

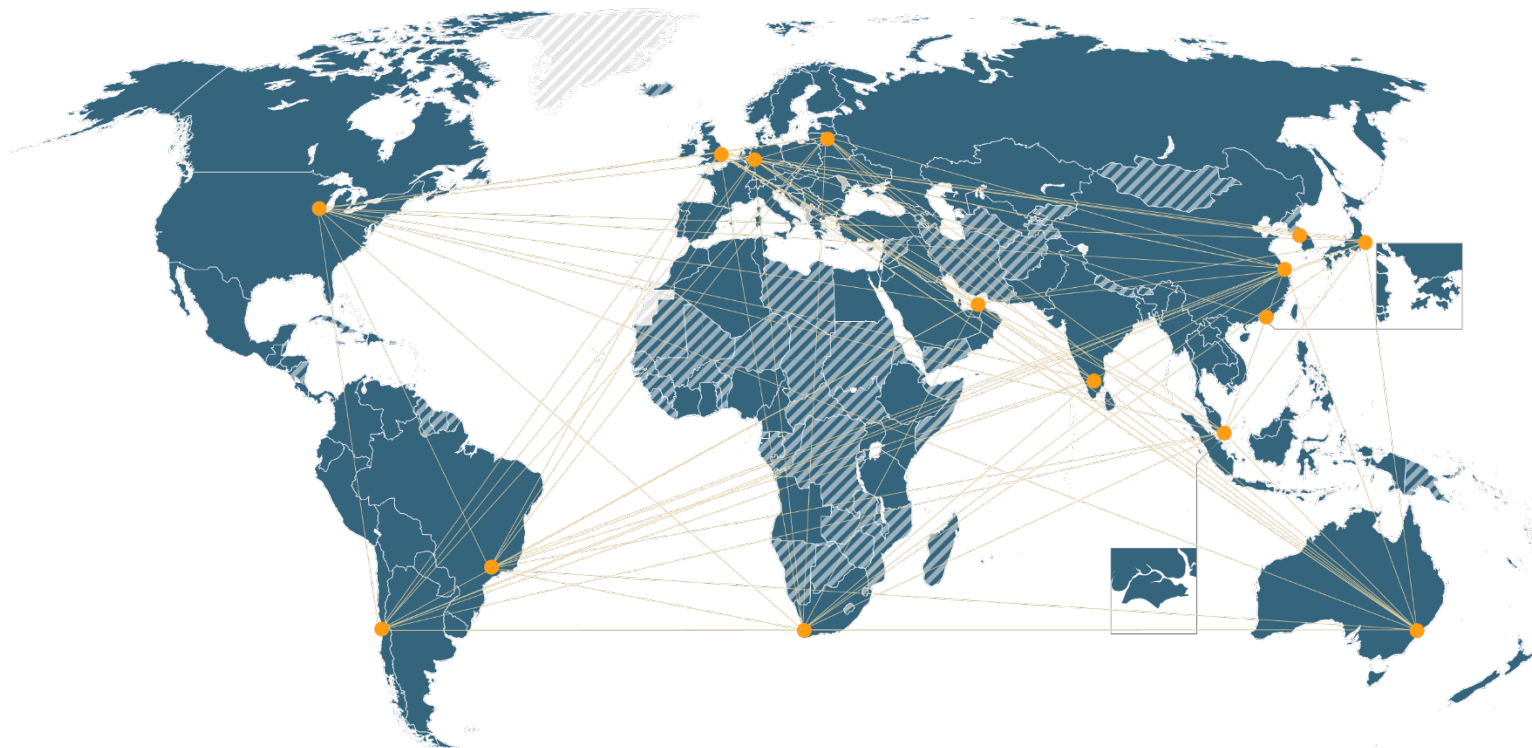
Top Five Digital Consumer Trends in 2021

Michelle Evans, Senior Head of Digital Consumer
Hianyang Chan, Senior Consultant

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demographic, macro- and socio-economic data on consumers and economies

About the speakers



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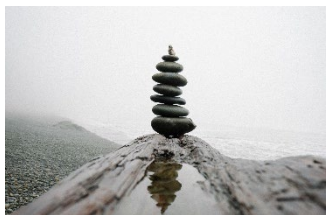
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Digital becomes a lifeline for many during the crisis



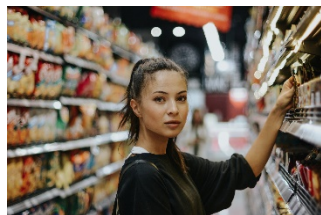
Many retailers, consumer brands and hospitality operators ratcheted up their digital investments to meet these increased demands. Of those industry professionals surveyed in November, 68% expect consumers will judge them more on their digital prowess post-pandemic.

The five tech-driven trends that will redefine commerce the most in 2021



1.

The Digital
Balancing Act



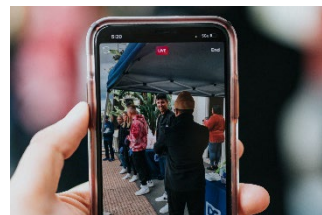
2.

Commerce Your
Way



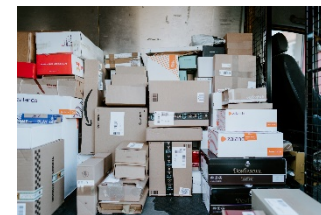
3.

Virtual Hits
Mainstream



4.

From Livestreaming
to Live Selling



5.

The Great Reset
on Last Mile



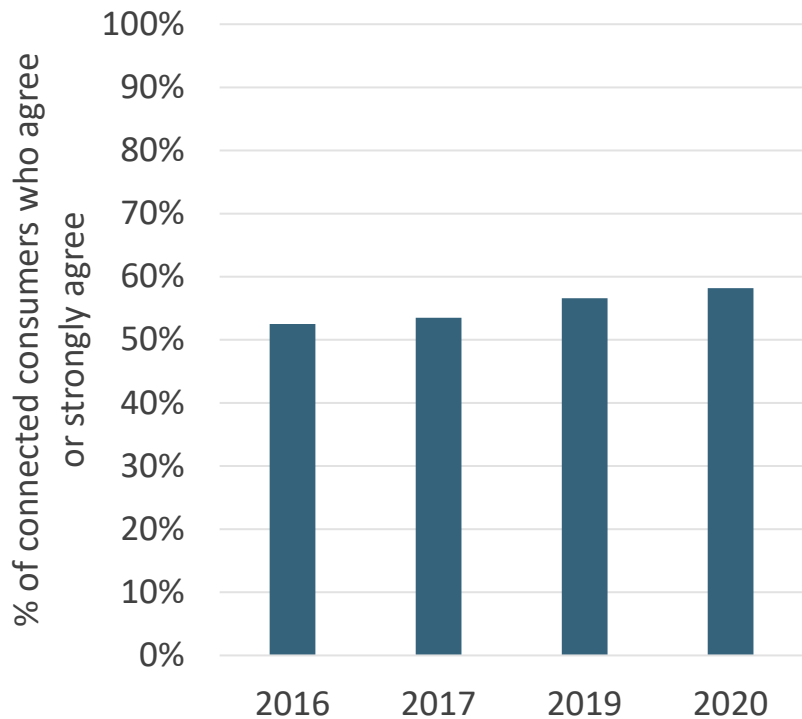
1.

