

HOW HAS...

COVID-19 AFFECTED
CONSUMER BEHAVIOUR?





FOREWORD

It would be stretching it to say that 2020 wasn't a bit tough for the majority of consumer brands and retailers across most industries and, whilst the vaccine is great news for a recovering economy, it's going to affect us for a few months yet!

Pete Flood, CEO of research, insight and data analytics specialists, Serendipity2, comments:

“

Covid has dominated the backdrop to how major consumer brands and retailers engage with their customers across both on and offline channels.

During the pandemic, the growth of the 'Home' channel has transformed the landscape and driven a dramatic shift in consumption and behavioural habits with online direct to consumer (D2C) purchasing in many sectors more than doubling against the previous year. Our own client and market research is showing that whilst the Home (such as the Grocery channel) will continue to feature very strongly in 2021, there will be a significant rebalancing as a huge pent-up demand in the 'Out of Home' sector (for example, on premise hospitality, travel, leisure, coffee shops, QSR's, cinemas, entertainment etc.), will come through powerfully. This is good news for both brands and retailers as well as the agencies and suppliers who support this industry.

It's also great news for consumers and shoppers who have completely re-written the rule book when it comes to purchasing behaviour as the move to online direct to home consumption is very clearly here to stay.

Serendipity2's research clearly shows that 2021 and beyond represents a great opportunity to grow in a time of rapid change, as consumers over-compensate for the loss of 'normal' life experienced during Covid and return to the outside world with a bang. Those brands that respond best to how we all adapt to increasing concern for the environment, the growth in health and well-being, the demand for more functional and performance-based products etc., will be best placed to succeed.

”



HOW HAS COVID-19 AFFECTED CONSUMER BEHAVIOUR AND IS IT A LONG-TERM EFFECT?

The pandemic over the last 12 months has seen consumers experiencing conditions never seen before. Restrictions on our movements, shopping, social behaviour and for extended periods of time.

It's obvious that we've all had to adapt; working from home, connecting and socialising with others online and changing the channels and frequency we shop to name but a few. Food and drinks brands and the out of home sector (eg. hospitality, leisure, travel, QSR's, cinemas, coffee shops etc.) have been largely impacted, with people working from home more.

With hospitality venues being closed, consumers have been eating and drinking more at home than ever before, again influencing shopping habits.

Now that a vaccine is being administered, the outlook for 2021 is looking more promising. However, how much of our changed behaviour initiated during lockdown will remain in the future?

CONSUMER BEHAVIOUR

Predicting which customer behaviours are transient, and which will continue, is now a key question for brands and retailers.

Analysing current customer activity, watching how consumers search online trends and buying patterns will indicate how our behaviour is evolving. Engaging with customers to understand if there are any new habits they intend to continue and identifying which (if any) changes are viewed as positive will be crucial moving forwards.

Understanding how customer behaviour is likely to change in 2021 will shape how we cater for our customers moving forwards.



CONSUMER TRENDS DURING LOCKDOWN



Research has been conducted between March 2020 and the end January 2021 to gauge and measure consumer buying behaviour.

Deloitte ran a digital consumer trends survey during this time, which has revealed:

40%

Of respondents did more online shopping during lockdown.

14%

Had more remote (phone or video) appointments with health practitioners.

33%

Streamed more films and/or TV series on SVOD platforms during lockdown.

These new online trends that were initiated during lockdown may become the new 'normal' consumer behaviour of the future.



DIFFERENCES BY CATEGORY

Whilst retail and the out of home (OOH) sector (eg. cafes, hospitality, travel, QSR's, leisure, entertainment etc.) was greatly affected during these lockdown closures, there has been a stark contrast in sales performance within different categories. According to Savills Research 'The sectors that were affected the most were Clothing and Footwear, while gains were noted in Sports, Electronics, DIY, Furniture and Homeware, as people had the opportunity to spend more time on hobbies and home improvements during the lockdown.

