



Four fault lines show a fracturing among global consumers

PwC's March 2021

Global Consumer Insights Pulse Survey



Introduction

One year after the COVID-19 pandemic partially shut down many of the world's economies, consumers are responding in a way that is accelerating changes that have been percolating for years. Our March 2021 Global Consumer Insights Pulse Survey shows four essential fault lines developing that are creating distinct groups of global consumers. Companies can be more prepared for the future by understanding these emerging cohorts and what their behaviours portend.

These four fault lines divide:

- consumers who now primarily work from home from those who generally work away from home
- younger consumers from older ones
- consumers who prioritise health and safety from those who aren't as safety-conscious
- consumers in the Asia-Pacific region from those in other regions.



But before we explore those divides, there are some overall trends that our survey revealed. Despite the impact of COVID-19, in-store shopping remains consumers' channel of choice for daily or weekly shopping. However, mobile shopping continues to steadily accelerate as other types of shopping, including in-store shopping, decline.

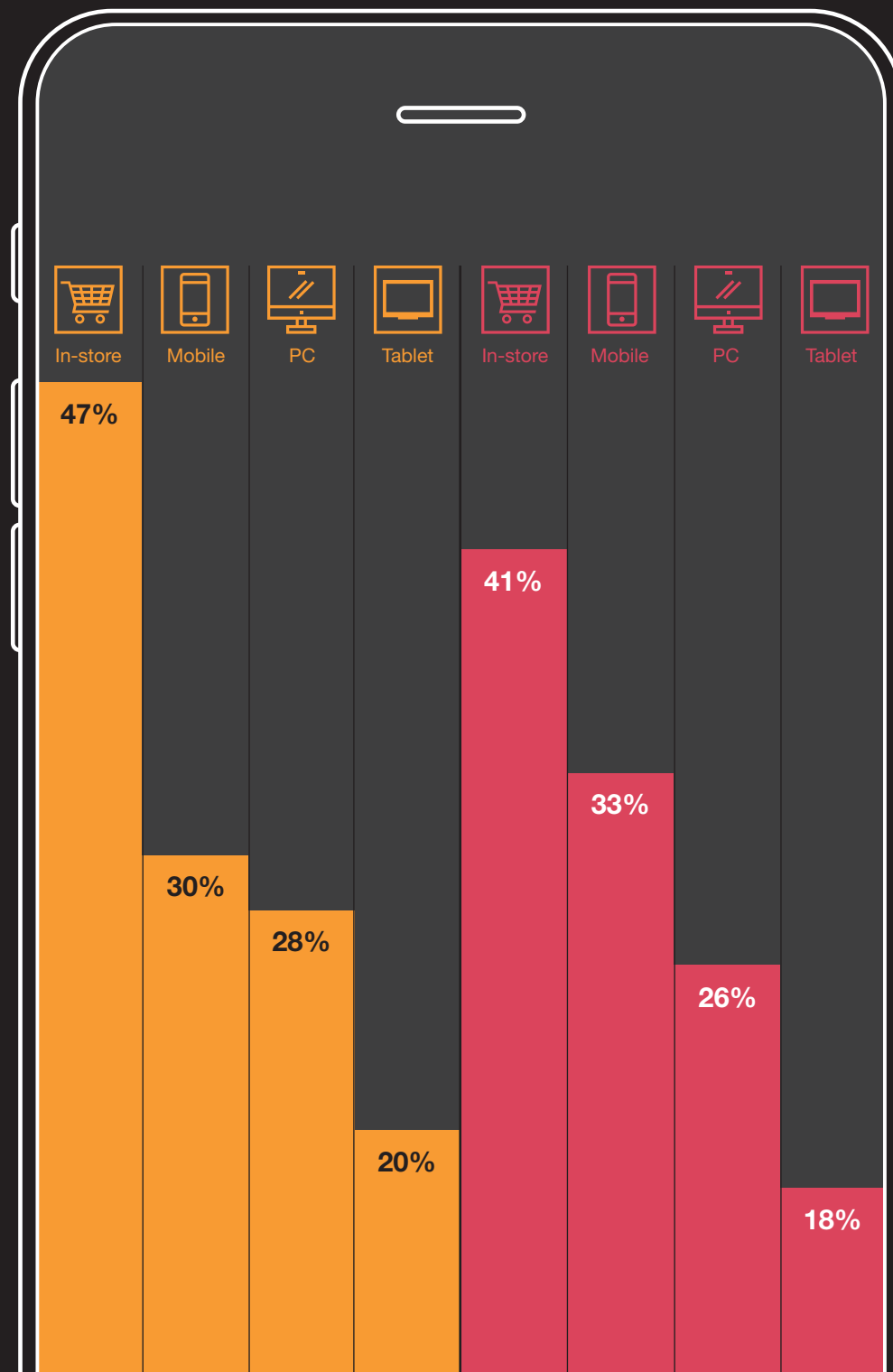
Mobile shopping is gaining on in-store shopping

Q: In the past 12 months, how often have you bought products (e.g., clothes, books, electronics) using the following shopping channels? (Answers shown reflect daily and weekly shopping combined and do not include grocery shopping.)

■ 2020 ■ 2021

Note: 2020 survey was city-focused, trend indicative.

Source: PwC's March 2021 Global Consumer Insights Pulse Survey



Across most product categories, we're also seeing that around the world, even in places where pandemic restrictions were lifted when we conducted our survey, a greater number of people say they've been shopping more or exclusively online compared to shopping more or exclusively in-store.

And consumers are making their online shopping priorities clear, emphasising a need for fast and reliable delivery.

Percent of respondents shopping more or exclusively online vs in-store

Q: Considering the following product categories, how has the way you shop online/in physical stores changed, if at all, in the past six months?

Fashion



Consumer electronics



Health and beauty



Sports and fitness



Grocery



DIY/Home improvement



Household appliances



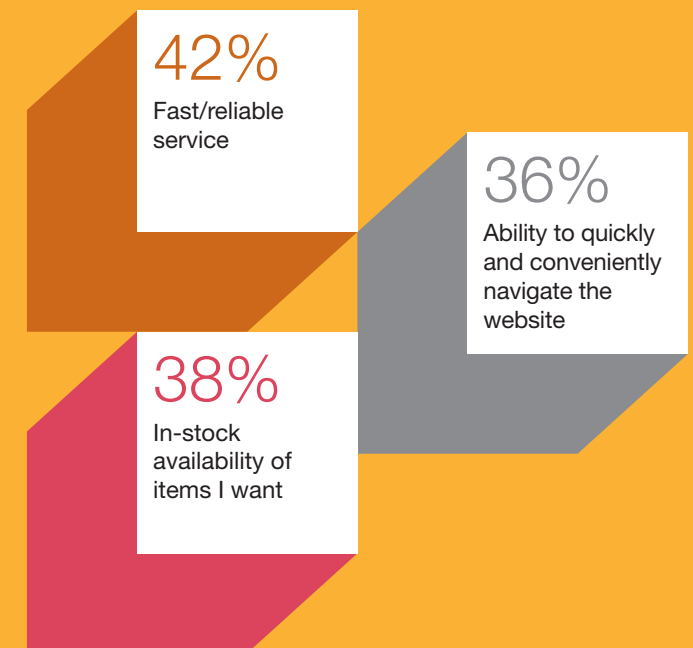
■ Online ■ In-store

Base: All respondents (8,738) Source: PwC's March 2021 Global Consumer Insights Pulse Survey



What consumers care about most when shopping online

Q: In the current climate, which of the following attributes are important to you when shopping online? Top three ranked attributes.