The Digital Balancing Act

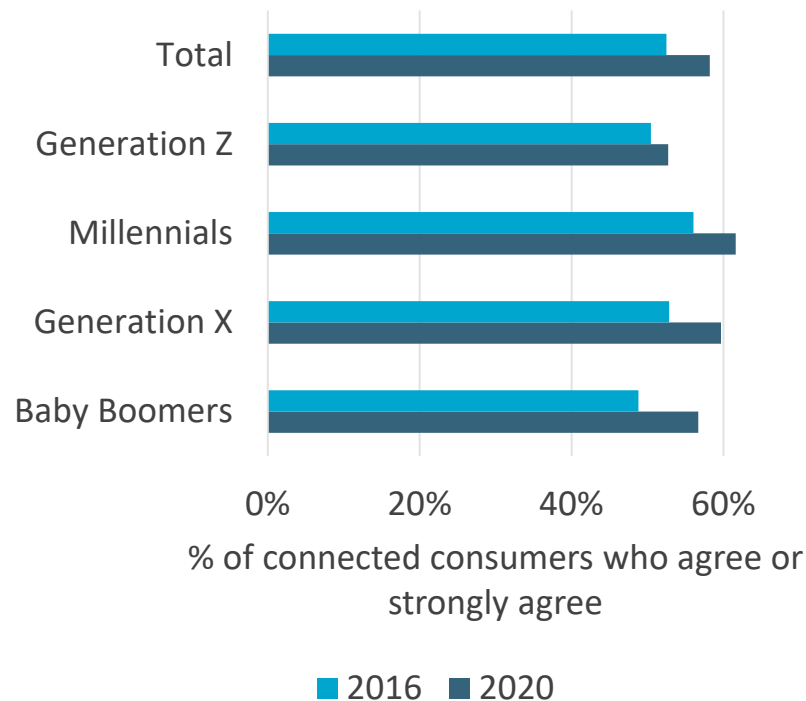
Pandemic gives way to savvier digital consumers and more of them



Lost Without Internet Access, 2016-2020



Lost Without Internet Access by Generation, 2016 v 2020



Source: Euromonitor International's Lifestyles Survey, fielded in June 2016, June 2017, January and February 2019 and January and February 2020



35%

Millennials who are comfortable with companies automatically reordering products as compared with 18% of baby boomers

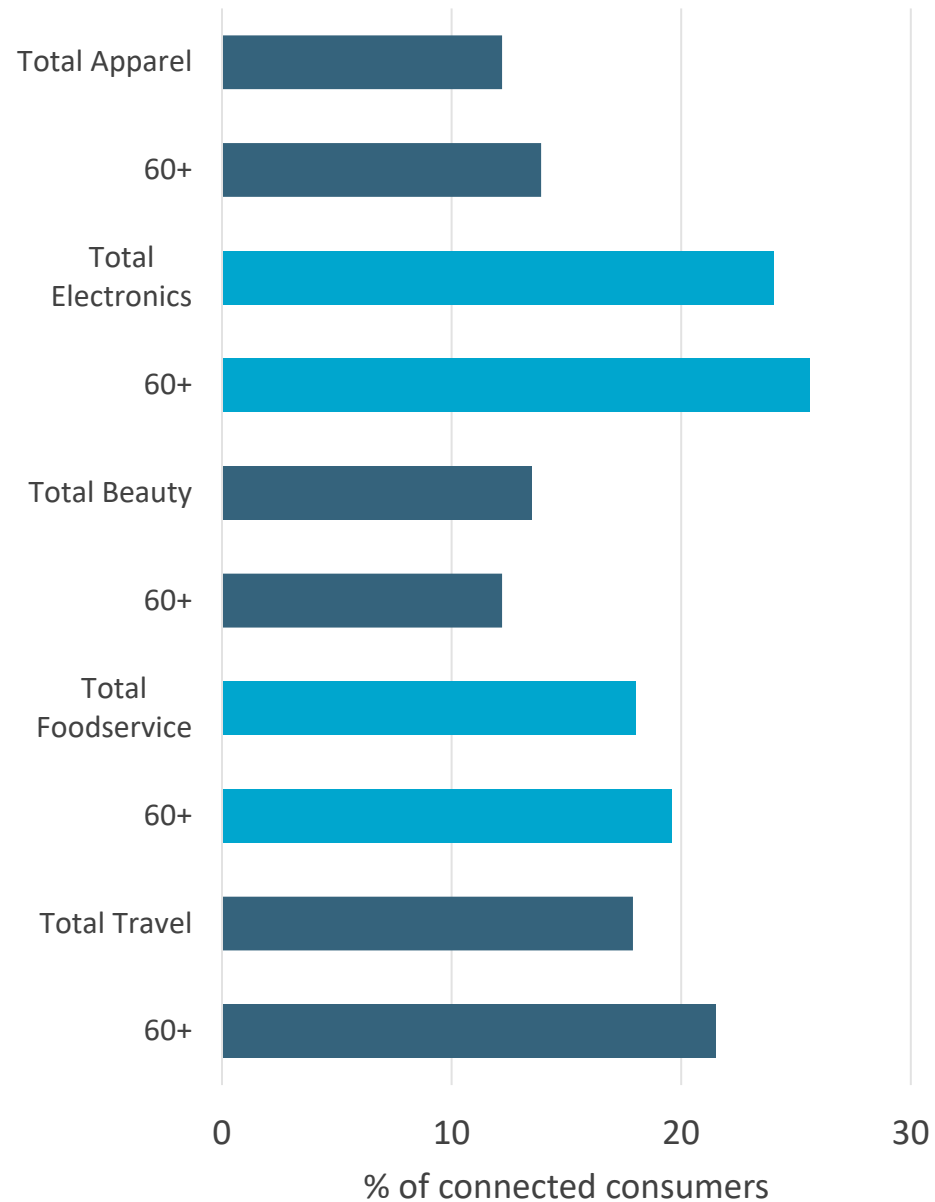
39%

Millennials who are comfortable with brands tracking emotions to tailor experiences as compared with 18% of baby boomers

Source: Digital Consumer Survey, fielded in March and April 2020. Data is of connected consumers globally.

Digital adoption inspired by COVID-19 gives way to a more complex digital consumer base

Percentage Point Change in Digital Research Step 2020



Note: Percentage point increase in the number of connected consumers who purchased in that category digitally between when the Lifestyles Survey was fielded (6 January - 27 February 2020) and the Digital Consumer Survey was fielded (12 March - 8 April 2020).



German start-up ParcelLab enables online retailers to impress their consumers with a more elevated post-checkout shopping experience.

The platform ties into delivery couriers' websites as well as weather and traffic monitoring services to enable retailers to provide more tailored messaging to digital consumers.



Photo source: Instacart

In the wake of the COVID-19 crisis, usage of US-based online grocery delivery and pick-up platform Instacart surged. Instacart reported a 500% jump in order volume as much of the US went into lockdown in late March.

With more older consumers coming online for the first time, Instacart introduced a Senior Support Service in October to provide help with a range of services, such as setting up an account, placing orders and troubleshooting.

What to expect in 2021 and beyond

Digital surge has given way to a complex user base

The savviest digital consumers are more demanding than ever

Meanwhile, new digital converts will require more support

Companies must ensure that no one is left behind

A woman with her hair in a ponytail is looking towards the camera in a warehouse setting. She is reaching up towards a shelf filled with various products. The entire image has a warm, orange-yellow color overlay.

