

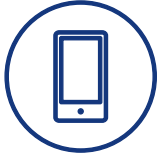
How COVID-19 changes
consumer behavior long-term

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 ...

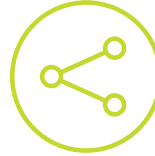
... 2,000 consumers across all demographics in Germany about their consumption behavior. Coming up to the end of the first lockdown, we wanted to know how it had impacted them and how they thought they might behave over the next year.

Across five categories



Online vs. offline

Will consumers buy more products and services online?



Sharing vs. owning

Will consumers take part in the sharing community?



In- vs. out of home

Will consumers continue to prefer in-home food & exercise?



Data security

Will consumers share their data more easily?



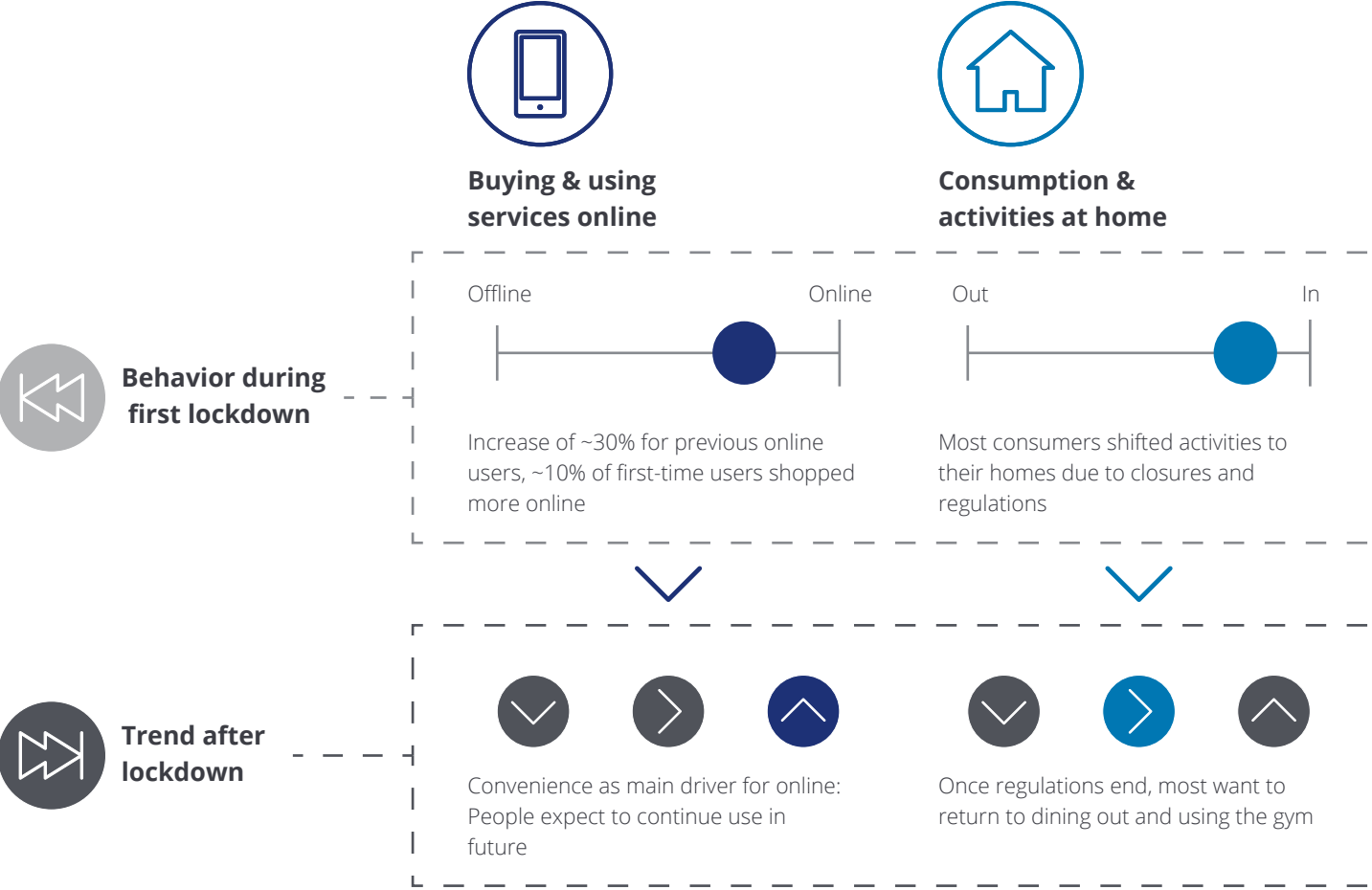
Local vs. global

Will consumers prefer local suppliers and goods?