Base: All respondents (8,738)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

Online engagement extends to social networks, too. More than half of global consumers say they interact with the top four digital platforms, and more than one-third of those respondents, on average, say they're actively clicking on advertising, revealing an opportunity for brands and retailers to explore their digital-marketing spend.

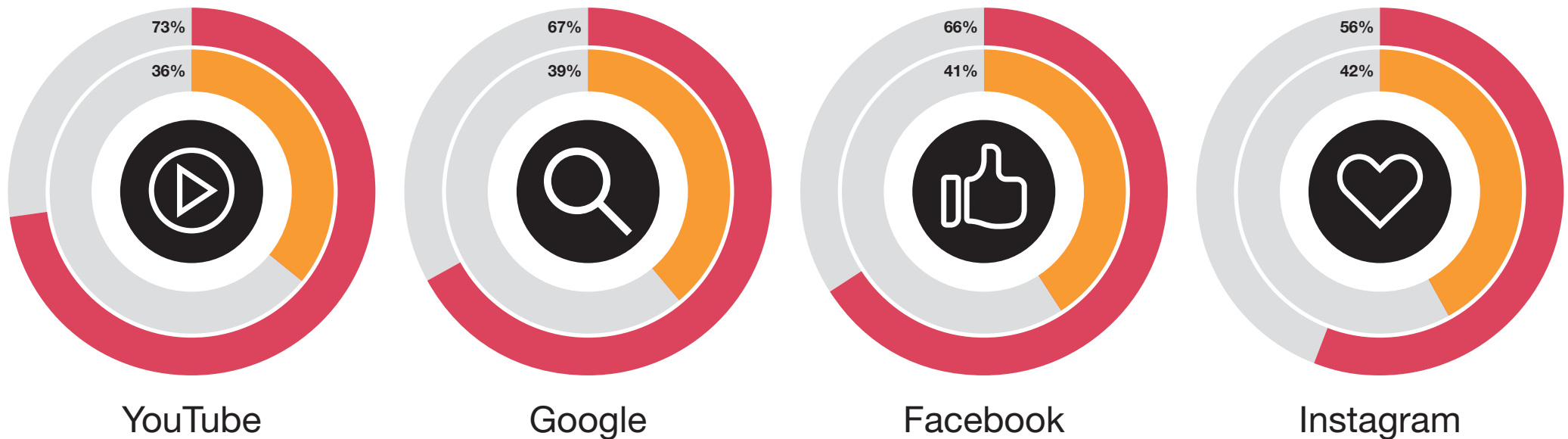


Our insight: Consumers are everywhere now—in stores, on your apps and website, and clicking on social media ads. Winning companies will be able to meet people wherever they are—on their individual terms.

Engagement by social media platform

Q: Please indicate which, if any, of these digital platforms you interact with?

For each of the following digital platforms, in which way, if at all, do you interact with advertisements?



■ Consumers who interact via this platform ■ Consumers who say they click on ads that are relevant to them

Base: All respondents (8,738), those that interact with YouTube (6,346), Google (5,836), Facebook (5,767), Instagram (4,905)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

With grocery shopping, in particular, consumers across the board say that, out of a variety of product attributes, they're most willing to pay a price premium for healthier options, local produce and sustainable packaging, regardless of whether they're shopping online or in-store.

Top three grocery attributes consumers are willing to pay more for



Base: Respondents who purchase said category (7,903)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey



Our insight: Consumers want healthier food options and transparency across the food value chain. Consumer packaged goods (CPG) companies and retailers have a variety of options. For example, they can offer locally sourced products, mostly for their perceived value, or personalise their offerings to consumers' nutritional preferences, using insights from biometrics or other technologies.



Four fault lines

Although consumers are globally aligned in some ways, we've uncovered four areas in which bifurcations are emerging that could herald long-term patterns in attitudes and behaviour.

Fault line 1

The 'Zoom effect': At-home workers embrace a more digital, environmentally friendly lifestyle than those working primarily away from home

COVID-19 has created a new faction of at-home workers, many of whom will continue to work remotely even after the pandemic ends. This sea change will not only shape the future of work, but our research tells us it could also affect the future of consumer markets, because the behaviours of at-home versus away-from-home workers differ substantially.

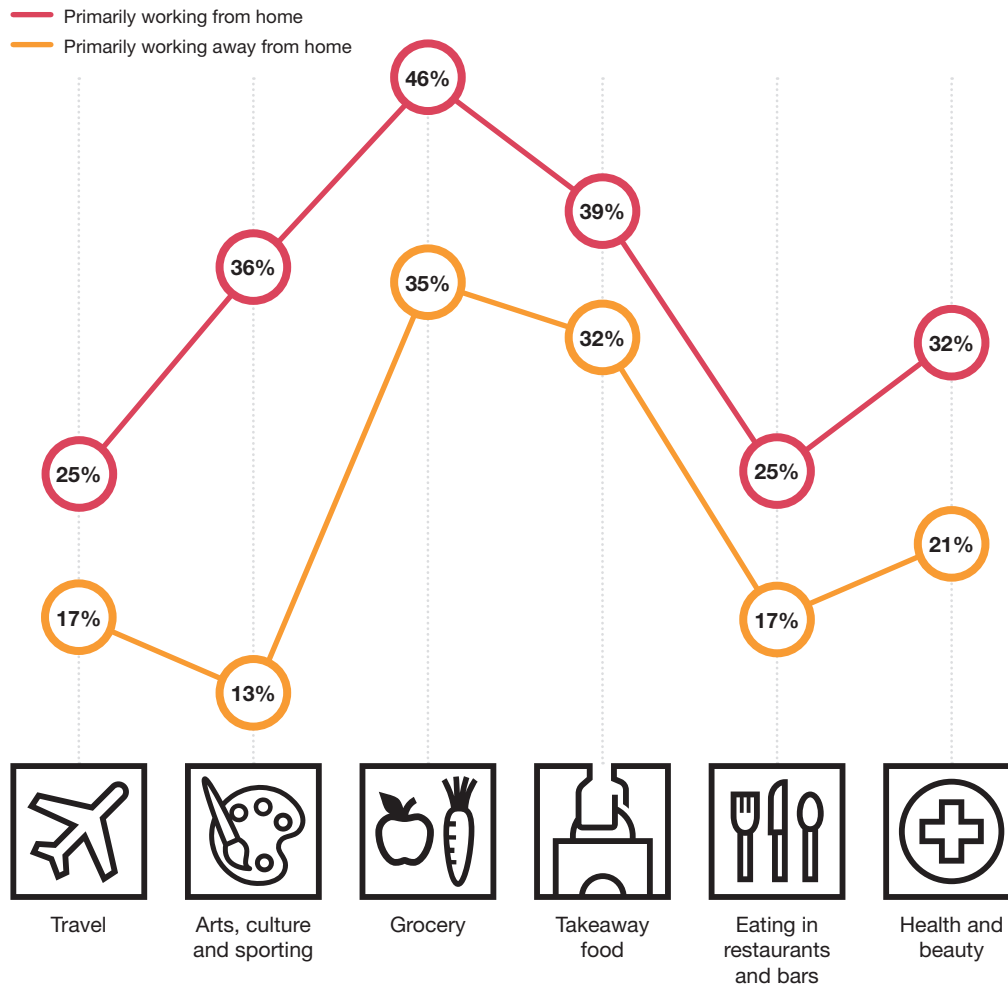
External data from the US indicates that those who've switched to telework during the pandemic are also likely to have higher incomes and be more educated than those who've had to continue working outside of the home. Global data also shows that those who've had to continue to work outside the home are more likely to hold lower-paying jobs. These demographic differences most likely correlate to the consumer behaviours of the at-home cohort we've identified in our survey. Regardless of the reason for at-home workers' consumption patterns, though, the fact is that they are shopping in very different ways than those who work outside of the home.



