



The Digital Consumer Journey

Who Is Behind The Crisis-Inspired E-Commerce Surge

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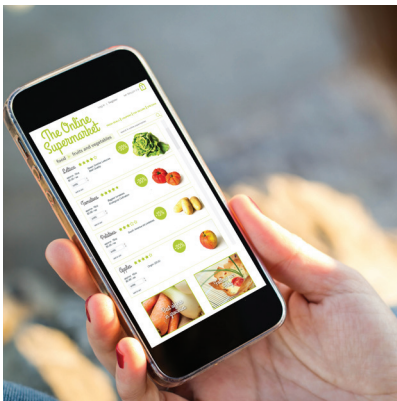
Methodology

Results from two of Euromonitor International's global consumer surveys were analysed to understand the degree to which connected consumers have shifted towards the digital channel during the Coronavirus (COVID-19) pandemic.

The annual Lifestyles Survey was taken by 40,000 online consumers globally between 6 January to 27 February. The new [Digital Consumer Survey](#) was taken by 20,000 online consumers globally between 12 March to 8 April. There were nine weeks between fielding timeframes when sentiments were captured as approximately 80% to 90% of responses were gathered during the first week of fielding for both surveys.

The five product and service categories explored and referred to in this analysis include: apparel and accessories; beauty, health and personal care; consumer electronics and appliances; foodservice delivery and takeaway; and travel.

COVID-19 Accelerates Digital Transformation



The digital shift is one of the most profound changes unfolding in commerce. Globally, online purchases of goods and services reached USD6.8 trillion in 2019, more than double the amount spent in 2014. COVID-19 accelerated e-commerce adoption, with many consumers experimenting and even becoming reliant on the digital channel while in isolation.

The pandemic caused drastic travel restrictions and non-essential business closures, driving seismic shifts in how and where consumers spend their money. Consumers had no choice but to turn to the digital channel as brick-and-mortar stores and restaurants closed during the height of outbreaks. Even though certain physical outlets remained open, shopping behaviours were changing. Consumers limited in-store trips and time spent shopping in stores due to safety concerns.

This white paper examines the sudden shift to the digital channel as a result of the COVID-19 pandemic. Identifying the factors influencing the digital transformation of the path to purchase and the consumers driving this change can help businesses take decisive action to remain competitive.

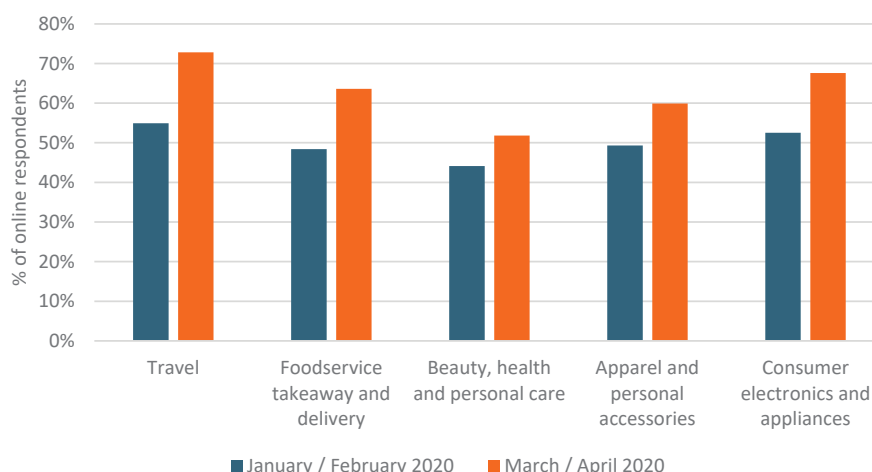
COVID-19 Drives Significant Changes in the Digital Path to Purchase

E-commerce posted a double-digit percentage increase

Nearly every category recorded a double-digit increase in the percentage of connected consumers making digital purchases between the two fielding timeframes. The only exception was beauty, health and personal care purchases, jumping eight percentage points. In contrast, the percentage of connected consumers purchasing electronics and appliances, foodservice and travel online grew by twice as many points.

Foodservice takeaway and delivery posted one of the strongest increases, from 48% of connected consumers to 64% purchasing digitally between fielding timeframes, due to dine-in closures around the world, which forced operators and consumers to migrate online. The consumer electronics and appliances category also received a digital boost as shut-in consumers bought products for home offices, remote learning and entertainment.