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.





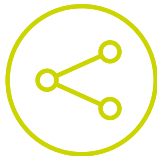
Support local producers & retailers



Disrupted supply chains and support for local movements reinforced localization trend



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



Using shared mobility & spaces



Sharing decreased during lockdown, especially ride sharing and co-working spaces



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



Willingly sharing data



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



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



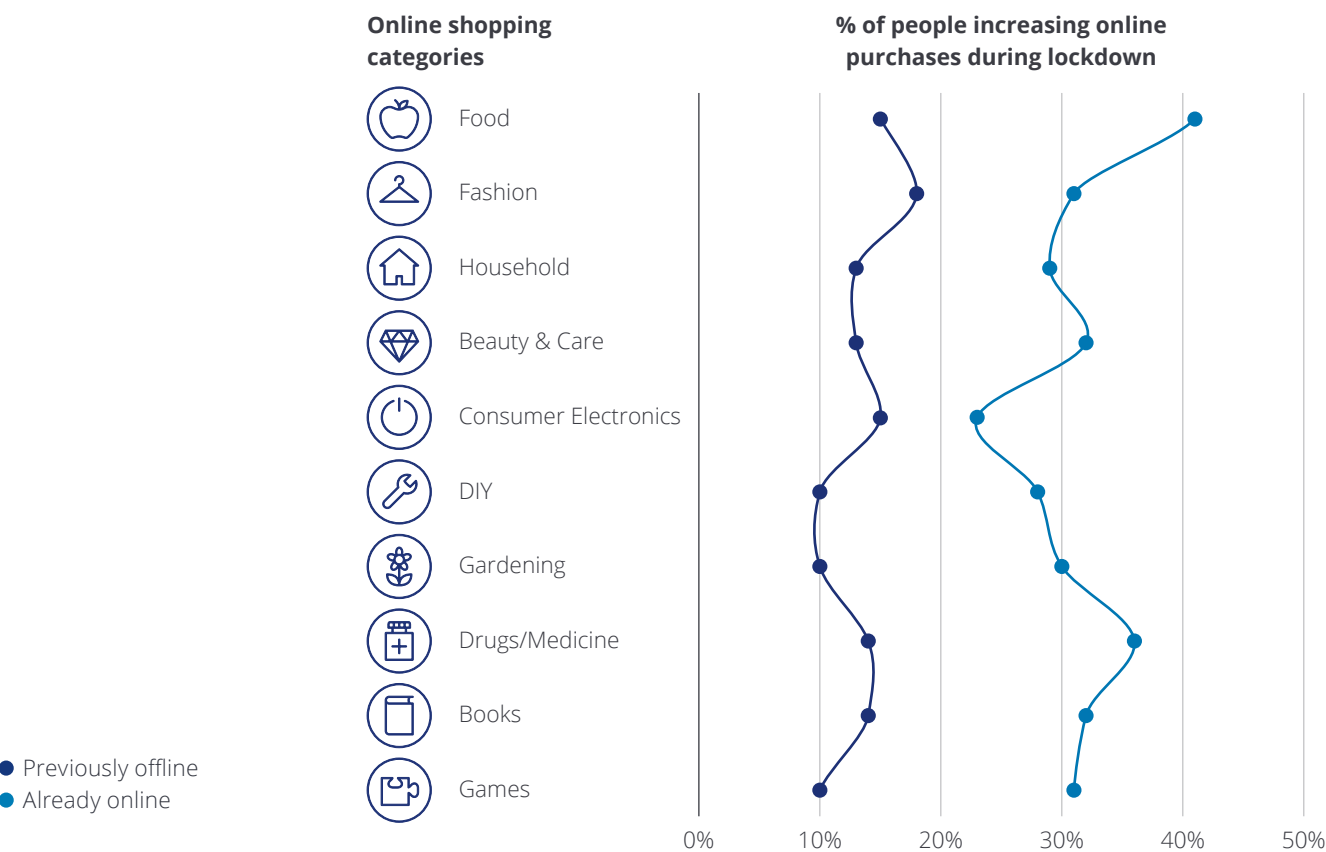
Return to usage level before COVID-19



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.



Key implications



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.

