total	US	Brazil	UK	France	Italy	Spain	Germany	Switzer-land	Saudi Arabia	UAE	Japan	China
Meeting friends	43	45	58	47	34	44	46	42	33	44	41	41	37
Going to restaurants	36	48	37	35	36	25	31	43	38	44	28	31	38
Traveling internationally	29	24	20	29	33	40	30	36	43	46	45	19	8
Traveling nationally	26	31	40	25	17	36	30	20	6	22	13	26	26
Visiting museums/ theaters	23	28	22	26	38	25	25	24	20	11	6	20	11
Shopping in-stores	17	26	15	24	9	8	11	17	12	27	21	9	26
Doing sightseeing	17	11	26	9	22	14	31	3	3	18	11	25	20
Working in offices	10	9	8	13	9	5	7	3	4	19	10	6	26

Highest interest (>35%) Moderate interest (>15%) Lowest interest (<=15%)

Research on country/city level – click here.

Source: Global consumer survey by Roland Berger and Potloc

Are you ready?

The world will never again be the same as it was before Covid-19, so businesses must be ready to change and adapt to the new normal taking shape around them. Roland Berger's seven-point **TRANSCOV methodology** helps you understand how ready your company is to succeed in the post-Covid-19 world:

Transform your business thinking

Consumers are staying put in the new normal and expect brands and companies to do likewise

Review your sustainability and quality

These are the two key criteria that influence how consumers live, behave and consume

Adjust your storytelling

Consumers are looking for authentic and ethical brands embodied in a small number of consistent key messages

Nurture connectivity within your ecosystem

Consumers are striving for dialogue and want the recommendations of companies and peers

Shape your retail landscape

When shopping offline, consumers are searching for exclusivity and experiences

Create a seamless consumer journey

Consumers want to experience brands and products with seamless connectivity between the offline and online worlds

Optimize your device presence

Consumers browse and buy on a variety of devices; a seamless, fast and convenient multi-device purchasing funnel is key

Verify your key business drivers

Consumers are most likely to be attracted by basics such as favorable delivery conditions and good customer service

How was this data collected?

Roland Berger partnered with consumer research platform Potloc to survey 2,100 consumers across 21 cities in 12 countries around the world, using the social sampling methodology. This new approach to consumer research makes it possible to target self-motivated and non-incentivized people directly by recruiting participants via channels such as Facebook, LinkedIn, Instagram and Twitter. Since more than half of the world's population are now actively using social channels, what better place to gather consumer insights than on the platforms they already trust to communicate, shop and share their experiences? The resulting data set offers more candid, genuine and high-quality insights than traditional methodologies, providing businesses with essential information to boost their decision-making processes.

Salesforce shopper data

All Salesforce figures used in the report are extracted from the listed Salesforce sources below, all of which are in the public domain:

→ **The Salesforce Shopping Index** is a quarterly publication. This study considers the data from Q2 2019 to Q2 2021, consisting of a curated set of 2,276 digital commerce sites covering more than a billion shoppers, 29 billion visits and 54 countries. *For more details, click here*.

→ **Salesforce Consumer & Workforce Snapshot** surveys a representative sample of the general population twice a month to understand their ever-changing experiences, expectations and outlooks as consumers and members of the workforce. This study considers the data period from May to August 2020. *For more details, click here*.

→ **7th State of Marketing** includes data from a double-blind survey conducted from May to June 2021 that generated 8,227 responses from marketing managers, directors, VPs and CMOs from 37 countries. *For more details, click here*.

Your contacts

Looking for more information or a discussion about your post-Covid business readiness? Schedule a video call with one of our experts

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Supported by our global network of consumer goods and retail partner expertise

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Interested in more insights?

Explore the full data set for each city or country using the Potloc Interactive Dashboard

ROLAND BERGER is the only management consultancy of European heritage with a strong international footprint. As an independent firm, solely owned by our Partners, we operate 50 offices in all major markets. Our 2400 employees offer a unique combination of an analytical approach and an empathic attitude. Driven by our values of entrepreneurship, excellence and empathy, we at Roland Berger are convinced that the world needs a new sustainable paradigm that takes the entire value cycle into account and enables us to meet the profound challenges of today and tomorrow.

POTLOC is a tech-enabled research company that provides top consulting firms and leading brands with a groundbreaking sampling technology to target respondents worldwide with great precision and speed, understand their consumer base and solve strategic challenges. Founded in 2014, Potloc has grown to nearly 120 employees, with global offices in North America and Europe. Check us out at www.potloc.com

"This study illustrates the power of Potloc's sampling technology. In record time, we reached out to a large number of targeted respondents worldwide to deliver a near-perfect quality set of data. Add the stellar analysis by Roland Berger and it is the perfect match."

Rodolphe Barrere Co-founder and CEO at Potloc

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