Digital Purchases by Category 2020



Source: Euromonitor International's Lifestyles Survey 2020 (January / February) and Euromonitor International's Digital Consumer Survey 2020 (March / April)

Note: Digital purchases include connected consumers who reported using computers, mobile or tablets to execute purchases.

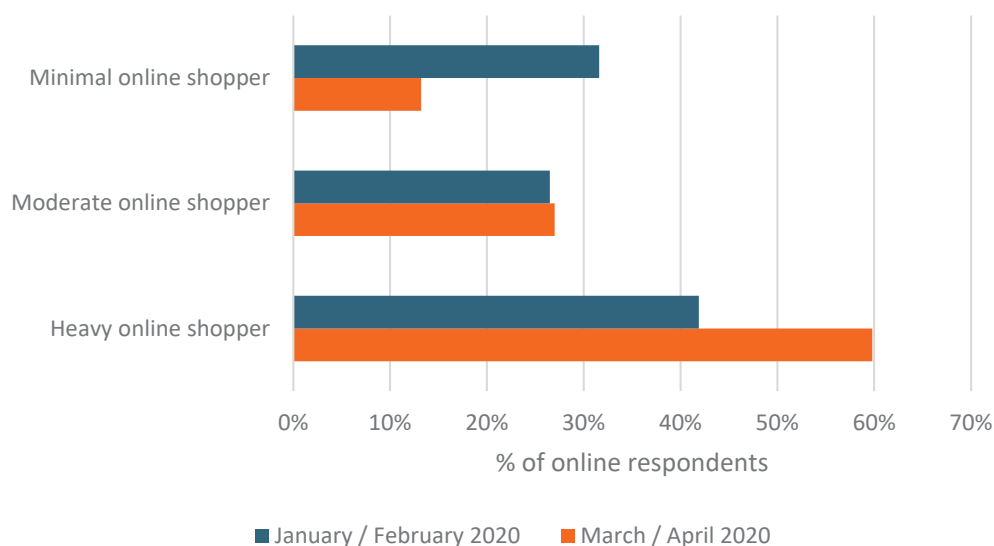
Nearly half of connected consumers purchased from five categories online

Consumers are increasing their online shopping frequency by purchasing across a broader range of products and services through e-commerce. The percentage of minimal online shoppers, connected consumers who did not use digital or only used digital to shop for one category, dropped significantly during the research and purchase steps in the consumer journey between fielding timeframes.

There was a sharp rise in the number of categories that shoppers researched and purchased online. 60% of connected consumers were heavy online shoppers during the research step in March, exploring four to five categories online, up from 42% in early 2020. Nearly 50% of shoppers purchased products and services across more than three categories, a 12 percentage point increase.

In early 2020, minimal online shoppers and heavy online shoppers were evenly split during the purchase step at 36% and 37%, respectively. By March, there was a nearly 30 percentage point gap between minimal online shoppers (20%) and heavy online shoppers (49%). Similarly, during the research step, only 10 percentage points differentiated minimal online shoppers and heavy online shoppers in January, but nine weeks later, the gap increased to 47 percentage points.

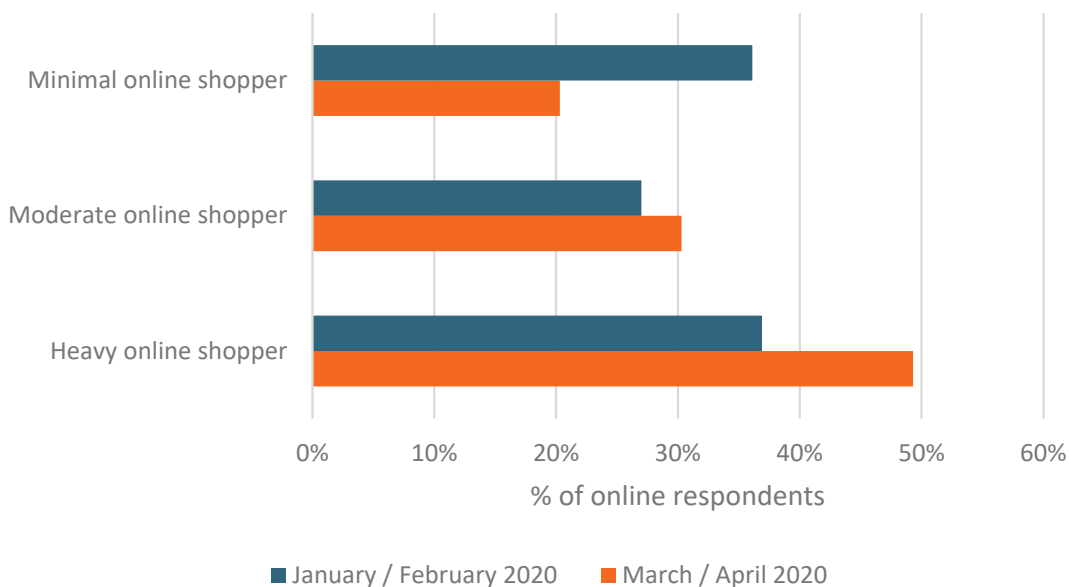
Research Online Across Number of Categories 2020