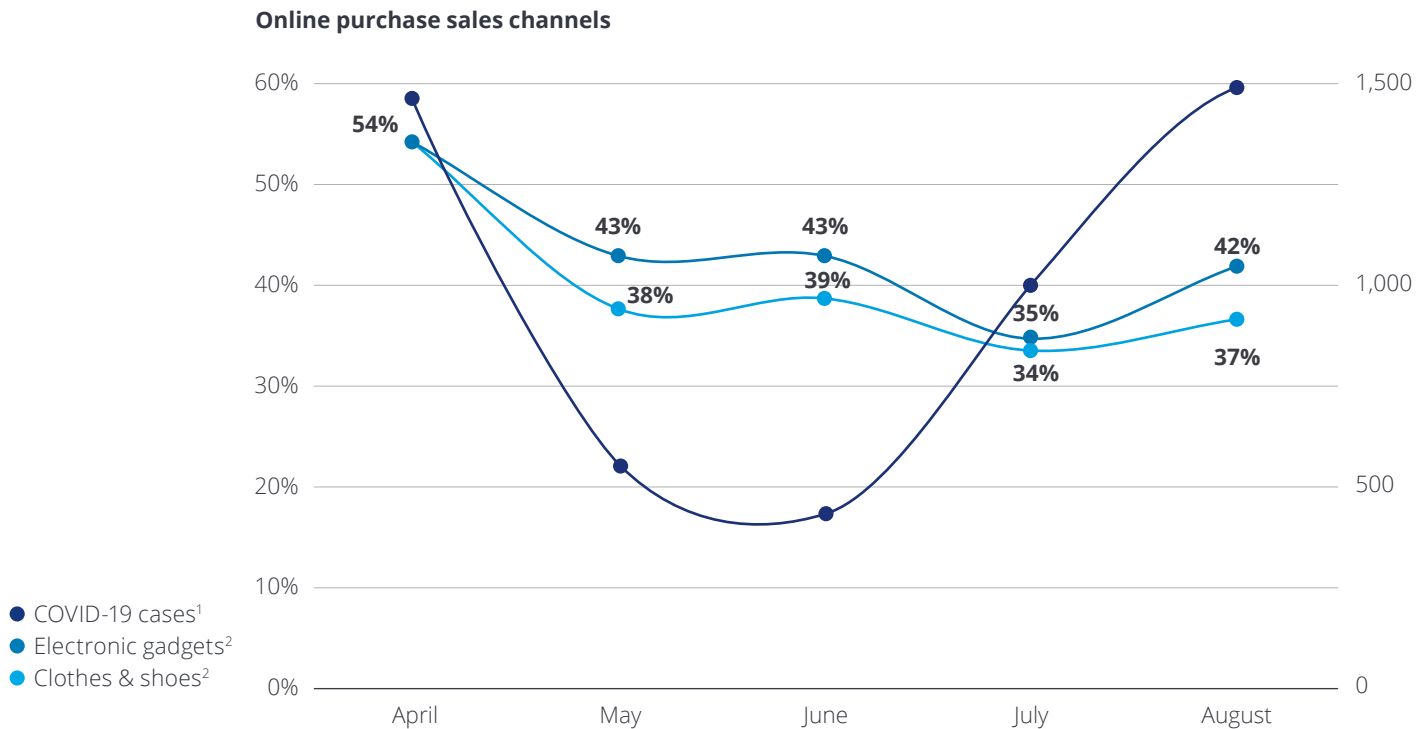


When asked why they will change their behavior, long-term health concerns were the main reason at 40-50%; about half said it was convenience.

The increased usage of online channels is not (only) tied to COVID-19 but will impact independently.

