



# Me, my life, my wallet



**KPMG International  
Global Customer Insights**

*Third edition*

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The methodology used in this report was conducted using online surveys targeted on respondents within our consumer panels. It covered 18,657 respondents across 16 countries.



# Foreword

It is difficult for anyone to have all the answers on customer engagement as we move forward during these unprecedented and uncertain times. What is certain is that focusing on customer needs will be a lighthouse for staying and remaining relevant. By harnessing deep customer insights businesses can chart a course to meet customers where they are, with what they want and how they want it – if they are to survive today and thrive tomorrow.

The widespread and immediate changes brought on by COVID-19 forced businesses to change how they engaged with the marketplace, their customers, their employees, their partners and how they operated. Employers were forced to adjust how and where work was executed. Supply chains needed to adapt and restructure. There was a significant recasting of how business operated in light-of COVID-19 combined with the acceleration of the Environment, Social and Governance agenda and changing customer beliefs.

Safety concerns and government-imposed restrictions curtailed traditional bricks-and-mortar and in person interactions, driving a rapid increase in the use of digital channels. Many “non-digital” consumers – often older consumers – have adopted digital channels for the first time, while younger generations are using them in new or extended ways. The environment and context have changed.

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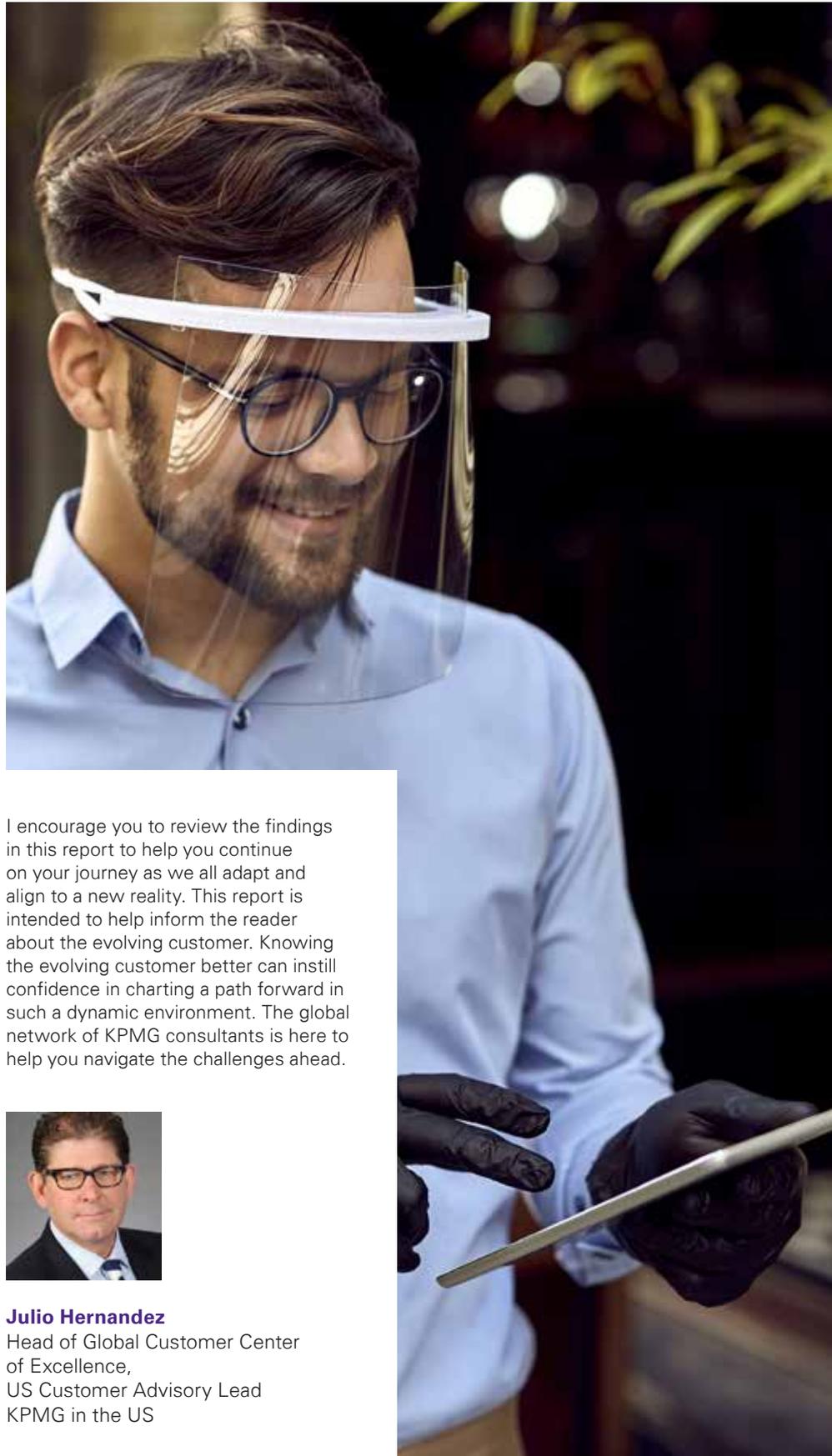
Organizations must recognize these changes and adjust their approach accordingly to stay relevant and meet their customers where they are today and where they will be in the future.