Source: Euromonitor International's Lifestyles Survey 2020 (January / February) and Euromonitor International's Digital Consumer Survey 2020 (March / April)

Note: Minimal online shoppers research / purchase across zero or one category. Moderate online shoppers research / purchase across two or three categories. Heavy online shoppers research / purchase across four or five categories.

Purchase Online Across Number of Categories 2020



Source: Euromonitor International's Lifestyles Survey 2020 (January / February) and Euromonitor International's Digital Consumer Survey 2020 (March / April)

Note: Minimal online shoppers research / purchase across zero or one category. Moderate online shoppers research / purchase across two or three categories. Heavy online shoppers research / purchase across four or five categories.

Consumers turned to m-commerce

2020 was projected to be the tipping point for m-commerce pre-pandemic, with more than half of digital commerce spend globally executed using a mobile device. During the COVID-19 pandemic, a higher percentage of connected consumers used mobile devices as opposed to computers to execute e-commerce purchases, which will accelerate this trajectory around the world. Even while homebound, consumers relied on their mobile phones for purchases, underscoring the importance of this device for commerce activities.

Xennials led the shift towards digital purchases

Connected consumers between the ages of 30 to 44 were the most frequent users of the digital channel across all five categories. Given that this cohort already has the largest number of digital commerce users, one might not think this group would be the most likely to post the greatest increase in new users during the pandemic. However, the 30-44 age group did across all categories, except for travel.

Comprised of the oldest millennials and youngest Gen Xers, 30- to 44-year-olds tend to be digital natives and are comfortable using the internet. Unlike their younger counterparts whose lives unfolded in the digital era, 30- to 44-year-olds have greater spending power. These consumers are often a higher-priority segment for companies as opposed to younger cohorts because this spending power boosts e-commerce growth.



Baby boomers go digital during research step

Older consumers are also turning to digital in greater numbers. Connected consumers over the age of 60 recorded the highest percentage increase of all age groups for researching and purchasing across categories online, excluding beauty, health and personal care, between the two fielding timeframes. In fact, this age group posted the greatest percentage point increase in digital channel usage for research across the other four product and service categories.

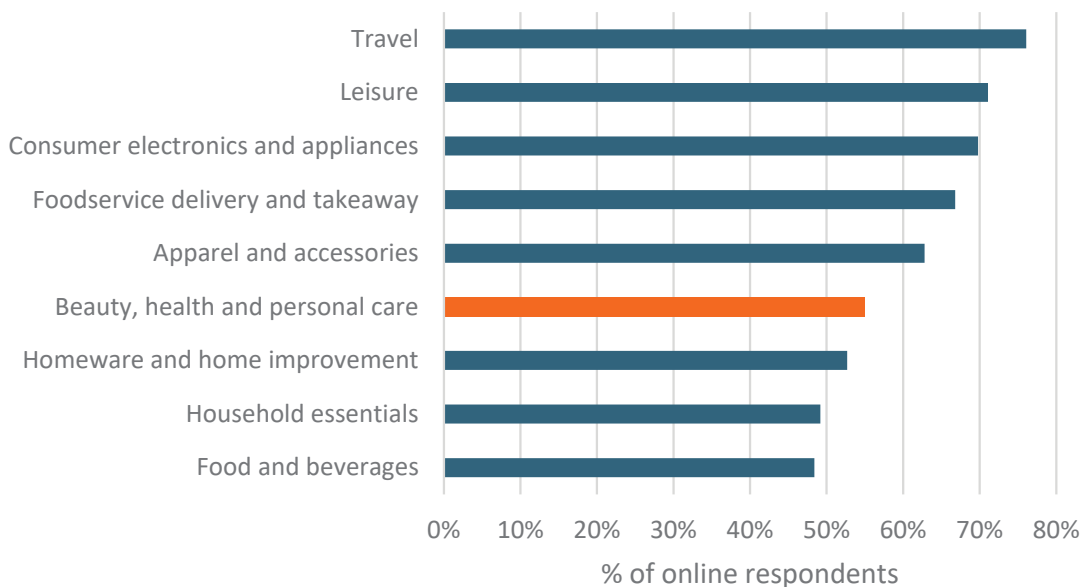
COVID-19 is driving an all-time high number of baby boomers online for communication, entertainment and shopping purposes. This shift is due in part to safety concerns but could become a habit even as governments reopen economies since these consumers are at higher risk.

