How COVID-19 changes consumer behavior long-term
The ongoing pandemic is teaching us a lot – in order to win in volatile circumstances and with dynamically adapting consumer behavior patterns, retailers must invest in online businesses and become more flexible and resilient going forward.
In April, we asked...

...2,000 consumers across all demographics in Germany about their consumption behavior. Coming up to the end of the first lockdown, we wanted to know how it had impacted them and how they thought they might behave over the next year.

Across five categories

**Online vs. offline**
Will consumers buy more products and services online?

**In- vs. out of home**
Will consumers continue to prefer in-home food & exercise?

**Local vs. global**
Will consumers prefer local suppliers and goods?

**Sharing vs. owning**
Will consumers take part in the sharing community?

**Data security**
Will consumers share their data more easily?
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Consumer behavior study – key insights

Consumption behavior was heavily impacted by the first lockdown in 2020. Many changes were forced on consumers, but some, such as buying or using online products and services, can expect an uplift beyond COVID-19 and lockdowns.

**Buying & using services online**

- **Offline** to **Online**: Increase of ~30% for previous online users, ~10% of first-time users shopped more online.

**Consumption & activities at home**

- **Out** to **In**: Most consumers shifted activities to their homes due to closures and regulations.

**Trend after lockdown**

- Convenience as main driver for online: People expect to continue use in future.
- Once regulations end, most want to return to dining out and using the gym.

Source: Monitor Deloitte COVID-19 study on consumer behavior 2020 Europe

Continued increased usage compared to before COVID-19
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**Support local producers & retailers**
Disrupted supply chains and support for local movements reinforced localization trend

**Using shared mobility & spaces**
Sharing decreased during lockdown, especially ride sharing and co-working spaces

**Willingly sharing data**
During lockdown, ~46% of consumers shared more personal data than before

Supporting local suppliers remains important, especially to older and wealthier groups

2/3 consumers plan to share as they did before lockdown, while 1/3 will reduce sharing permanently

80% of consumers did not change their mind on sharing data because of the crisis

Return to usage level before COVID-19
Lower level of usage compared to before COVID-19
Online sales went up and will stay up

Consumers who already purchased goods online increased their online share more than offline shoppers. The outlook suggests that this change in behavior pattern will tend towards permanence.

<table>
<thead>
<tr>
<th>Online shopping categories</th>
<th>% of people increasing online purchases during lockdown</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>Previously offline</td>
</tr>
<tr>
<td>Fashion</td>
<td>Already online</td>
</tr>
<tr>
<td>Household</td>
<td></td>
</tr>
<tr>
<td>Beauty &amp; Care</td>
<td></td>
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<tr>
<td>Consumer Electronics</td>
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<tr>
<td>DIY</td>
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<tr>
<td>Gardening</td>
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<tr>
<td>Drugs/Medicine</td>
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<tr>
<td>Books</td>
<td></td>
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<tr>
<td>Games</td>
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</tr>
</tbody>
</table>

0% 10% 20% 30% 40% 50%
How COVID-19 changes consumer behavior long-term

The increased use of online channels for products & services strongly depends on whether consumers have used the channels before. **COVID-19 did not lead to mass conversion of non-digitally-savvy consumer groups.**

30–40% of consumers who used online channels more during the lockdown said they will continue to utilize those channels more in the future. **COVID-19 has a long-lasting impact on the importance of online channels for goods & services.**

When asked why they will change their behavior, long-term health concerns were the main reason at 40-50%; about half said it was convenience. **The increased usage of online channels is not (only) tied to COVID-19 but will impact independently.**

Key implications
Dynamic consumer reactions

Since the lockdown in April, Deloitte has regularly conducted a consumer pulse check. It shows that consumer behavior has become more dynamic, reacting instantly to changing circumstances.

![Online purchase sales channels](chart.png)

- COVID-19 cases
- Electronic gadgets
- Clothes & shoes
Consumer shopping preferences adjust quickly and dynamically to infection waves.

Digital services usage

- COVID-19 cases
- Streaming
- Payments

1 WHO; Johns Hopkins University
2 Deloitte Global Consumer Pulse Survey (August Edition)
What does this mean for retailers?

The ongoing pandemic is teaching us a lot – in order to win in volatile circumstances and with dynamically adapting consumer behavior patterns, retailers must invest in online businesses and become more flexible and resilient going forward.

Expansion of omnichannel capabilities is a must for future growth

The trend during the lockdown was clearly towards increased usage of online channels for goods & services.

This change is not only short-term or related to COVID-19, but can be expected to last into the future.

Very dynamic environment instantly responds to worsening situation and second wave.

Source: Deloitte Global Consumer Pulse Survey (August Edition)
Take advantage of omnichannel capabilities...

Companies with mature eCommerce capabilities performed better during the crisis and were able to adapt quickly to environmental changes.

### Loyalty
- Online store improved and connected to retail stores with loyalty program and discounts
  - **Douglas**
  
### Direct to customer
- Set up D2C (B2B and B2C) during recent years, basis for increased in-app visibility
  - **P&G**

### Diversification
- 30m investment in eCommerce 2018 to accelerate transformation to online retailer
  - **Hawesko Holding AG**

#### Key Figures
- **70%** increase in online sales for Q3 2020 compared to 2019
  - **Douglas**
- **35%** eCommerce sales increase in Q1 2020
  - **P&G**
- **9%** sales increase in first half of 2020

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1. [https://corporate.douglas.de/presse/](https://corporate.douglas.de/presse/)
3. [https://www.dgap.de/dgap/News/?eqsNewsID=2001163](https://www.dgap.de/dgap/News/?eqsNewsID=2001163)
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... and take chances in dynamic market conditions

Even for less mature companies, new circumstances offer flexible paths into eCommerce and help outperform the competition.

Focus on the known

Virtual tour through shopping mall in combination with online shop for Christmas

John Lewis & Partners

Flexible planning

Launch of online shop (planned for spring 2021) brought forward to fight drop in offline sales

KaDeWe

Expand portfolio

Acquired delivery startup to expand portfolio and increase direct consumer touchpoints

Oetker-Gruppe | Flaschenpost.de

112% sales increase for Christmas products in 2020

Pure online competitor mytheresa increased sales by 19% in 2020

200% expected annual sales increase

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6 https://www.deutsche-startups.de/2020/11/01/oetker-flaschenpost-milliarde/
How to build up omnichannel capabilities

This is key to winning with consumers in a volatile world as currently shaped by COVID-19 – one step at a time and a clear target picture in sight.
Success factors

Understand what your customers really want and need.

Develop a sustainable long-term omnichannel strategy.

Implement popup solutions as immediate action.

While executing, learn and adapt towards changing circumstances.
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