2.

Commerce Your Way

Digital revolution impacting commerce gave consumers more ways to shop

New business models

- Marketplaces
- Buy now, pay later
- Direct to consumer

New platforms

- Social media platforms
- Live selling platforms
- Virtual assistant ecosystems

New technologies

- Artificial intelligence
- Robotics
- Augmented and virtual realities



17%

Projected percentage of goods bought online globally in 2021, nearly doubling from 2016

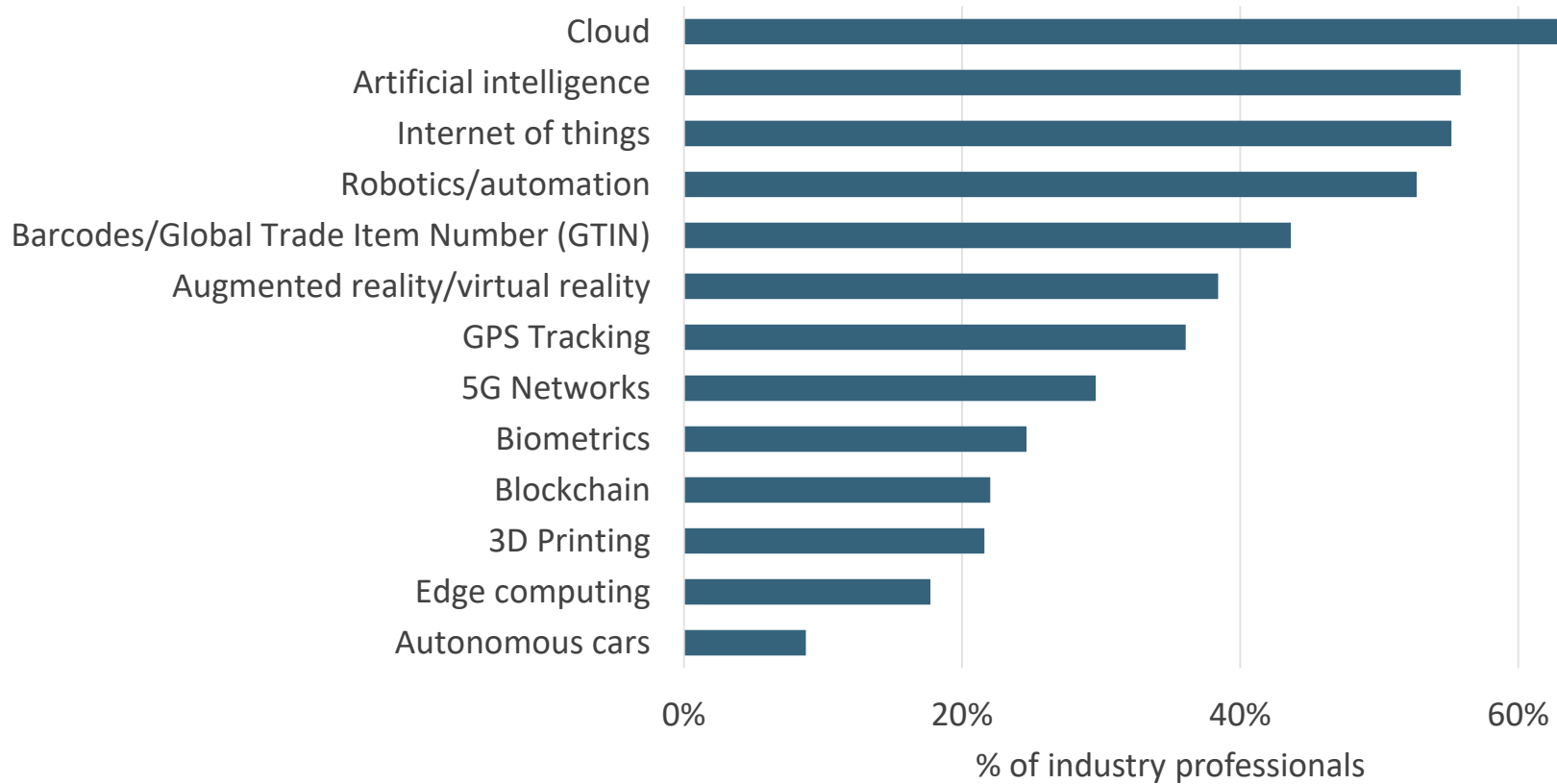
74%

Global industry professionals working in the retail industry who expect the crisis-inspired boom to become permanent

Sources: Passport: Retailing, 2021 edition (top) and Voice of the Industry: Digital Survey, fielded in November 2020 (bottom). Note: Industry professionals include only those working for consumer brands and retailers.

Technologies enable businesses to pivot to changing consumer demands

Planned Investment In the Next Five Years, November 2020

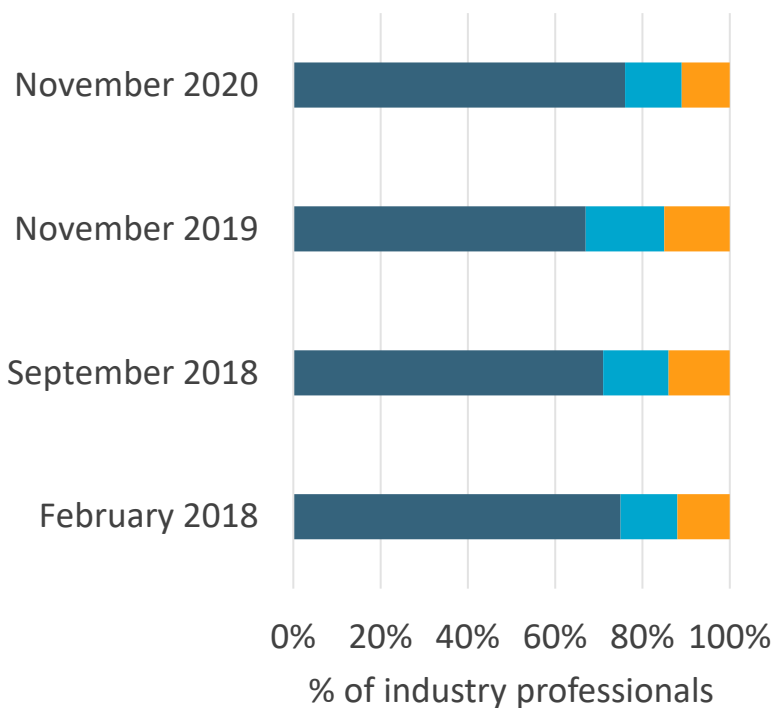


Source: Euromonitor International's Voice of the Industry: Digital Survey, fielded in November 2020.