Category Spotlights

Beauty, health and personal care

The beauty, health and personal care category has been slower to embrace the digital shift. Slightly more than half of connected consumers used a digital channel to execute a beauty, health or personal care purchase, and 61% used digital during the research step. Both figures are lower than digitally friendly categories like travel, electronics and apparel.

Online Purchases by Category 2020



Source: Euromonitor International's Digital Consumer Survey 2020 (March / April)

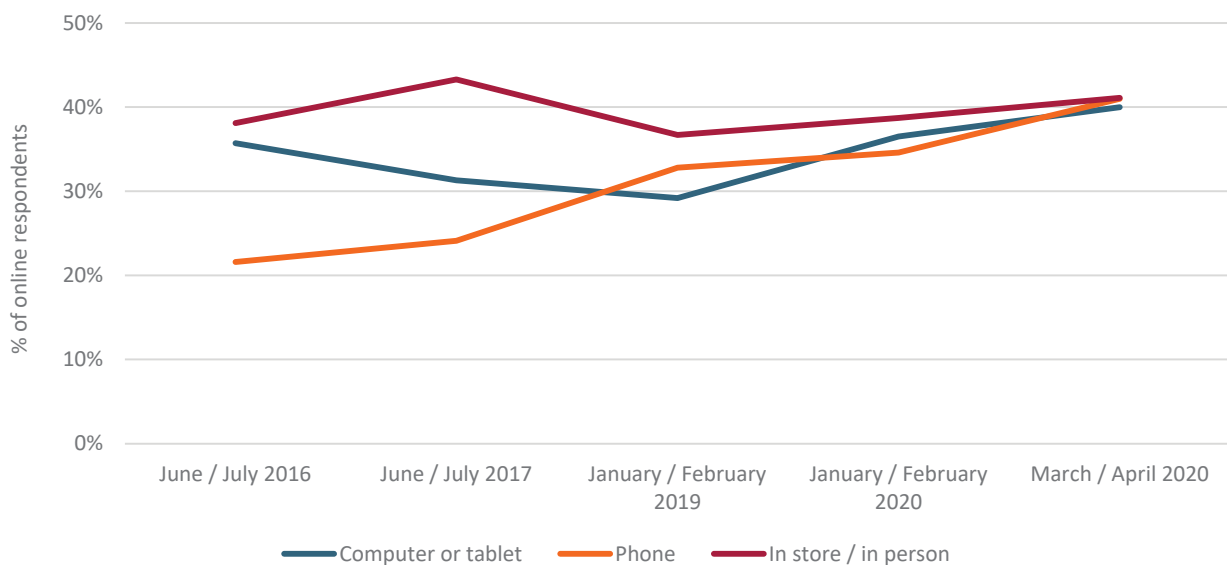
Note: Refers to purchases made on computers, tablets, phones and other devices like smart speakers.

Of the five categories, beauty, health and personal care was the only one that did not achieve a double-digit increase in the percentage of connected consumers making digital purchases between fielding timeframes.

Products sold in this category still heavily rely on store-based retailing. E-commerce accounted for only 11% of sales across beauty, health and personal care products in 2019. This minimal online penetration means that e-commerce could not offset the impact of brick-and-mortar stores shutting down and the subsequent shift to digital.

Physical stores remain the most popular channel for both researching and purchasing beauty, health and personal care products, though digital is rising. In fact, COVID-19 drove connected consumers to research such products online as much as in store for the first time.