For one thing, people primarily working from home are significantly more likely to say they expect to increase their spending across all product categories compared to those who primarily work away from home.

Consumers working at home expect to spend more, across categories

Q: Thinking about your spending over the next six months, to the best of your ability, please describe your expectations on spending across the following categories.



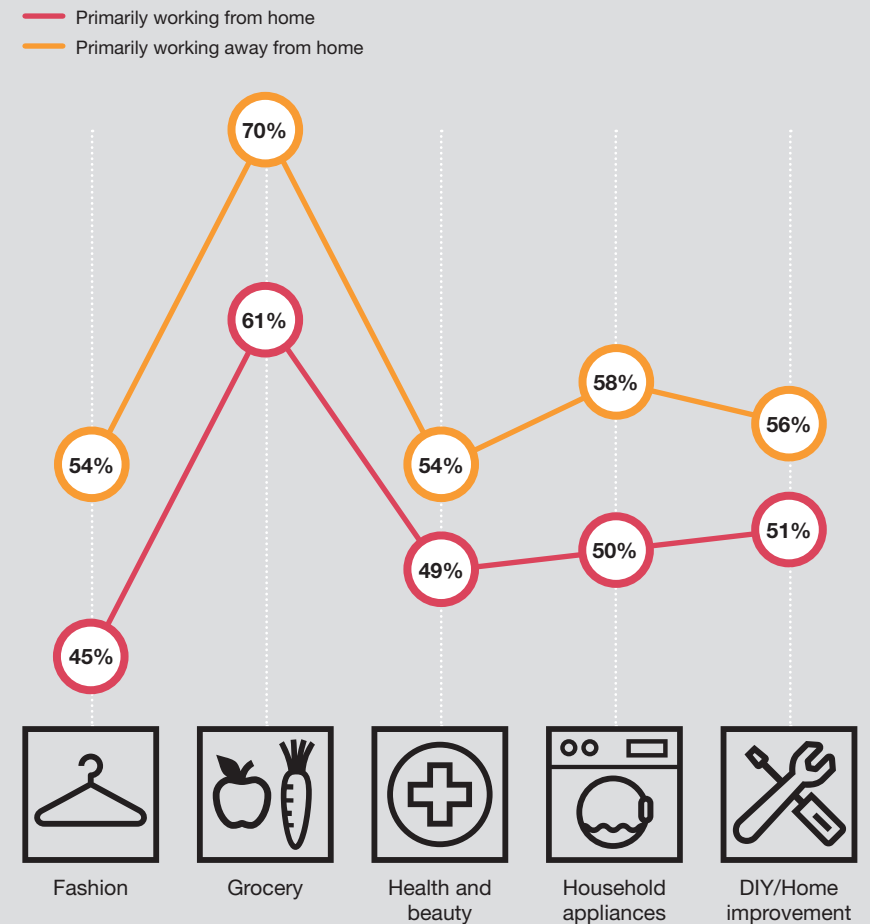
Base: Respondents primarily working from home/away from home (3,358/2,625)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

People primarily working from home are also significantly less likely than those working away from home to say they've been shopping in physical stores.

Consumers working at home are less likely to say they shopped the same or more in-store in the past six months

Q: How has the way you shop in physical stores changed, if at all, in the past six months?



Base: Respondents primarily working from home/away from home (3,358/2,625)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey



Our insight: If working from home becomes the new normal for this cohort, the implications for retailers are enormous, as we think at-home workers are likely to stick with habits that have formed during the pandemic, even when restrictions are fully lifted. This at-home cohort could therefore drive an even faster decline in physical shopping than we're already seeing.

Of particular interest is the gulf between these two types of consumers in the grocery category, an enormous market in which almost everyone participates.

At-home workers are almost 10 percentage points more likely to shop online for groceries

Q: Considering the following product categories, how has the way you shop online changed, if at all, in the past six months?

- Primarily working from home
- Primarily working away from home

Base: Respondents primarily working from home/away from home (3,358/2,625)

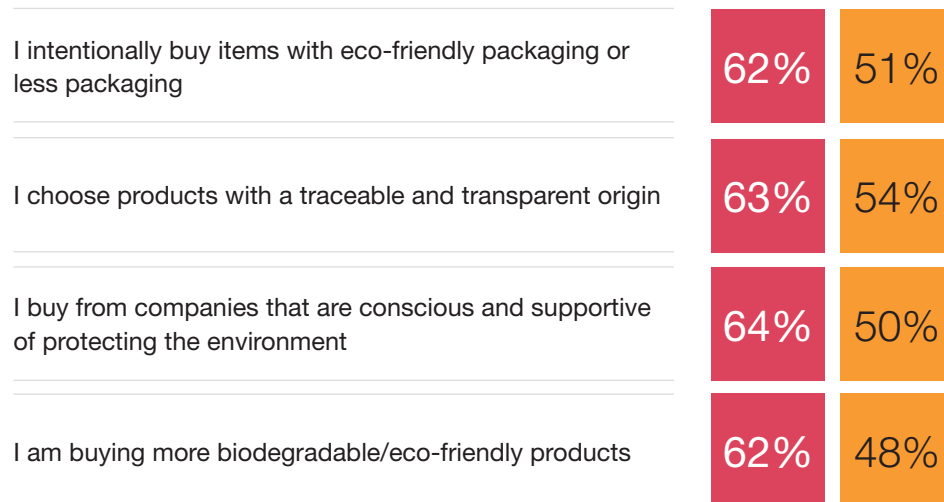
Source: PwC's March 2021 Global Consumer Insights Pulse Survey



Another fissure between those primarily working from home and those primarily working away from home is in their attitudes about sustainability. Those working from home are much more likely to consider the effects of their purchases on the environment. This dynamic could inform the way companies target certain groups of consumers and could also mean that companies need to accelerate both their ESG (environmental, social and corporate governance) actions and reporting.