Companies are exploring new business models more than ever before

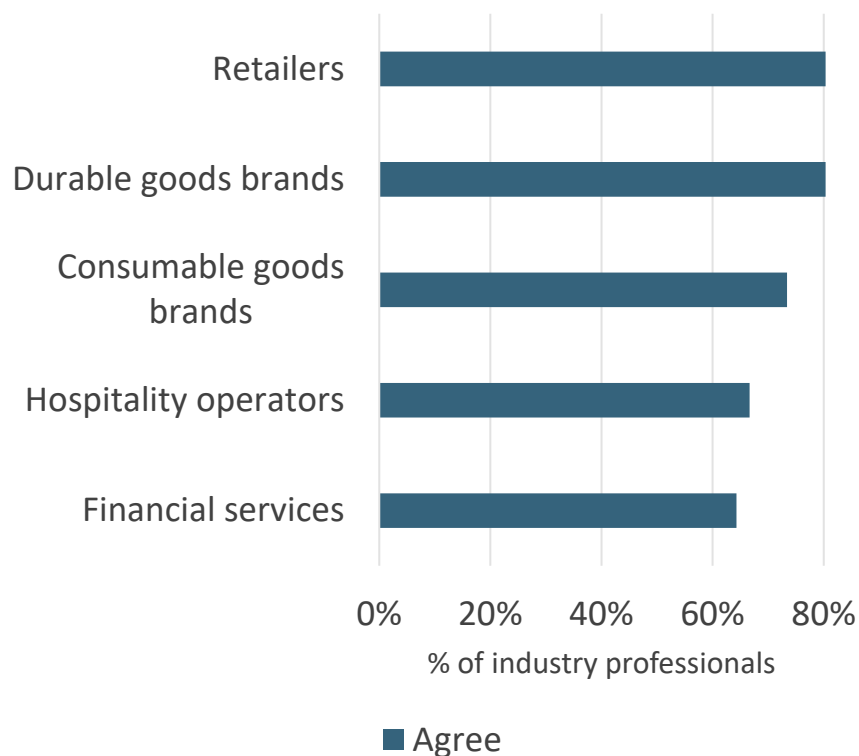


My Company Is Exploring Emerging Business Models To Reach Consumers



■ Agree ■ Neither agree nor disagree ■ Disagree

Exploring Emerging Business Models By Industry, 2020



■ Agree

Source: Euromonitor International's Voice of the Industry: Digital Survey, fielded in February 2018, September 2018, November 2019 and November 2020.



In less than a month, PepsiCo in the US launched two direct-to-consumer platforms that feature a portfolio of products.

PepsiCo realised it could reduce supply chain challenges exacerbated by the crisis by going direct to consumer and be able to increase profitability.



Photo source: Flickr

Australian fintech Afterpay was one of the first companies globally to introduce the “buy now, pay later” concept, which has been one of the most prominent trends in the payments industry alongside contactless payments.

For credit-averse consumers like Millennials these products have emerged as a safer alternative to traditional financial service products like credit cards. Such consumer-oriented services promote budgeting and reduce financing fees.

What to expect in 2021 and beyond

Digital consumers
have more options
than ever before

Consumers have
become accustomed
to increased choice

Companies must
embrace new ways of
conducting business

Meeting consumers
where they are will
become the norm

3.

Virtual Hits Mainstream



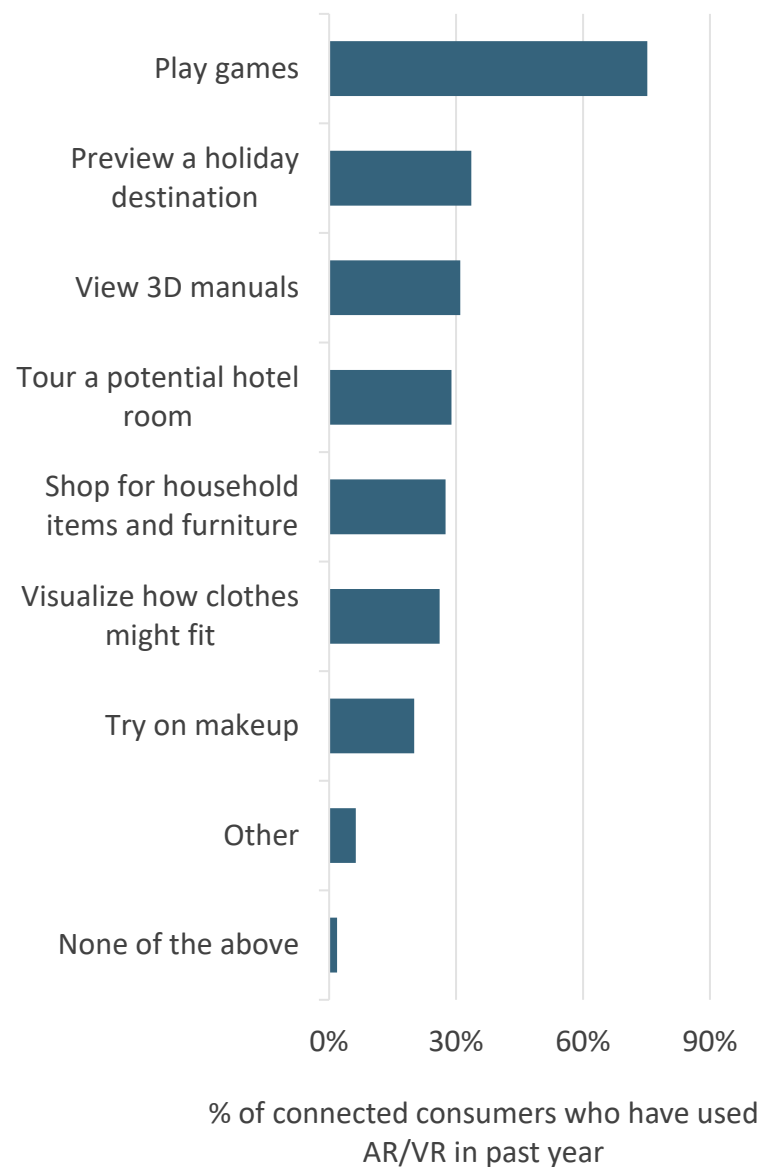
Virtual supercharges the online shopping experience

A laptop is shown in the background, displaying a video conference with several participants. In the foreground, there is a textured, dark-colored mug. The entire scene is dimly lit, with the laptop screen and the text providing the primary light sources.

While the transition towards more virtual brand engagements has been slow, leveraging technologies to engage with consumers in this way will evolve from a “nice to have” to a “must have” in the post-pandemic era.

Gaming remains the main avenue for exploration among AR/VR users

Typical AR/VR Activities, 2020





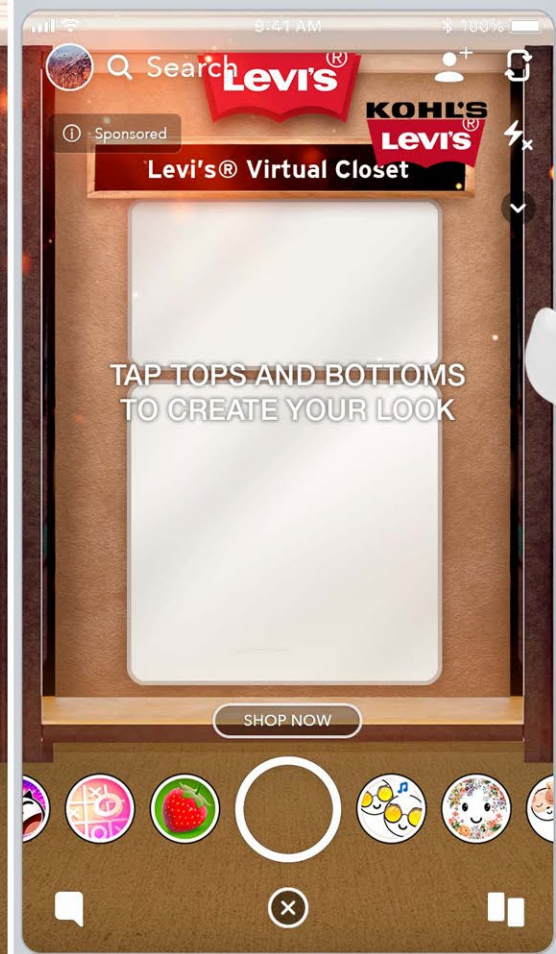
42%

Global industry professionals expect AR/VR to have an impact on business in the next 5 years

51%

Professionals expect AR/VR in five years to be most used to replicate the physical experience

Source: Voice of the Industry: Digital Survey, fielded in November 2020.