Beauty, Health and Personal Care Research Channel 2020



Source: Euromonitor International's Lifestyles Survey (June / July 2016, June / July 2017, January / February 2019, January / February 2020) and Euromonitor International's Digital Consumer Survey 2020 (March / April)

Computers have long been the primary device, but mobile is starting to take precedence. The number of connected consumers using mobile to research beauty, health and personal care products doubled from 2016, jumping 20 percentage points. Similarly, connected consumers using a mobile phone to purchase such products also nearly doubled, from 17% in 2016 to 33% in 2020.

Beauty brands livestream to digitally engage

Though still an emerging concept, livestreaming is being leveraged as a new form of digital engagement. This concept has seen the greatest uptake among younger cohorts as well as emerging markets. China is leading the way, with 43% of 15- to 29-year-olds livestreaming compared to 19% of the same cohorts in the US and UK.

Alibaba's Taobao Live platform is the undisputed leader of commerce livestreams, but other platforms in Asia added capabilities in 2020. Livestreaming is starting to move West with the likes of Amazon and Facebook making related announcements in mid-2020 as well.

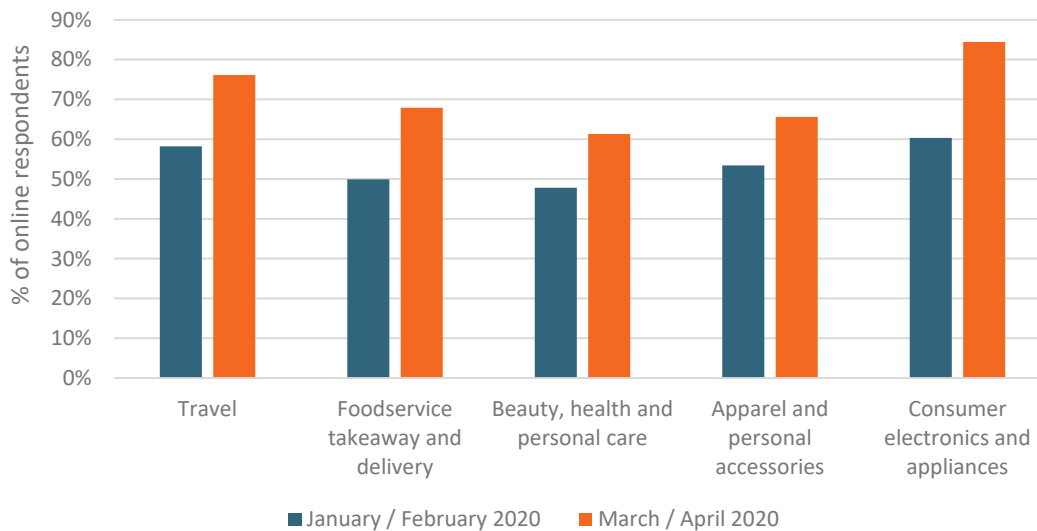
Beauty brands are tapping into this technology to engage their audiences. Brands in the Estée Lauder Companies Inc. and L'Oréal Groupe portfolios hosted shoppable livestreams on their websites in the US and Canada. Estée Lauder also teamed up with Kuaishou, a video sharing and livestreaming platform in China, to promote Essence and MAC lipsticks during JD.com's annual 6.18 shopping festival.

Consumer electronics and appliances

Consumer electronics and appliances are two of the most digitally sophisticated e-commerce categories, driven largely by smaller products. Consumer electronics, in particular, tend to be the first product-based category to shift towards digital because these products appeal to the most digitally savvy. These consumers are often early adopters and show more willingness to use the internet for several activities, including commerce.

Despite being digitally advanced leading up to COVID-19, this product category also witnessed some of the strongest pandemic-driven digital shifts during the research and purchase steps of the consumer journey. Between fielding timeframes, connected consumers using the digital channel to research consumer electronics and appliances jumped 24 percentage points, ahead of all other categories. Online purchases of consumer electronics and appliances grew 15 percentage points, leading this digital shift behind travel.

Online Research by Category 2020



Source: Euromonitor International's Lifestyles Survey 2020 (January / February) and Euromonitor International's Digital Consumer Survey 2020 (March / April)

Note: Digital purchases include connected consumers who reported using computers, mobile or tablets to execute purchases.

Consumer electronics experienced an e-commerce boost from products purchased for home offices, remote learning and entertainment. In contrast, crisis-driven economic concerns caused consumers to delay large-ticket appliance purchases, which negatively impacted sales. Demand will likely return as consumers emerge from lockdowns and need to repair or replace appliances, and these consumers could turn to the digital channel for such products and services.