Consumers who work from home are more likely to prioritise ESG

Q: Please indicate to what extent you agree or disagree with the following statements about shopping sustainability. (%-agree shown)



■ Primarily working from home ■ Primarily working away from home

Base: Respondents primarily working from home/away from home (3,358/2,625)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

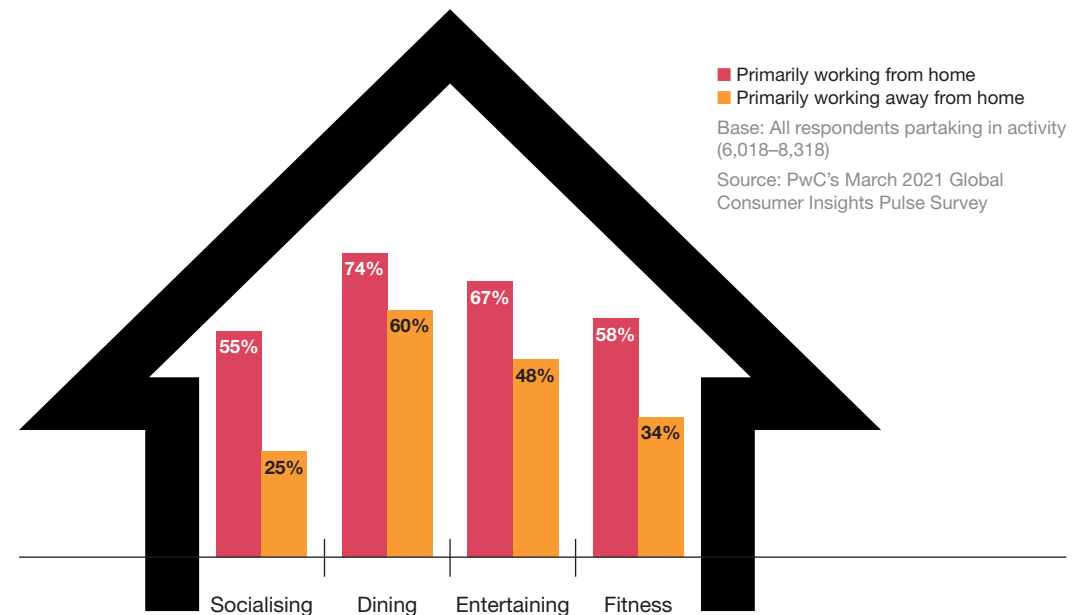


Our insight: The COVID-19 pandemic has created a clearly distinct market of at-home consumers who appear ready to spend more on online grocery shopping, products with a traceable origin and items with environmentally friendly packaging—all while spending less time in physical stores. The trick for companies is to alter their product portfolios and channel mix accordingly to capture market share.

Those who work from home tend to do other things at home, too, a fact that gives consumer-facing companies insight they can use to more effectively market products and offerings.

Alignment between working from home and other at-home behaviours

Q: In the past six months, on average, to what extent have you done the following activities at home as opposed to outside of your home (e.g., workplace, restaurant, gym)?



Fault line 2

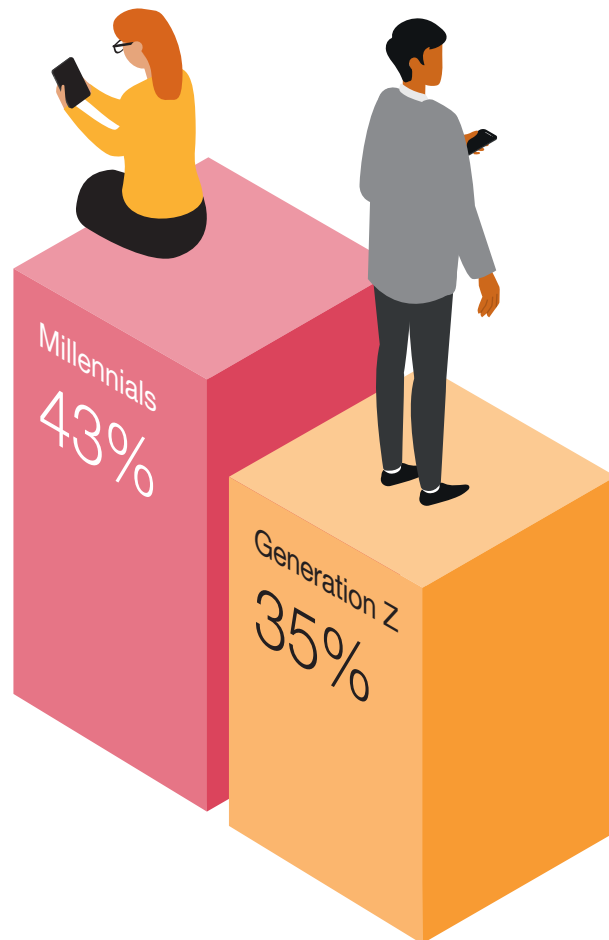
The generation gap: The youth of today are more likely to shop online and be optimistic about future spending than their older counterparts



As we reported in the introduction, global consumers are increasingly adopting mobile shopping, and this is especially true when we look at younger generations. Our survey shows that Generation Z and Millennial shoppers are more likely to shop daily or weekly using their mobile phone than their older counterparts, a trend that we think is likely to continue.

Percent of respondents who shop daily and weekly by mobile/smartphone

Q: In the past 12 months, how often have you bought products (e.g., clothes, books, electronics) using the following shopping channels? (Answers shown reflect daily and weekly shopping combined and do not include grocery shopping.)



Generation X
28%

Baby Boomers
11%

Greatest Generation
6%

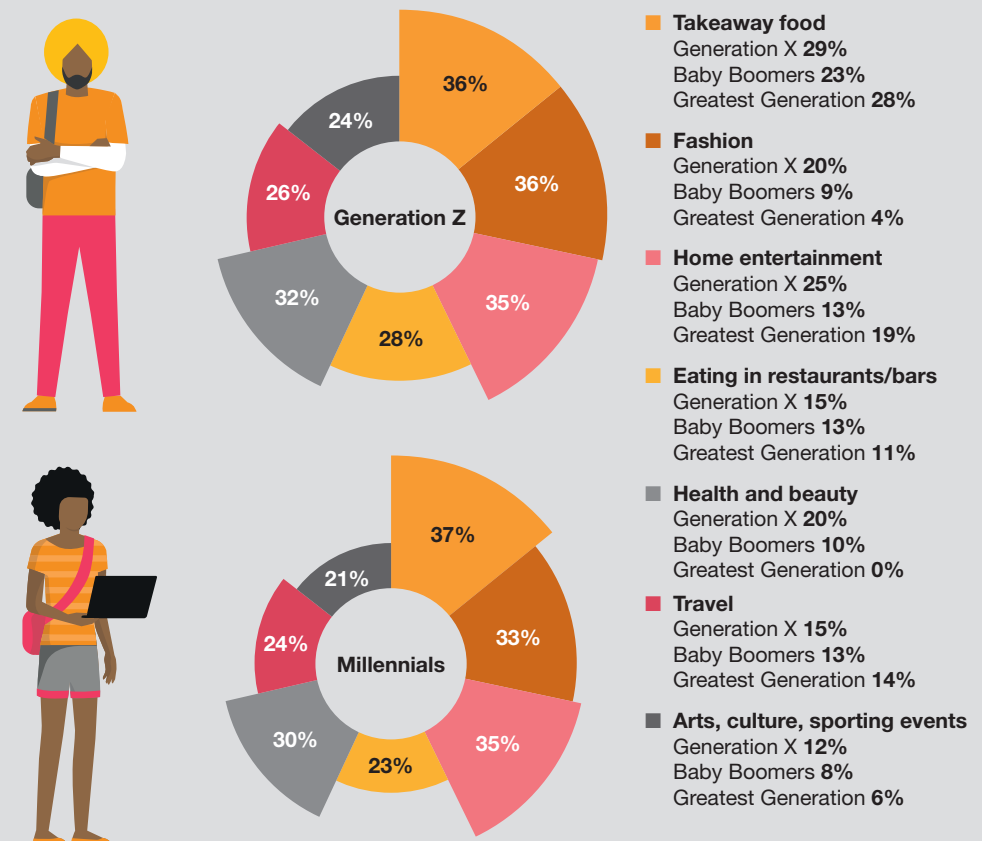
Base: Generation Z (1,269), Millennials (3,629), Generation X (2,753), Baby Boomers (1,007), the Greatest Generation (53)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

Overall, the pandemic hasn't dampened younger consumers' spending outlook. According to our survey, they are more likely than older generations to expect to spend more in the next six months than they'd spent before that. And this is true across product categories—including in nonessential areas such as travel, fashion and dining out.