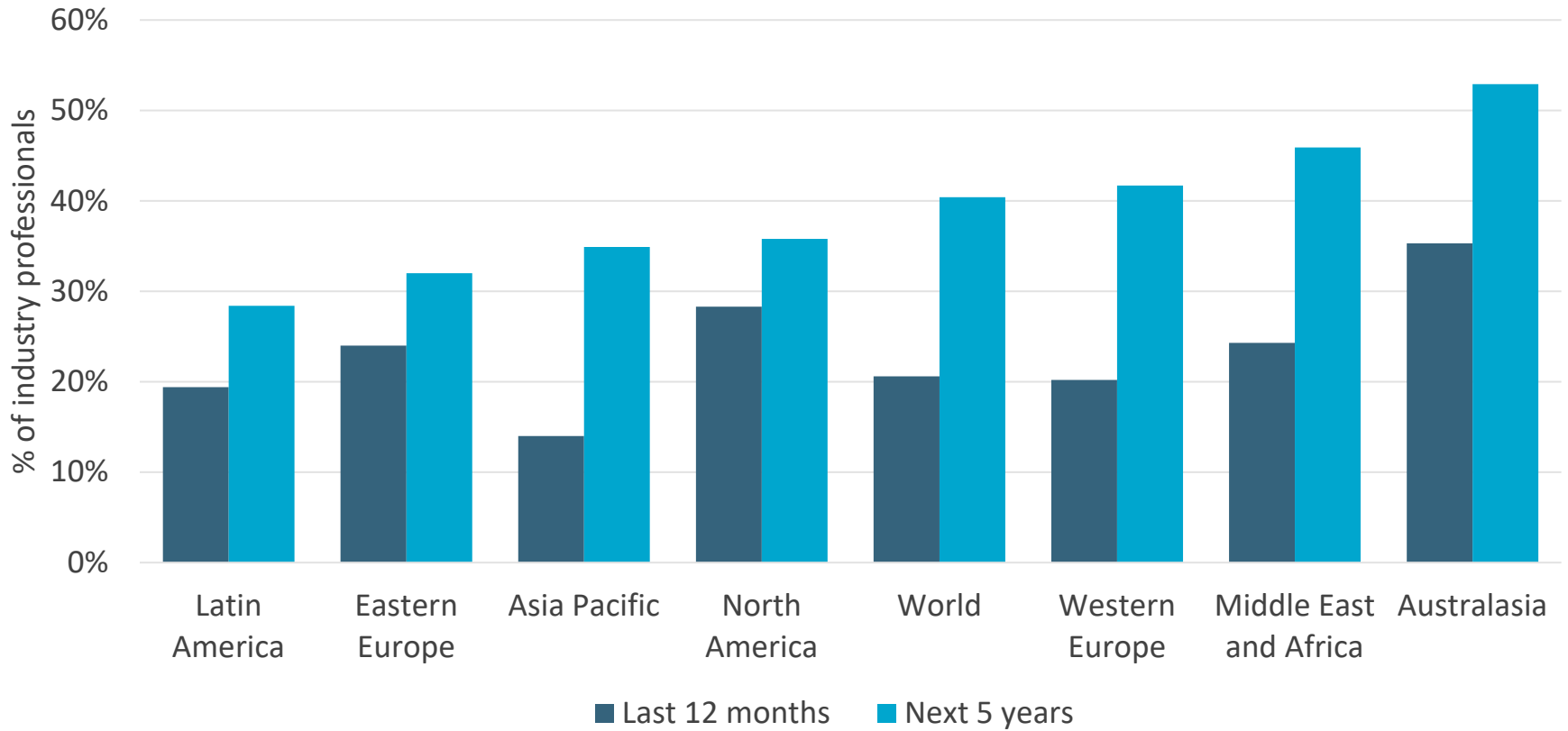
US-based department store Kohl's teamed up with Snapchat in early 2020 to create a unique virtual closet experience by using the mobile app's AR portal technology to allow consumers to virtually browse and create various looks.

Within the Snapchat app, consumers can step inside an AR dressing room, mix and match items, and make a purchase within the messaging app from the comfort of their home. Consumers can also take selfies with the items.

Perceived future impact of AR/VR on commerce varies by region



AR/VR Technology Impacting Business, 2020



Source: Euromonitor International's Voice of the Industry: Digital Survey, fielded in November 2020.

What to expect in 2021 and beyond

Virtual innovations
wait for no one in the
COVID-19 era

Meaningful
exploration of virtual
technologies is vital

Mass adoption
dependent on
potential value add

Virtual
engagements have
not yet reached
peak

4.