Consumers over the age of 60 played a key role in the digitalisation of consumer electronics and appliances during the pandemic. While a larger percentage of digital shoppers at the research and purchase steps are younger, baby boomers are closing the gap, following the broader trend of consumers, in general, turning to the digital channel to buy electronics before other product categories. This group posted the largest pandemic-driven shift to digital at the research step between fielding timeframes. However, 30- to 44-year-olds drove the shift at the purchase step.

Tech products are the most common click-and-collect purchases

Connected consumers use click and collect the most for consumer electronics and appliances, with 32% adopting this service for a majority of these purchases. Retailers have been expanding their click-and-collect options for years but ramped up efforts during the pandemic.

Though deemed an essential business that could remain open in the US during government-mandated lockdowns, electronics retailer Best Buy closed stores to foot traffic as a safety measure in mid-March. To handle online demand, Best Buy expanded curbside pickup to approximately 1,200 locations, up from 100 stores as of December 2019. Quickly pivoting enabled Best Buy to retain 70% of sales during the first month of lockdowns in the US. The retailer reported online sales skyrocketing 250% in that month with nearly half being curbside pickup orders.

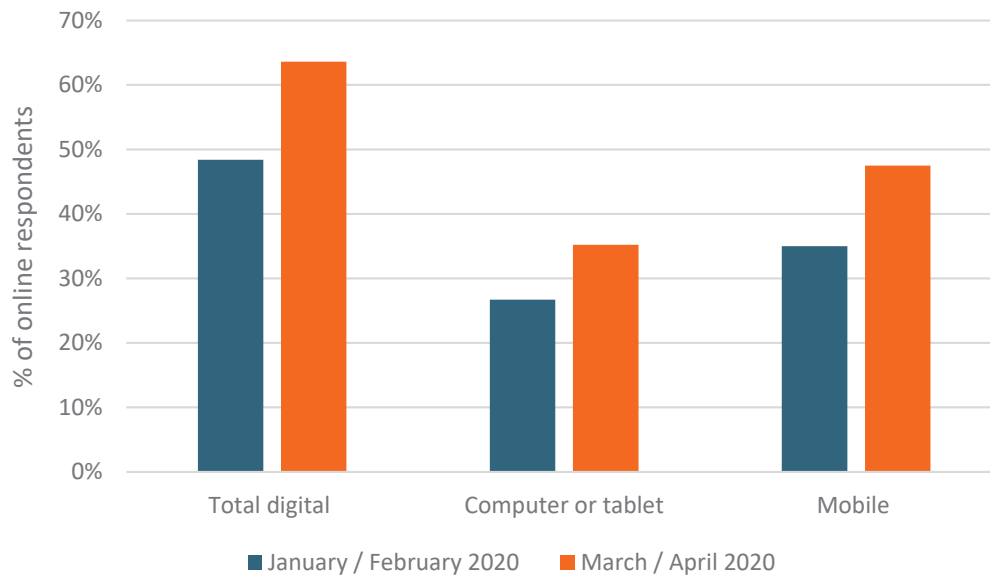
Foodservice delivery and takeaway

Moving from on-premise to at-home eating occasions put channel shifts around food consumption in the spotlight. Foodservice spend fell dramatically when mandated lockdowns forced restaurants to close, spurring consumers to cook at home more often. Some restaurants pivoted to retail to offset the decline, but delivery and takeaway services emerged as the main revenue source for operators around the world.

Ordering and paying for foodservice digitally, specifically on mobile, is accelerating due to the pandemic. Foodservice takeaway and delivery posted one of the strongest increases of the five categories. In early 2020, 48% of connected consumers ordered foodservice online, increasing to 64% approximately nine weeks later.

Online ordering of foodservice delivery and takeaway has been shifting to mobile both in terms of total spend and transactions. In 2014, mobile accounted for 32% of online foodservice sales, increasing to 62% in 2019. Additionally, 35% of connected consumers ordered foodservice online via mobile in early 2020, which increased to 48% by March. This shift towards mobile also took place at the research step.

Foodservice Purchases Made Digitally 2020



Source: Euromonitor International's Lifestyles Survey 2020 (January / February) and Euromonitor International's Digital Consumer Survey 2020 (March / April)

Of connected consumers who ordered foodservice online, 57% used a mobile app and 40% a mobile website to execute the payment. A majority of connected consumers have one to two mobile apps to order foodservice delivery. Nearly 90% have at least one app to place online orders from a third-party delivery platform whereas 77% have at least one app to order directly from a restaurant. Whether ordering at home, on the go or at a physical outlet, mobile has become central to operations.