To navigate forward, businesses must emphasize understanding their customers. Relying on a historical understanding and assuming you know what your customer thinks and is feeling is more dangerous than ever before, as COVID-19 has led many to change their outlook and reprioritize. Harnessing data and analytics to monitor both intent and action is required to understand their true needs. The good news is that the right tools are out there for those seeking answers to the question of where, how, and why consumers open and close their wallets.

Sophisticated data analysis and technologies, from predictive analytics to machine learning, can bring a deep, holistic insight into the customer. But even if organizations gain a full knowledge of their customers' needs, they will have to assess whether (and how) they can viably fulfil these needs in a severely altered operating environment. For instance, it might not make economic sense for a restaurant business to launch its own delivery service to consumers who can no longer visit in person. But making the investment to join a food delivery platform could be a viable option to meet customer needs while avoiding unsustainable costs.

As the operating environment continues to shift, businesses will once more have to evolve their engagement model to service the changing consumer. Here again, a deep appreciation of customer needs, preferences and beliefs will help to chart a refined course forward.

The many varied impacts of COVID-19 on customer behavior are ongoing, and the immediate future looks no more settled. The successful organizations will be the ones which master the balance of investing in continually understanding and evaluating their customers' needs, context and preferences, while refining how and where these needs are met and served in a way that makes economic sense for the enterprise.



I encourage you to review the findings in this report to help you continue on your journey as we all adapt and align to a new reality. This report is intended to help inform the reader about the evolving customer. Knowing the evolving customer better can instill confidence in charting a path forward in such a dynamic environment. The global network of KPMG consultants is here to help you navigate the challenges ahead.