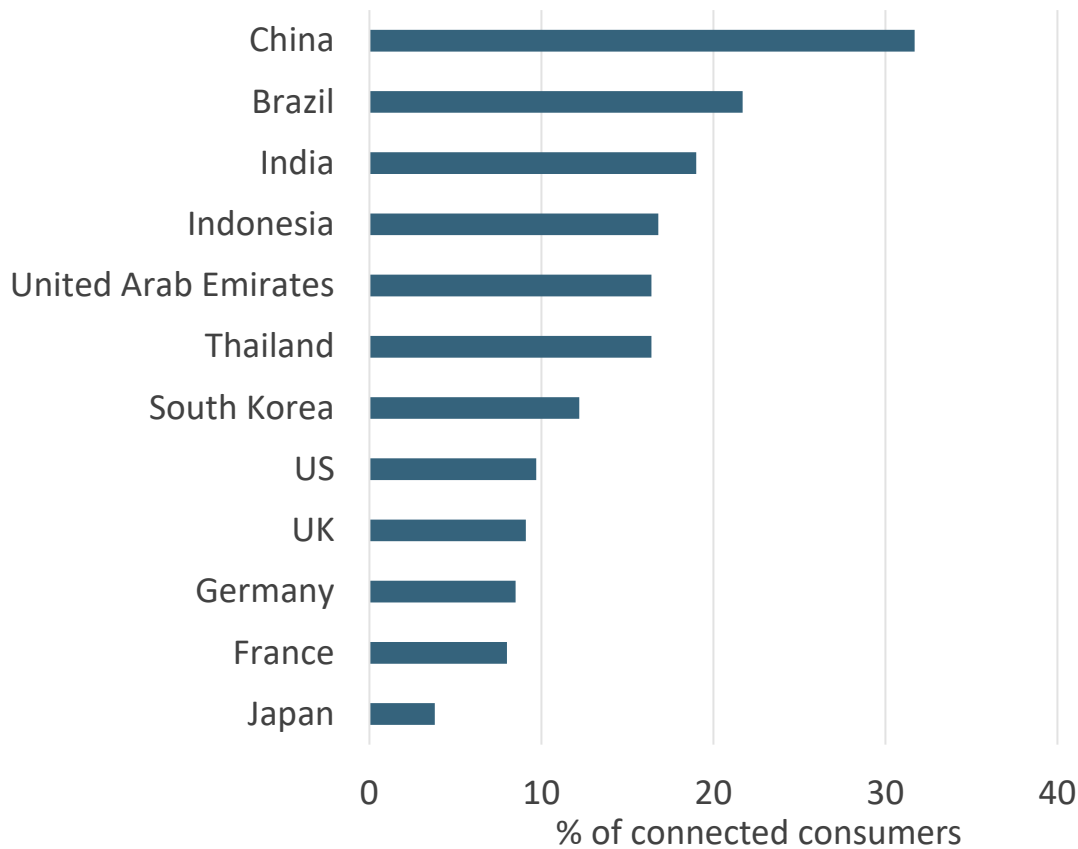
From Livestreaming to Live Selling



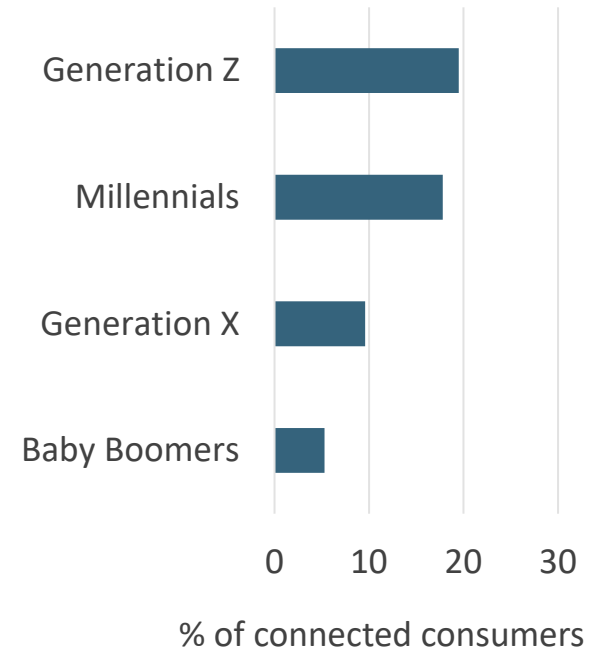
Livestreaming emerges as a tool for engaging digital shoppers in real time



Livestreaming Usage by Market 2020



Livestreaming Usage by Generation, 2020

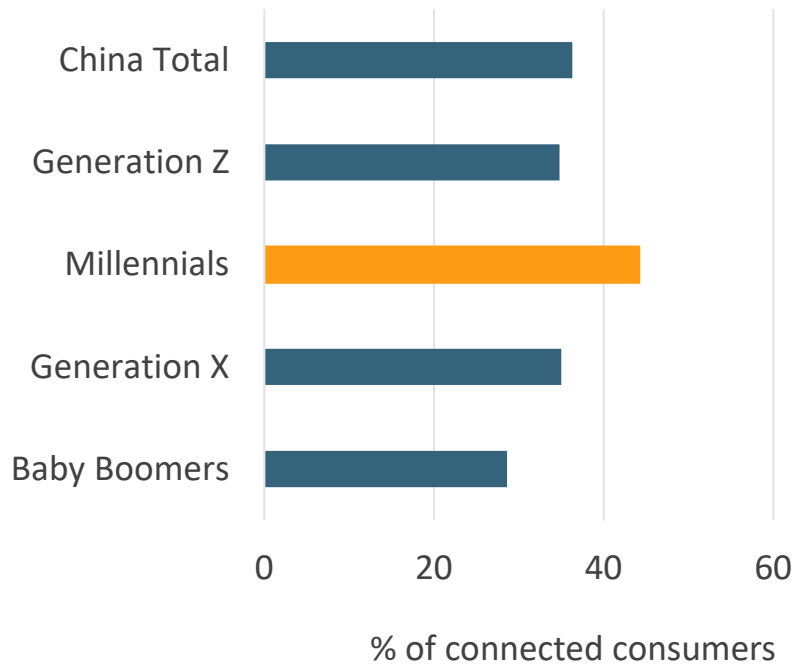


Source: Euromonitor International's Digital Consumer Survey, fielded in March and April 2020.

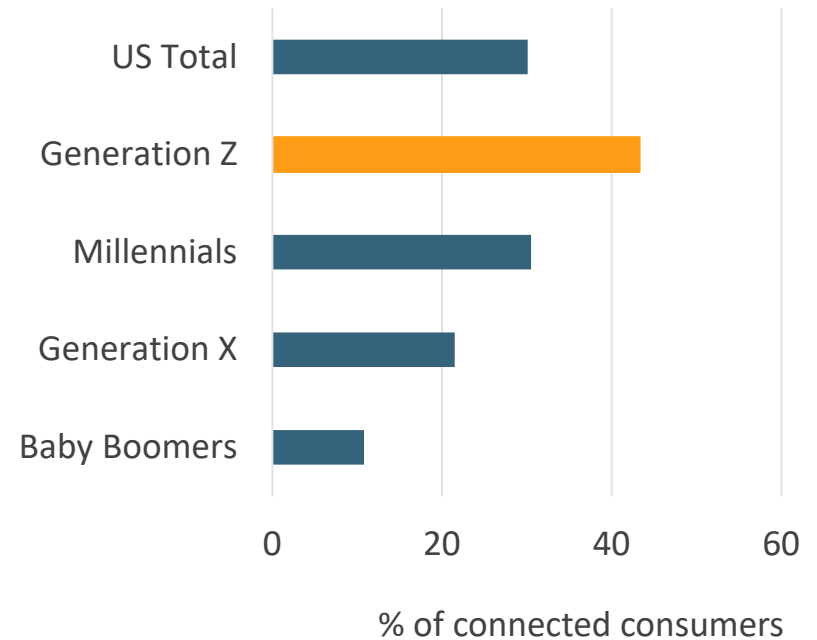
Next-gen shopping often driven by younger, emerging market consumers



Consumers in China Buying Goods or Services on WeChat Due to Influencer Activity, 2020



Consumers in the US Buying Goods or Services on Instagram Due to Influencer Activity, 2020



Source: Euromonitor International's Digital Consumer Survey, fielded in March and April 2020.



Photo source: Alibaba

Live selling during Alibaba's annual 11.11 shopping festival in November accounted for USD6 billion of sales, doubling the 2019 total. In fact, 90% of the biggest brands selling on Tmall hosted livestreams during the shopping festival.

While making inroads before 2020, Taobao Live posted strong growth during the pandemic as savvy Chinese consumers turned to such platforms to aid in the discovery of available products and services.