Percent of consumers who expect to spend more in the next six months

Q: Thinking about your spending over the next six months, to the best of your ability, please describe your expectations on spend across the following categories.



Base: Generation Z (1,269), Millennials (3,629), Generation X (2,753), Baby Boomers (1,007), the Greatest Generation (53)

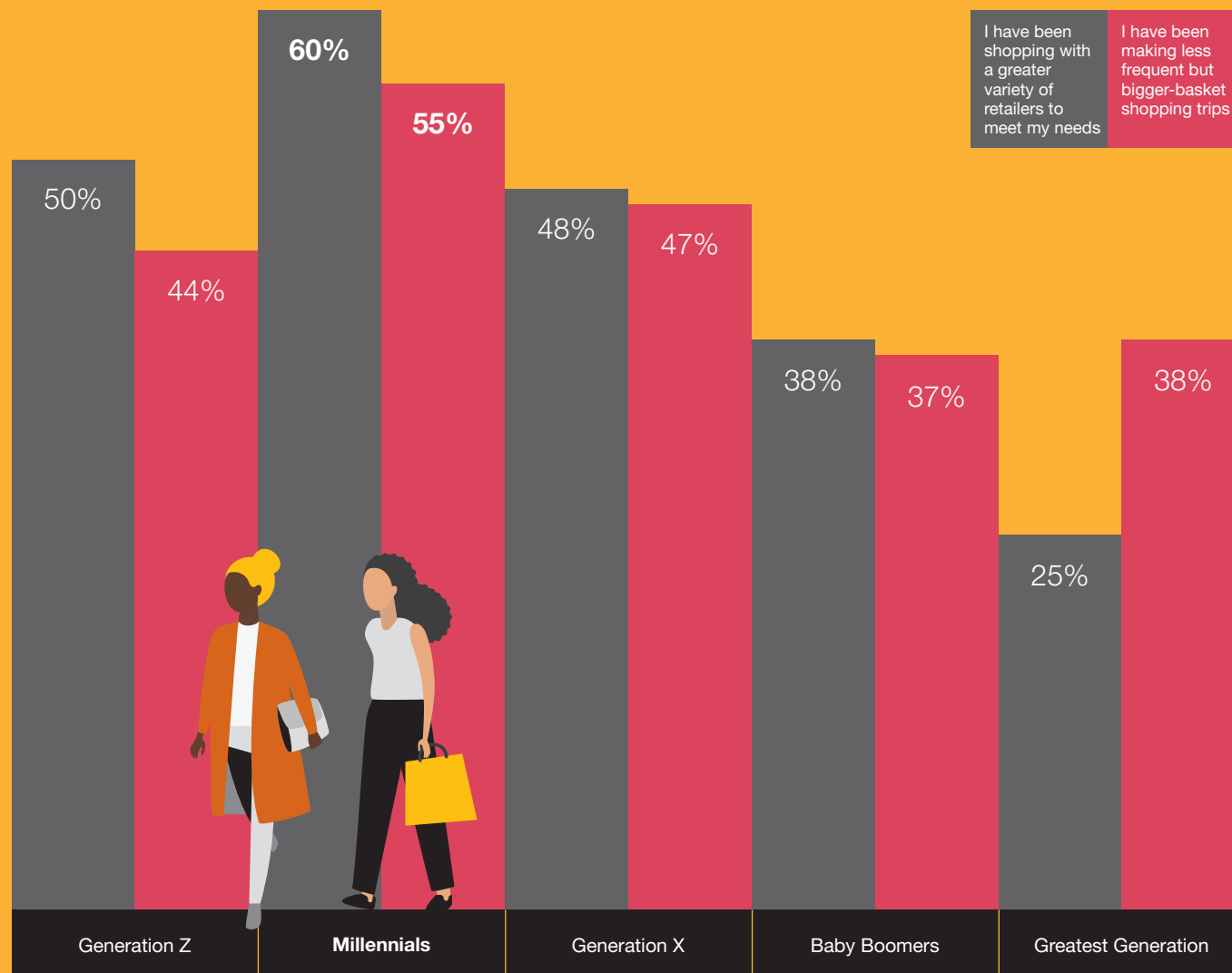
Source: PwC's March 2021 Global Consumer Insights Pulse Survey

This doesn't mean that younger generations are typically in a position to be frivolous; in fact, our survey reveals that they are more price-conscious than their older counterparts. In framing this particular finding, it's important to point out that we have assigned Generation X, a group broadly at the height of its earning potential, to the 'older' cohort. This helps explain why price might become less of a priority, according to our survey. As consumers age, price often becomes less of a factor, as people tend to be wealthier in their 50s and 60s even with the constricting retirement incomes of Baby Boomers and the Greatest Generation in the mix.

Other differences in shoppers' priorities also split along generational lines. Our survey shows that as consumers age, they place a greater priority on convenience, health and safety than on price or quality. The same generational gap exists in relation to grocery shopping. The older the consumers are, the more likely they are to be willing to pay more for sustainable, ethical product attributes. According to the survey, 38% of Baby Boomers and 44% of Greatest Generation consumers say they are willing to pay more for ethically and sustainably produced groceries, compared with 33% of Generation Z consumers. Of course, this doesn't mean that younger consumers don't also care about sustainability; it just means that older consumers are ready to pay a premium for sustainability.

Millennials show some distinctive qualities in shopping behaviours

Q: Thinking about the past six months, considering your general shopping behaviour both online and in physical stores, please indicate to what extent you agree or disagree.



Base: Generation Z (1,269), Millennials (3,629), Generation X (2,753), Baby Boomers (1,007), the Greatest Generation (53)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