The Home sector has been transformed with unprecedented growth specifically via the direct to consumer (D2C) model as online ordering and home delivery has accelerated beyond all expectations.

**FASHION SPEND
WAS DOWN
ABOUT -30% YOY
IN THE UK (JULY).**

**FOOD AND
GROCERY
SALES WERE
UP ANNUALLY
ACROSS ALL
MARKETS, 11%
IN THE UK.**

This is largely attributed to lockdown resulting in all meals being taken in the home, rather than a high proportion being spent in restaurants, cafés, and takeaways.



ONLINE SHOPPING

It is no surprise that with many shops forced to temporarily close, there has been a seismic shift to online shopping. Shops that already sold online were the quick winners when consumers shifted from physical stores to online delivery. Over the last 9 months, many shops that could have switched to providing an ecommerce platform, and in more recent months, many stores that didn't offer online delivery have diversified to offering collection slots at store.

A quarter (27%) of British adults ordered more deliveries than usual, or for the first time, during lockdown. (CGA Brand Track Survey).

Smart Shopper, a study commissioned by Google and conducted by KANTAR in May 2020, shines a light on shopping behaviours during the pandemic which can help inform brand, marketing, and consumer strategies. 86% of fashion purchases were conducted online in the period under review, with high rates also recorded for the home/garden category (67%) and consumer electronics (73%).

The following chart shows the uplift to online:

ONLINE V OFFLINE PURCHASES YEAR ON YEAR 2019/2020

2019 PURCHASES

Consumer Electronics



Home & Garden



Fashion



2020 PURCHASES

Consumer Electronics



Home & Garden



Fashion



● Online purchases

● Offline purchases



ONLINE SEARCH/ FACT FINDING

Online research also increased in 2020, with 84% of shoppers using online sources to support their purchases, compared with 76% in 2019. According to Google, 80% of consumers aged 45 to 54 conducted online research, compared with 68% in 2019, while a similar proportion (81%) aged 55+ also went online to research items.

Sourced from Think With Google, Kantar

LOCKDOWN BEHAVIOUR

Many new consumer behaviour habits like 'shopping online more frequently' are habits consumers are planning on continuing well after lockdown ends. Global Web Index report that:

33% of those who weren't purchasing online regularly prior to the outbreak plan to spend more time shopping online after the outbreak including over the Q4 period.

40% of respondents in our 17-market study say they'll buy more things online for home delivery after the pandemic, with global figures consistent by gender income and age.

Q. Which, if any of the following do you do more of now as a result of staying at home more during the coronavirus pandemic? Which, if any of these activities will you continue to do as frequently as you do them now, once the social distancing restrictions are lifted?



ONLINE BANKING

62% : 38%



ONLINE SHOPPING
(GROCERY AND NON-GROCERY)

50% : 50%



STREAMING FILMS
AND/OR TV SERIES

45% : 55%



VIRTUAL (VOICE/VIDEO CALLS)
APPOINTMENTS WITH MEDICAL STAFF

25% : 75%

- Intention to continue activity at similar levels post-lockdown
- Not intending to continue activity at similar levels post-lockdown

Backing this up, A recent study by PFS, found that three in five (60%) consumers have purchased more goods since the lockdown began, than they did before, with 53% having shopped more online. More than three quarters (77%) of these went on to say that they expect they will continue to purchase online more once the lockdown is over – indicating a potentially irreversible change in consumer purchasing behaviour.

TO CONCLUDE

The impact of coronavirus has certainly had long lasting effects on consumer shopping behaviour. How ingrained this behaviour is – only time will tell!

For expert advice on market or consumer research, speak to the experts at Serendipity2.

OUR CLIENTS INCLUDE:

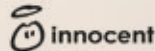


CHAMPNEYS



The co-operative

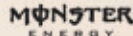
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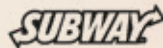
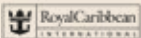
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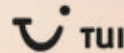
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