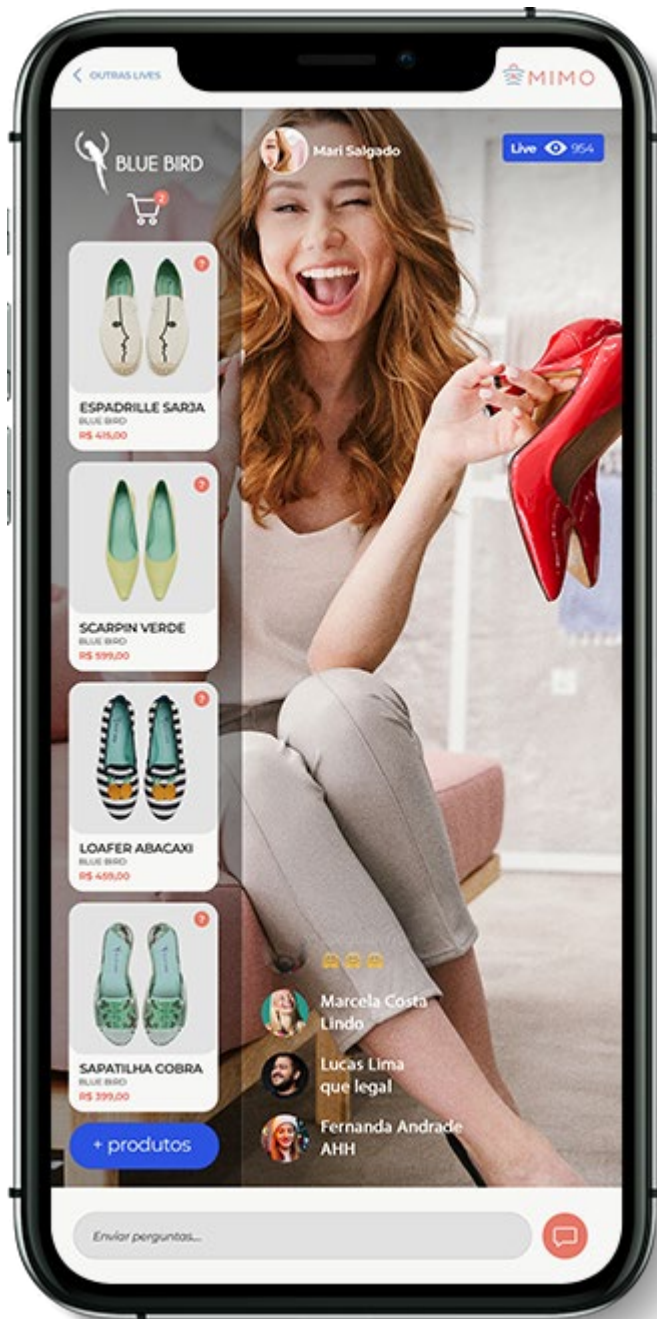
A photograph of a Walmart store's exterior at dusk. The word "Walmart" is displayed in large, white, three-dimensional letters on a blue brick wall. To the right of the logo, several yellow, cylindrical light fixtures are arranged in a semi-circle, casting a warm glow. The sky above is a clear, deep blue.

Walmart

Photo source: Walmart

A week before the Christmas holiday, the largest US retailer Walmart partnered with the popular Chinese social app TikTok. While TikTok has been pushing into e-commerce, this was the platform's first shoppable livestream in the US.

During the one-hour long livestream, users could shop for Walmart fashion items featured by TikTok creators within the app. Even after the event, users were able to continue to shop featured items on Walmart's TikTok page.



In response to the popularity of live streaming in Brazil, the dedicated livestreaming and shopping platform Mimo was launched in November 2020.

The platform already has agreements with 25 brands including North Face, Blue Bird Shoes, and Imaginarium.



Photo source: Beautycounter

Clean cosmetics brand Beautycounter opened a brick-and-mortar store in late 2020 that doubles as a commerce livestreaming content studio. Located in California, the 684-square-foot space also sells products at the front of the store.

An on-air-type sign outside of the store illuminates when livestreams are being filmed inside. Shoppers can watch the livestream being shot inside via a screen displayed in the store's window as well as across social channels.

What to expect in 2021 and beyond

A shopping channel worth investigating to reach key subsets

A tool for replicating features of in-person shopping online

A tool for elevating the in-person shopping experience

A period of exploration still likely as concept matures

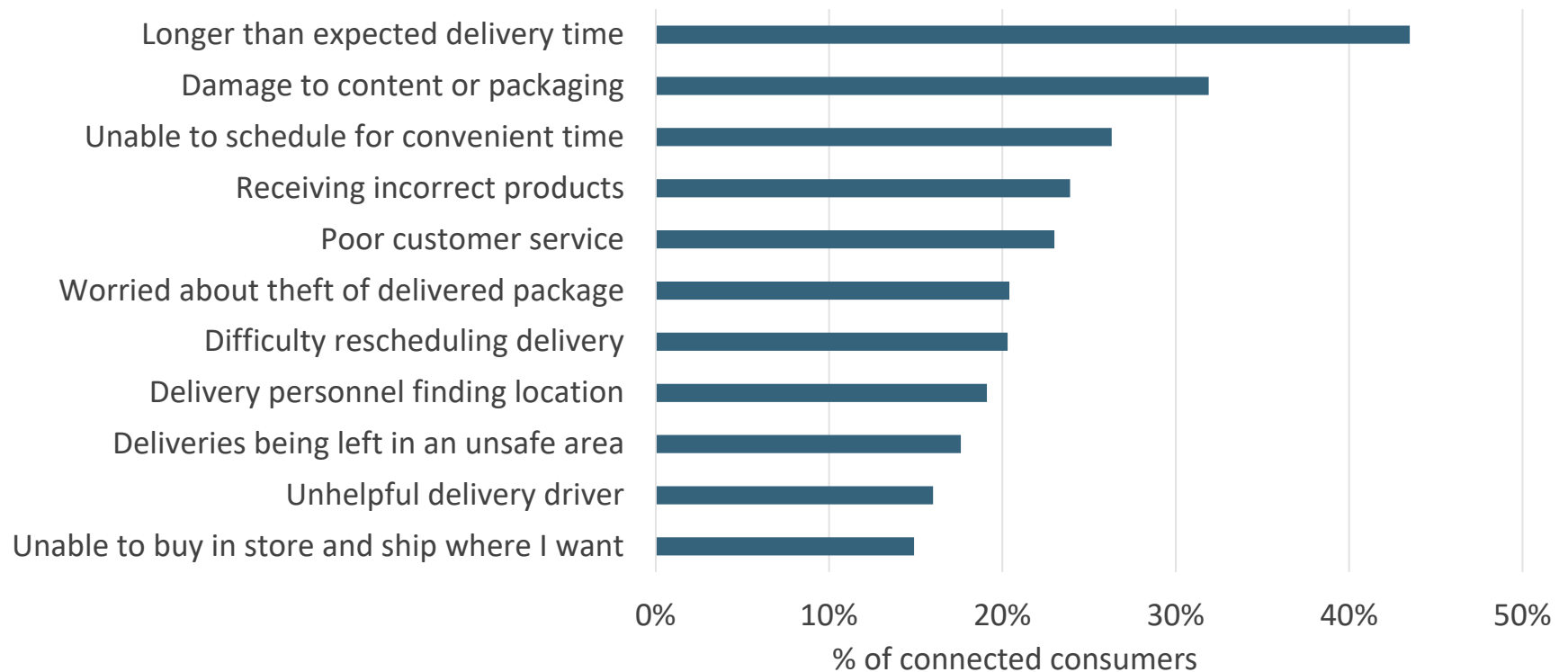
5.