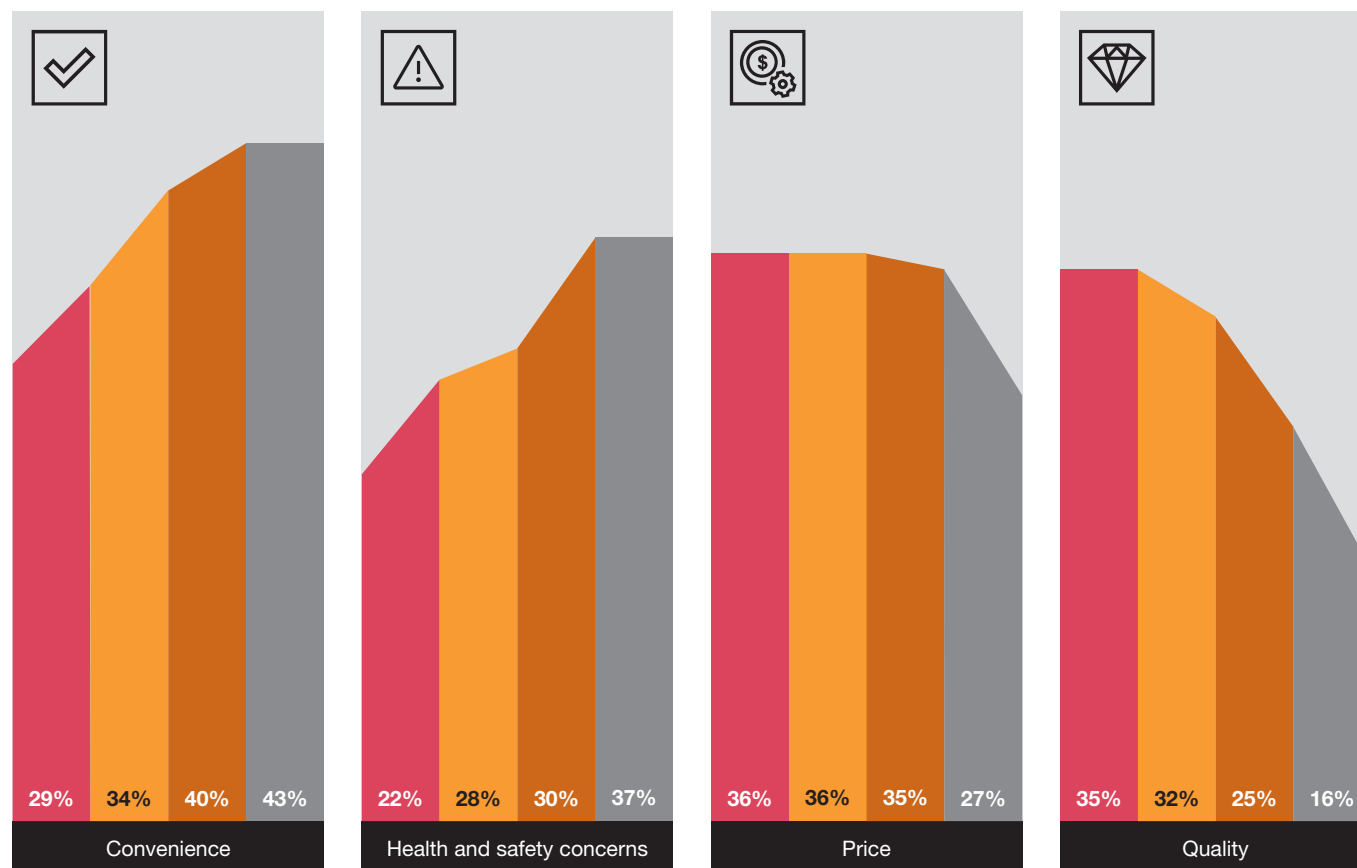
Millennials, in particular, are more promiscuous shoppers, meaning they're not as brand-loyal as their older counterparts. They also tend to make less frequent, bigger-basket shopping trips.



Our insight: As younger consumers age and grow wealthier, they will join the older cohorts in their willingness to pay more for ESG attributes, a consideration CPG companies and retailers should be paying attention to.

Generational gap in shoppers' priorities

Q: For grocery purchases, what are the main reasons why your online/physical store shopping has increased or stayed the same in the past six months?



■ Generation Z ■ Millennials ■ Generation X ■ Baby Boomers

Base: Generation Z (689), Millennials (2,349), Generation X (1,565), Baby Boomers (468)

Note: Base for the Greatest Generation did not meet reportage requirements.

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

Fault line 3

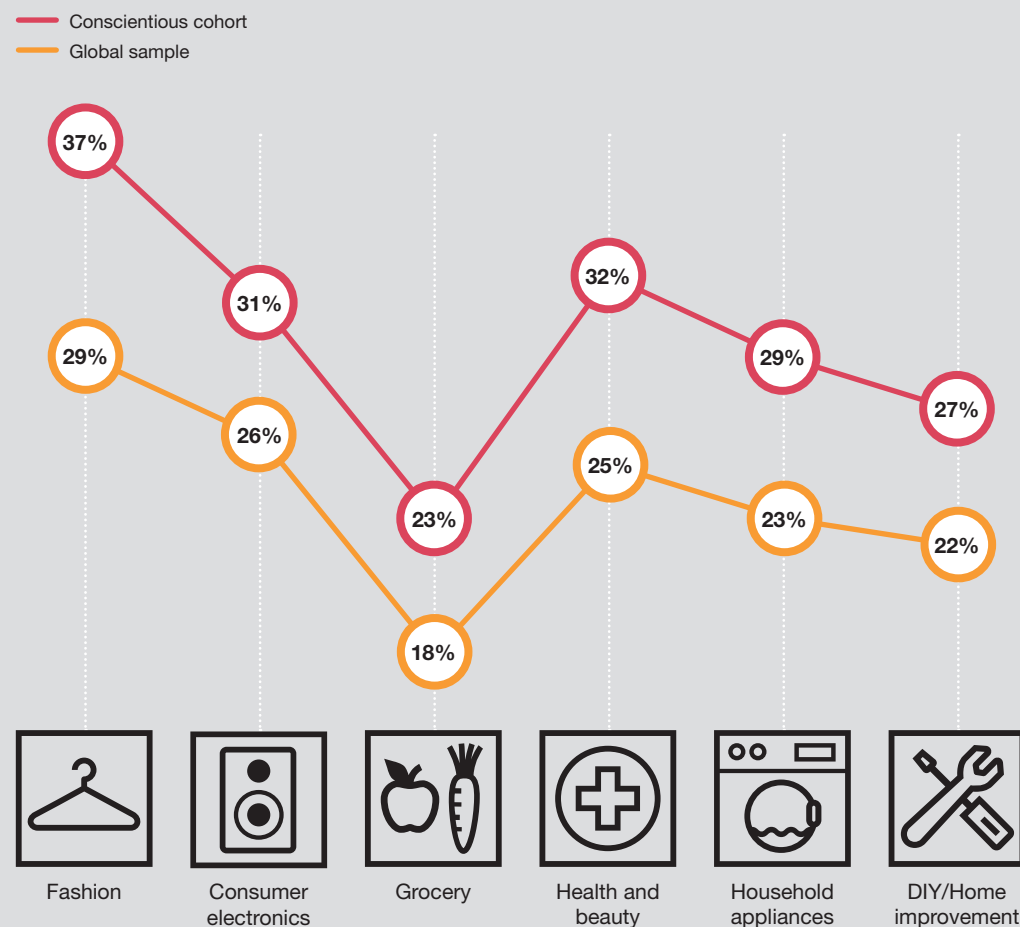
The 'conscientious consumer':
COVID-19 has created a cohort of
shoppers who've changed their
behaviour due to heightened health
and safety concerns



Our third fault line distinguishes between survey respondents who prioritise safety above and beyond other concerns versus consumers with other top priorities. When asked, “In the current climate, which of the following attributes are important to you when shopping in-store?” 23% of respondents rank “increased health and safety measures” in their top two choices. This same cohort also ranks “COVID-19 certification” higher than other survey respondents. We have dubbed this group our ‘conscientious cohort.’ These individuals are shopping in-store less across all product categories.

Compared to other shoppers, a greater percentage of the ‘conscientious cohort’ say they are shopping less in-store, across all product categories

Q: How has the way you shop in physical stores changed, if at all, in the past six months?
(Answer: I am now shopping less in physical stores.)