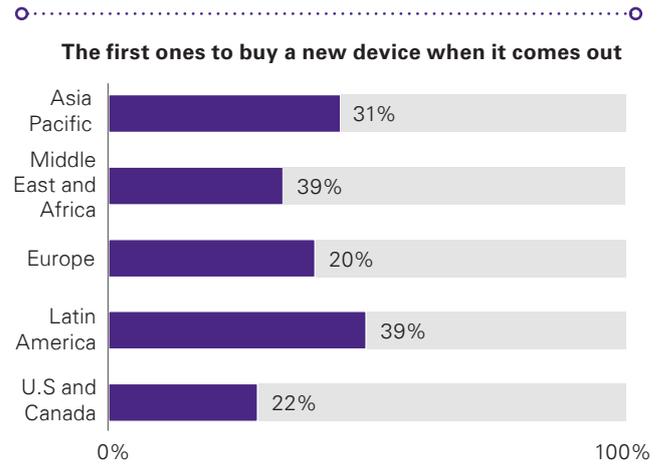
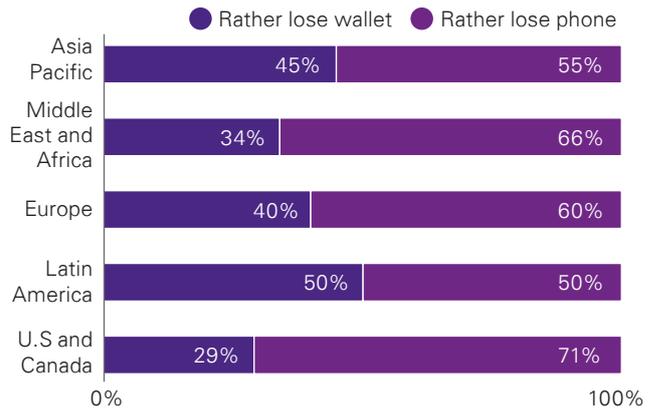


**Julio Hernandez**  
Head of Global Customer Center  
of Excellence,  
US Customer Advisory Lead  
KPMG in the US

# Trend highlights

## Family tech trends

- 
93% of consumers prefer to own rather than rent their mobile phone with;
- 
40% of consumers saying they would rather lose their wallet than their mobile phone.
- 
19% of children aged 5-9 years old and;
- 
34% of children aged 10-14 years old now have access to a mobile phone
- 
40% of children spending on average 1-2 hours per day and;
- 
38% of children spending up to 3-4 hours per day on their mobile phones.
- 
26% of consumers still remain keen to be the first one to buy a new device when it comes out.