The Great Reset on Last Mile



Last mile faces its day of reckoning as e-commerce reaches new heights

Most Common Delivery Challenges 2020





25%

Estimate annual sales growth of products bought online globally in 2020

74%

Global retail professionals expect the crisis-inspired e-commerce boom to become permanent

40%

Global retail professionals who view enhancing product delivery as an important initiative in 2021

Retailers and foodservice operators quickly seek to expand capacity

Launch or ramp up click-and-collect delivery services

Expansion of ship-from-outlet initiatives to sell sitting inventory

Pivot physical space into dark stores or ghost kitchens to fulfill orders

Leverage micro-fulfillment warehouses to get products closer to end-consumers

Acquire or partner with companies to expand reach and capability

Technological advances to improve fulfillment and delivery efficiencies



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Próximamente

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Shopper



Próximamente

Photo source: Real Plaza

Real Plaza shopping centers in Peru responded to mass closures and social distancing restrictions due to the pandemic by launching an online marketplace, Real Plaza Go.

Consumers can purchase products from any store, with the option of either delivery or click and collect available through dedicated drive-through collection points.



In late 2020, Yandex.Eats, a subsidiary of tech giant Yandex, began using self-driving robots to deliver meals in Moscow's central business district.

After the order is placed, the robot makes its way to the restaurant to pick up the meal and then delivers it to the designated location.



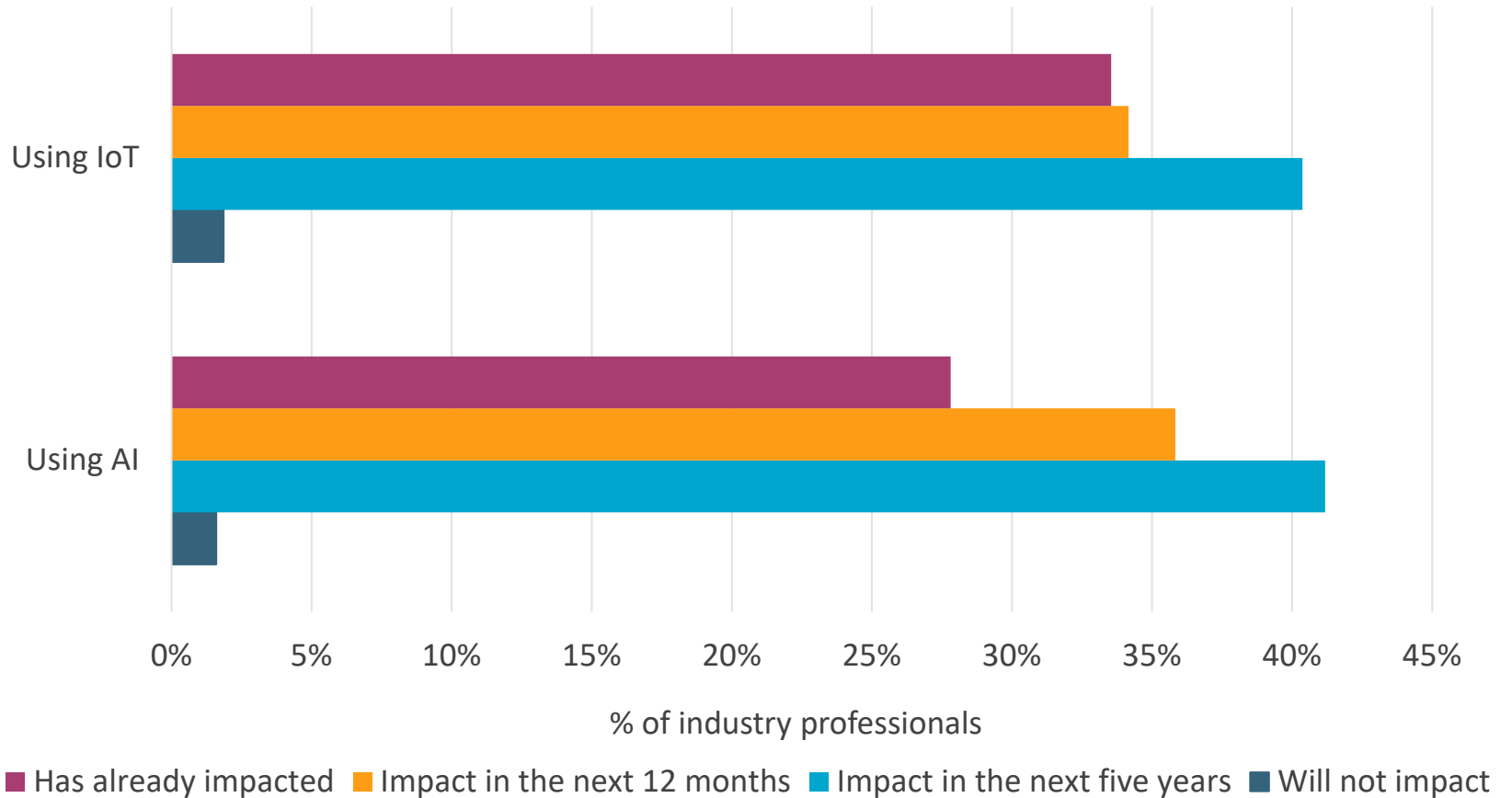
US-based start-up Ohi operates micro-fulfilment centres in a few US cities, enabling brands to offer sustainable, same-day or two-hour delivery.

Ohi has proprietary tech that positions products closer to end-consumers before an order is placed to reduce the time and cost of the associated delivery.

Initiatives to improve last-mile operations likely to last several years



Impact of Tech Development on Fulfillment and Logistics, 2020



Source: Euromonitor International Voice of the Industry: Digital Survey, fielded November 2020.
 Note: Respondents include only industry professionals working for consumer brands or retailers globally.

What to expect in 2021 and beyond

Consumers may be forced to reset their last mile expectations

COVID-19 brought last mile challenges into focus

New delivery methods continue to make inroads

Notion of getting closer to consumer becomes paramount



Key takeaways

Staying relevant has never been harder given rapid change

A person is shown from the chest down, holding a smartphone with both hands. The image is heavily tinted with a dark blue color, making the details of the person and the phone somewhat obscured. The person appears to be wearing a dark jacket or sweater.

The pandemic accelerated digitalization plans by at least 1-2 years for 72% of global industry professionals surveyed in November, with 21% saying it will fast-forward plans by at least three years.

The Digital Balancing Act

Companies not only need to ratchet up their capabilities to meet the demands of the savviest of digital consumers, but now they are increasingly being asked to serve those without the same digital know-how.

Commerce Your Way

While the digital revolution has led to the diversification of consumer choice, the changes ushered in by the current crisis will force companies to rethink approaches to business and ways of engaging consumers.

Virtual Hits Mainstream

More consumer-facing businesses are expected to invest in technologies to support virtual engagements to prepare for an era where digital is the default setting for more consumers.

From Livestreaming to Live Selling

Brands wishing to reach certain subsets of the population will need to investigate this new channel as live selling gains momentum globally as way to enhance online and even in-person shopping experiences.

The Great Reset on Last Mile

As retailers and foodservice operators seek solutions to handle this historic surge in e-commerce, such companies must continue to experiment with new delivery methods or reposition assets to better meet the digital demand.



Thank you



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