Base: All respondents (8,738), Conscientious cohort (2,042)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

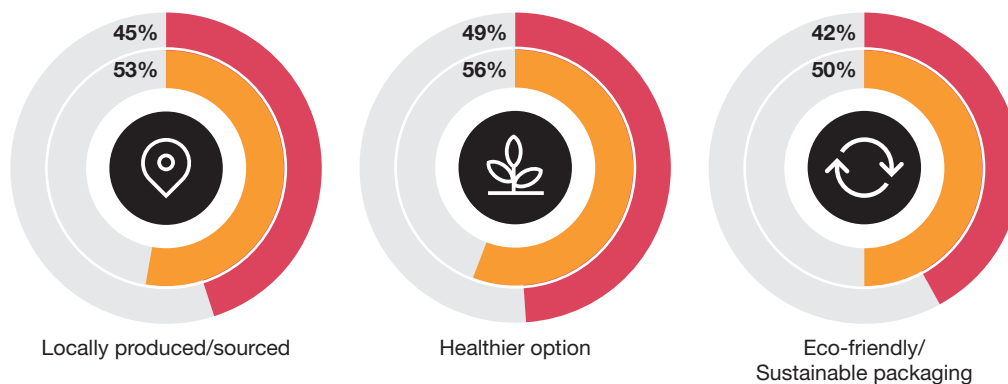


Our insight: The conscientious cohort's interest in health and safety carries over to general conscientiousness about the environment and society at large, and these values are unlikely to change, even after the safety concerns brought on by COVID-19 subside.

Interestingly, this cohort's conscientiousness extends beyond safety. When shopping for groceries, these consumers are also significantly more willing to pay a premium for healthier, more local and more environmentally friendly options.

Conscientious consumers are more willing to pay a premium for healthy, sustainable products

Q: For the following product categories, which attributes would you be willing to pay more for? (Grocery)



■ Global sample ■ Conscientious cohort

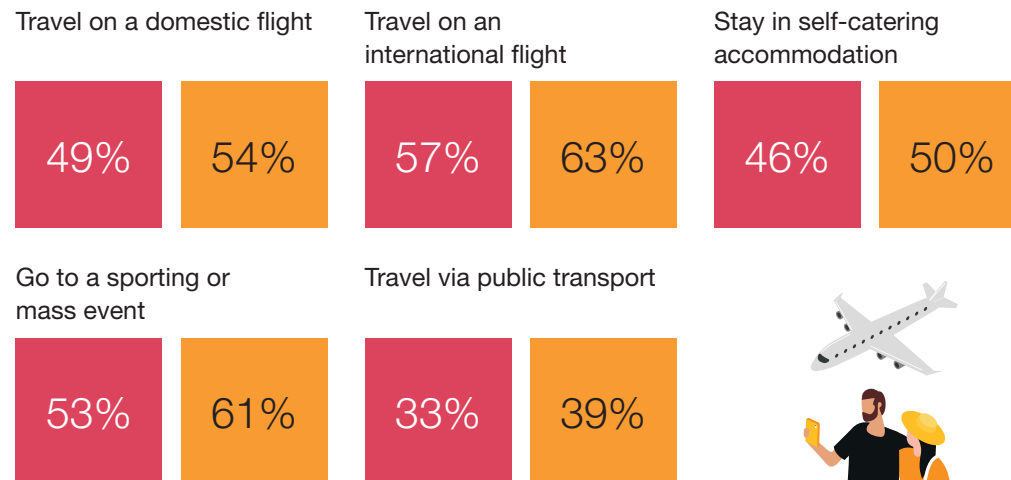
Base: All respondents (8,738), Conscientious cohort (2,042)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

Our conscientious cohort is also planning a more 'at-home life' than our global sample.

Compared to other shoppers, a greater percentage of the 'conscientious cohort' say they are less likely to venture out in the next six months

Q: In the next six months how likely are you to...



■ Global sample ■ Conscientious cohort

Note: Percentages are the sum of "very unlikely" and "unlikely."

Base: All respondents (8,738), Conscientious cohort (2,042)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey



Fault line 4

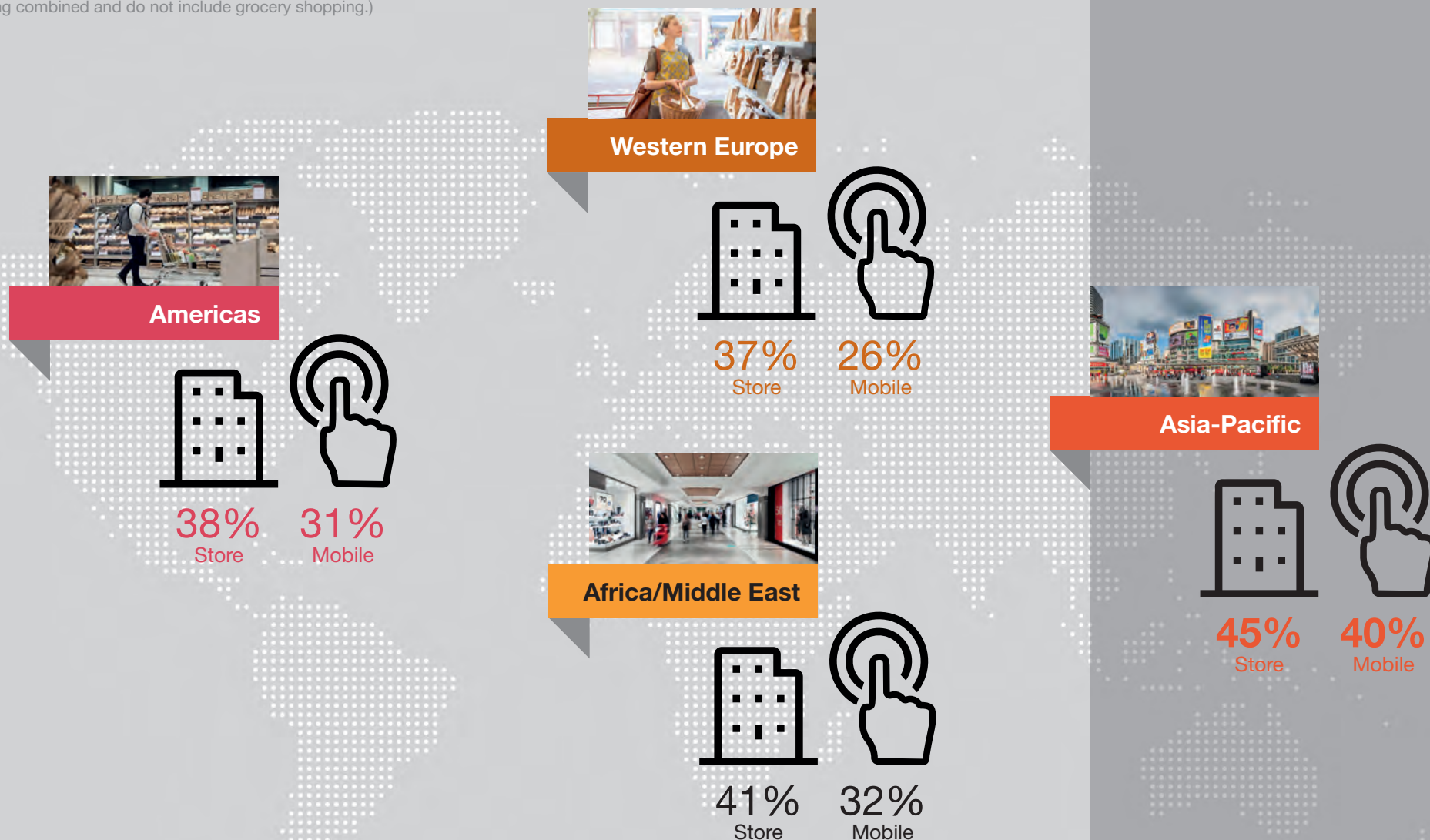
East-West differences: Consumers in the Asia-Pacific region are sustainability-minded and less likely to be concerned about health and safety in their physical store experience

Overall, Asia-Pacific consumers say they are more likely than their Western counterparts to shop often—weekly or more frequently—via all channels. This is a trend we've seen in past consumer surveys.