Tech-forward delivery concepts gain attention

The pandemic-driven e-commerce boom magnified rising last-mile costs and environmental concerns, forcing operators to explore [new tech-forward delivery methods](#). Globally, 44% of connected consumers would feel comfortable receiving a delivery via a drone or robot, according to Euromonitor International's Digital Consumer Survey 2020.

Chinese connected consumers are the most open to new delivery concepts, with 70% being comfortable receiving a delivery via a drone or robot. In contrast, 43% and 38% of connected consumers in the US and UK, respectively, were open to these methods.

While this sentiment is strongest among Chinese millennials, younger cohorts are not the only consumers in favour of tech-driven delivery concepts. Less than 5% of the connected Chinese population was against drone or robot deliveries.

How Companies Should Respond To These Shifts



Unprecedented channel shifts that unfolded during the pandemic required significant and strategic changes to meet sudden demands. Adapting marketing and operations was often not enough. Companies quickly implemented alternative business models, rethought the role their assets like physical stores could play or entered partnerships to drive new revenue streams. Companies will need to continue reevaluating such decisions as commerce shifts to digital in the years ahead.

Given the high cost associated with deliveries, both retailers and operators will need to rethink the last mile. Retailers may reduce or eliminate inventory in some stores depending on product assortment to improve efficiencies. Micro-fulfilment centres, which are small warehouses compact enough to locate almost anywhere, enable retailers to fulfil online orders fast and efficiently. These centres can be located closer to the end-consumer, even taking over part of a retailer's brick-and-mortar footprint, to fulfil curbside pickup or delivery orders. This concept of getting the product closer to the consumer before delivery is coming to life in the foodservice sector in the form of [ghost kitchens](#).

Many of these shifts come down to digitalisation efforts. Digital was viewed as important before the pandemic. Half of industry professionals from Euromonitor International's Voice of the Industry: Digital Consumer Survey, fielded in November 2019, said a digital presence was an important part of their company's value proposition. A proper technological backbone can also reduce future risk.

According to Euromonitor International's [Voice of the Industry: COVID-19 Survey](#), 60% of industry professionals viewed reshaping and implementing digital strategies as a way to mitigate similar future risks, ranking as a more important action than crisis contingency planning.

Technologies like the cloud and artificial intelligence enable companies to quickly adapt to changing consumer preferences. Analytics can predict when a customer may order a product, enabling retailers to forecast demand in specific areas so they can stock accordingly. Integrating this technology into retail operations can reduce shipping, inventory and supply chain costs while improving delivery times and customer satisfaction. In addition, sensor-based technology allows retailers to track products across the supply chain and throughout physical stores. The pandemic-driven e-commerce boom exposed most retailers' inability to locate every product within their store, which is necessary in order to satisfactorily complete curbside pickup orders.

Technology is here to stay, and the pandemic only accelerated the adoption of several key technologies like the cloud, artificial intelligence and automation. Digitalisation is at the core of these efforts because it enables businesses to quickly enhance capabilities and maximise efficiencies across their operations. Having the right technologies in place allows for greater agility across operations, enabling businesses to react fast when consumer demands suddenly shift—all of which has been considerably magnified due to the pandemic.

About the Author



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Michelle Evans is the senior head of digital consumer at Euromonitor International. In this role, she provides actionable insights and in-depth analyses into how technological advances are changing commerce globally.

Recognised as a thought leader in digital commerce, she was named a Power Women in Fintech by conference organiser Innotribe in 2015, a Woman on Top in Tech by business magazine Asian Entrepreneur in 2016, a Top 200 Fintech Influencer in Asia by fintech publications Fintech Asia and Lattice80 in 2018, a Woman to Watch by social think tank Remodista in 2018 and 2019 and was a finalist in Money20/20's Rise Up programme in 2019.

She shares her expertise across industry events, including Money20/20, Finovate, Mobile World Congress, Seamless, Trustech and Forum E-Commerce Brasil, in the capacity of a speaker, chairperson or juror. Leveraging her master's degree in journalism from Northwestern University, she has a reoccurring column in [Forbes](#) and is regularly quoted in publications globally.



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