Dynamic consumer reactions

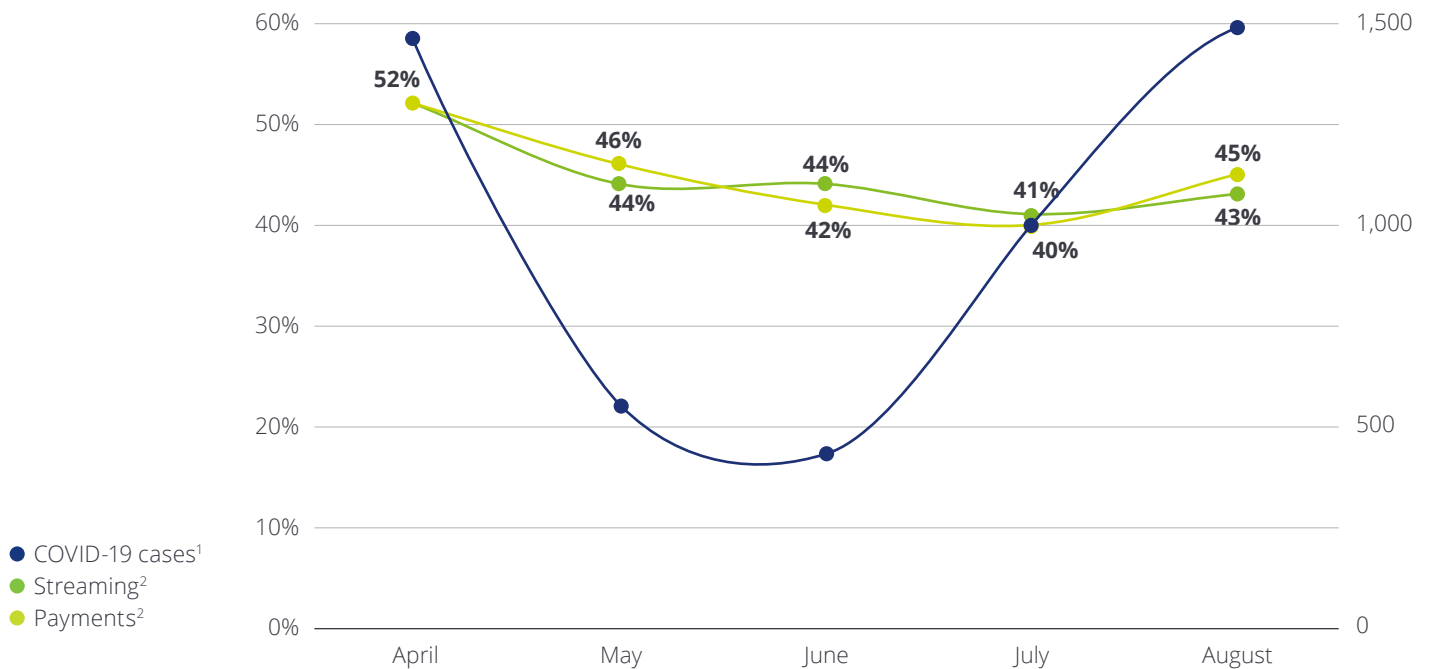
Since the lockdown in April, Deloitte has regularly conducted a consumer pulse check. It shows that consumer behavior has become more dynamic, reacting instantly to changing circumstances.





Consumer shopping preferences adjust quickly and dynamically to infection waves

Digital services usage



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

Douglas¹

70%

increase in online sales for Q3 2020 compared to 2019



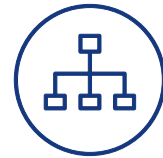
Direct to customer

Set up D2C (B2B and B2C) during recent years, basis for increased in-app visibility

P&G²

35%

eCommerce sales increase in Q1 2020



Diversification

30m investment in eCommerce 2018 to accelerate transformation to online retailer

Hawesko Holding AG³

9%

sales increase in first half of 2020

¹ <https://corporate.douglas.de/presse/>

² <https://infotechlead.com/cio/pgs-recent-digital-transformation-plans-61097>

³ <https://www.dgap.de/dgap/News/?eqsNewsID=2001163>

... and take chances in dynamic market conditions

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



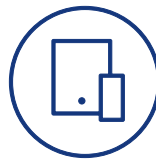
Focus on the known

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

John Lewis & Partners⁴

112%

sales increase for Christmas products in 2020



Flexible planning

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

KaDeWe⁵

?%

Pure online competitor mytheresa increased sales by 19% in 2020



Expand portfolio

Acquired delivery startup to expand portfolio and increase direct consumer touchpoints