Consumers in the Asia-Pacific region shop more frequently overall than those in other regions

Q: In the past 12 months, how often have you bought products (e.g., clothes, books, electronics) using the following shopping channels? (Answers shown reflect daily and weekly shopping combined and do not include grocery shopping.)



Base: Asia-Pacific (3,386), Africa/Middle East (1,015), Americas (1,716), Western Europe (2,080)

Source: PwC's March 2021 Global Consumer Insights Pulse Survey

These consumers—along with those in Africa and the Middle East—are also more engaged in ESG issues. By contrast, the Western European consumers we surveyed were the least ESG-focused. This finding might not fit with assumptions about the West’s progressive ESG agenda, but the regional difference came through clearly in our survey, across data points. And, in fact, external research also shows that Asian countries have been as ardent about sustainability, or even more so, than their Western counterparts.

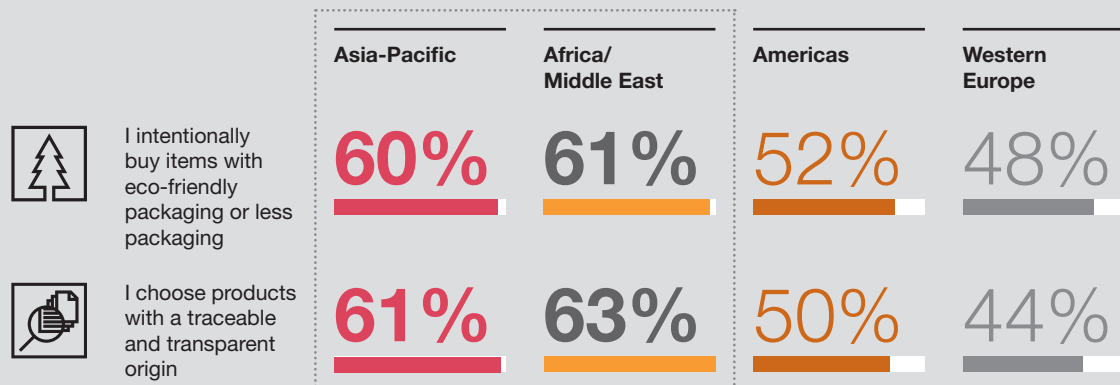
When asked why they shop online, across product categories, consumers in the Asia-Pacific region are the least likely of all the consumers we surveyed to cite health and safety concerns—even for categories such as grocery and health and beauty, which usually involve a high degree of interpersonal contact. It’s safe to assume that this could be because the virus has subsided earlier in these countries than in the West.



Our insight: Because COVID-19 restrictions have eased earlier in Asian-Pacific countries than in other parts of the world, consumers there can be seen as bellwethers. We believe shoppers worldwide will become slightly less vigilant about health and safety as the pandemic recedes and will redirect their attention to the environment and sustainability. Statistics from this Asian-Pacific cohort support our insights in relation to ‘conscientious consumers’ in that the conscientious cohort is already exhibiting concern about sustainability.

Consumers in the Asia-Pacific, Africa and Middle East regions report ESG concerns at a higher rate than those in other parts of the world

Please indicate to what extent you agree or disagree with the following statements around shopping sustainability. (Net: Agree)

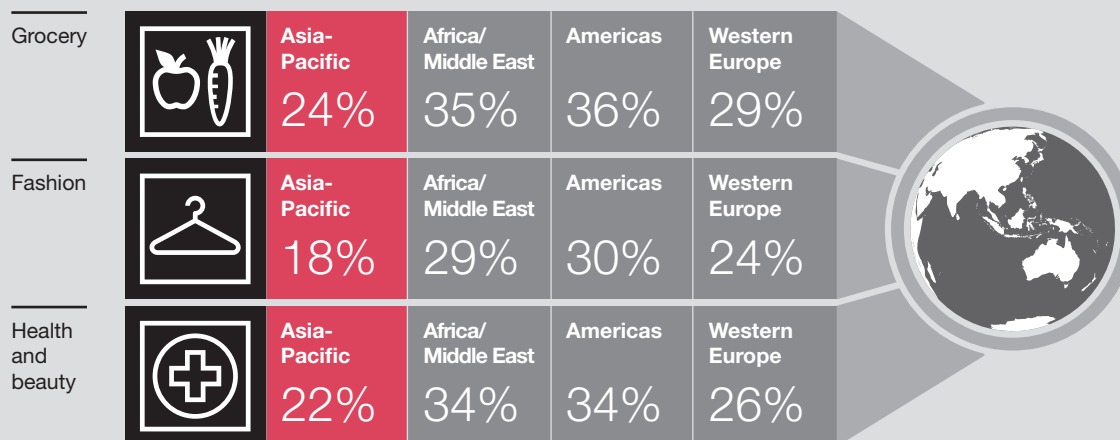


Base: Asia-Pacific (3,386), Africa/Middle East (1,015), Americas (1,716), Western Europe (2,080)

Source: PwC’s March 2021 Global Consumer Insights Pulse Survey

Compared to other regions, a smaller percentage of consumers in the Asia-Pacific region cite health and safety concerns in-store as a reason for shopping online to the same extent or more

Q: For each product category, what are the main reasons why your online shopping has increased or stayed the same in the past six months?



Base: Respondents shopping online more or to the same extent in grocery/fashion/health and beauty: Asia-Pacific (2,196/2,693/2,394), Africa/Middle East (579/748/671), Americas (979/1,362/1,159), Western Europe (1,054/1,715/1,328)

Source: PwC’s March 2021 Global Consumer Insights Pulse Survey

How to be bold in 2021

The consumer markets industry was experiencing large-scale disruption well before the COVID-19 pandemic, but the virus accelerated the pace of change and created or deepened forks in consumer behaviour. As companies move forward, they should take advantage of new opportunities evident in the data that we have talked about here.

How does that look in real life? Well, if those consumers primarily working at home do increase their spending, there might be a significant uptick in COVID-related at-home consumption. Both consumer companies and retailers should be prepared with innovations and changes, such as subscription offers, enhanced e-commerce capabilities, and larger, bulk packages for consumers who are at home more and spending more. Other areas of opportunity could be portfolio realignment to enhance digital capabilities or value chain digitisation to improve efficiency.

In other words, there's no better time to move forward with bold, decisive actions, even as the sands keeps shifting.



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Methodology

For the 2021 Global Consumer Insights Survey, PwC adopted a new pulse approach in order to remain agile amid changes in the worldwide landscape and connected to the behaviours of the global consumer. With a pulse in late Autumn 2020 and a further pulse planned in Spring 2021, this biannual study seeks to keep a closer watch on changing consumer trends.

For the first pulse in the series, we polled 8,738 consumers across 22 territories (Australia, Brazil, Canada, China, France, Germany, Hong Kong SAR, Indonesia, Japan, Malaysia, Middle East, Mexico, Netherlands, Philippines, Russia, Singapore, South Africa, South Korea, Spain, Thailand, the United States and Vietnam). The survey was translated into 16 languages and fielded in November 2021. The respondents were at least 18 years old and were required to have shopped online at least once in the previous year.

This research was undertaken by PwC Research, our global centre of excellence for primary research and evidence-based consulting services.

<https://www.pwc.co.uk/pwcresearch>

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