Oetker-Gruppe | Flaschenpost.de⁶

200%

expected annual sales increase

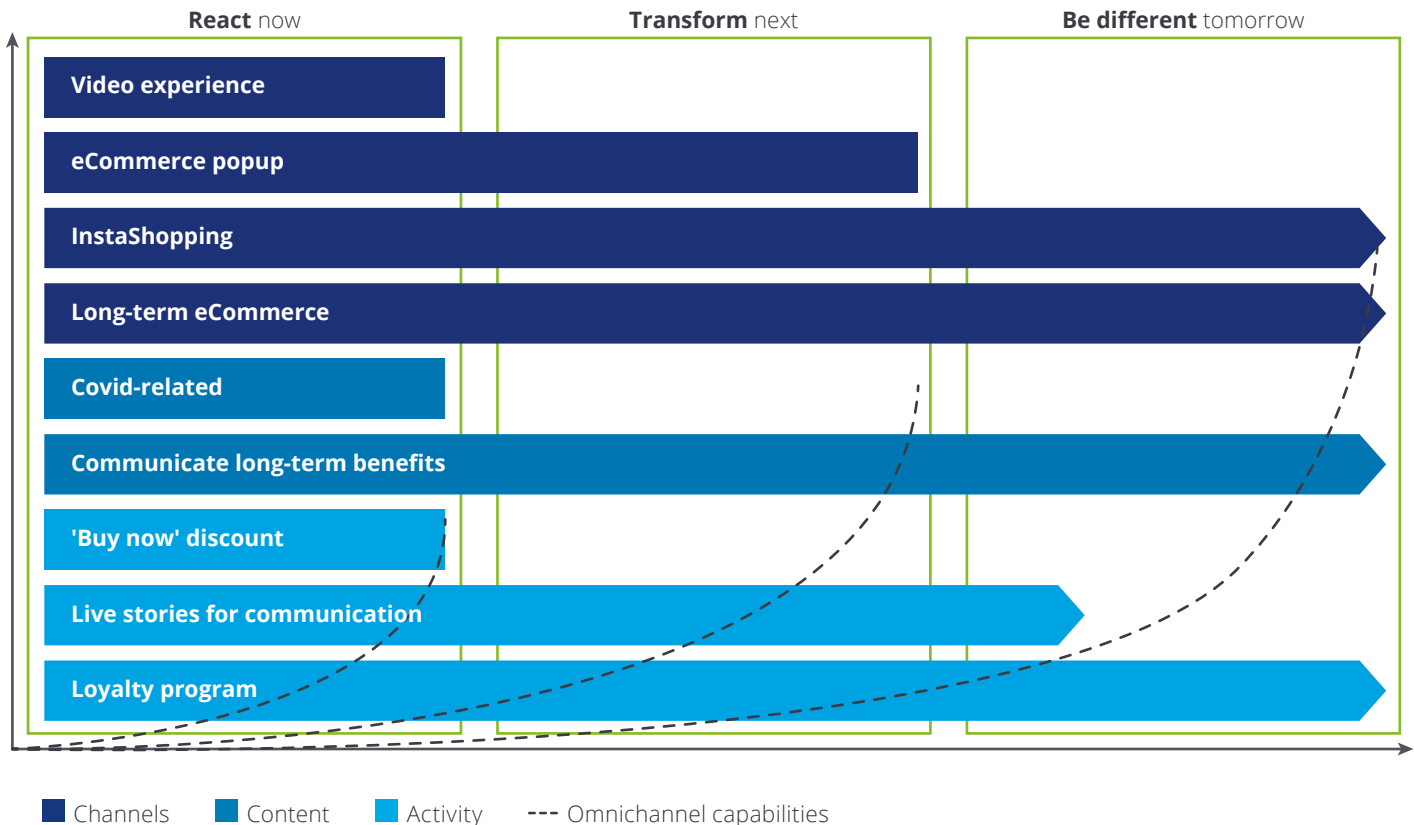
⁴<https://www.textilwirtschaft.de/business/news/online-durch-den-flagship-store-john-lewis-virtuelles-christmas-shopping-im-227563>

⁵<https://excitingcommerce.de/2020/09/21/mytheresa-wachst-im-corona-jahr-auf-450-mio-euro-19/>

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.

Contacts

**Egbert Wege**

Lead Partner
Retail, Wholesale & Distribution
Monitor Deloitte
Tel: +49 (0)40 32080 4596
ewege@deloitte.de

**Thorsten Zierlein**

Lead Partner
Retail & Consumer Products
Monitor Deloitte
Tel: +49 (0)89 29036 7202
tzierlein@deloitte.de

**Karsten Hollasch**

Partner
Leiter Consumer Business
Tel: +49 (0)211 8772 2804
khollasch@deloitte.de

**Carina Garbe**

Manager
Retail & Consumer Products
Monitor Deloitte
Tel: +49 (0)69 9713 7241
cgarbe@deloitte.de

**Marie-Louise Freeseemann**

Manager
Retail & Consumer Products
Monitor Deloitte
Tel: +49 (0)89 29036 6669
mfreesemann@deloitte.de



Detailed view of
complete consumer
behavior study



Overview of Deloitte
global consumer pulse
surveys



Generate your own
dashboard from the
pulse survey

Monitor **Deloitte.**

This communication contains general information only not suitable for addressing the particular circumstances of any individual case and is not intended to be used as a basis for commercial decisions or decisions of any other kind. None of Deloitte Consulting GmbH or Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/de/UeberUns for a more detailed description of DTTL and its member firms.

Deloitte provides audit, risk advisory, tax, financial advisory and consulting services to public and private clients spanning multiple industries; legal advisory services in Germany are provided by Deloitte Legal. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 312,000 professionals are committed to making an impact that matters.