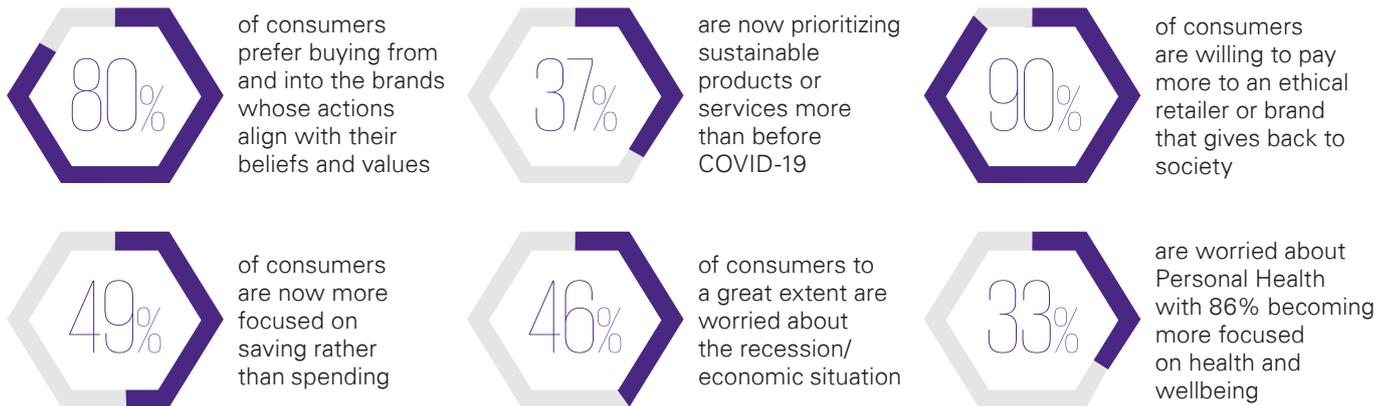


**The most preferred device to use**

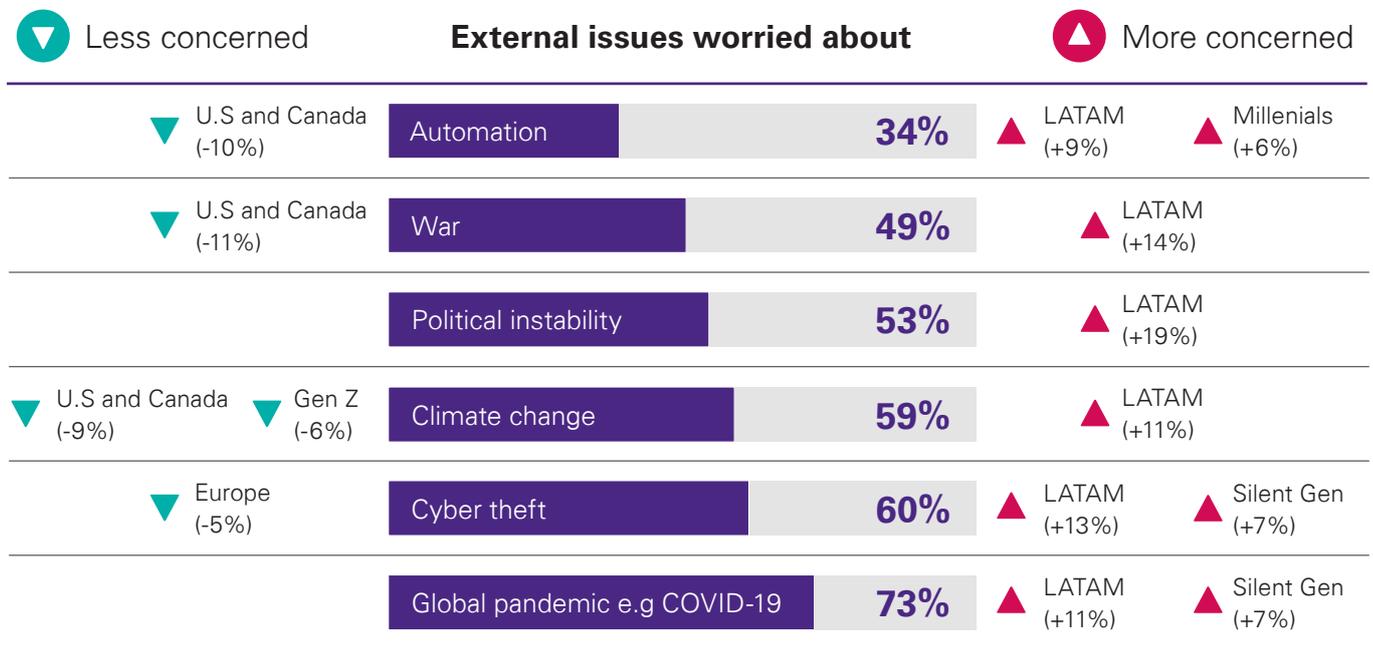
	U.S and Canada	Latin America	Europe	Middle East and Africa	Asia Pacific
Landline	26%	28%	27%	28%	24%
Mobile (non-smartphone)	11%	11%	12%	15%	13%
Mobile (smartphone)	83%	90%	89%	90%	88%
Tablet	32%	29%	25%	24%	22%
Laptop/PC	54%	54%	55%	53%	49%
Voice activated home devices	20%	18%	14%	13%	17%



## Changing priorities



## Concerns are not shared equally



In Latin America, there is greater overall concern about all external issues, most notably for political instability. The Silent Generation are more concerned with data security and the global pandemic while Millennials show increased concern that automation will threaten their job security. For the US and Canada, there is less overall concern for climate change, war, and automation. We can also see that climate change is less concerning for Gen Zs.

# Trend highlights (continued)

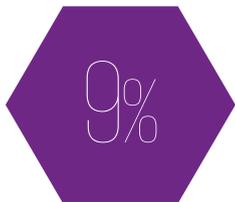
## Consumer data protection



of consumers place protection of their data as the most important element they expect from companies with 47% expecting companies to never sell their data to others



of consumers are to a great extent worried about cyber threats



yet, only 1 in 10 of consumers rank having full control of their own data as the most important element they expect from companies



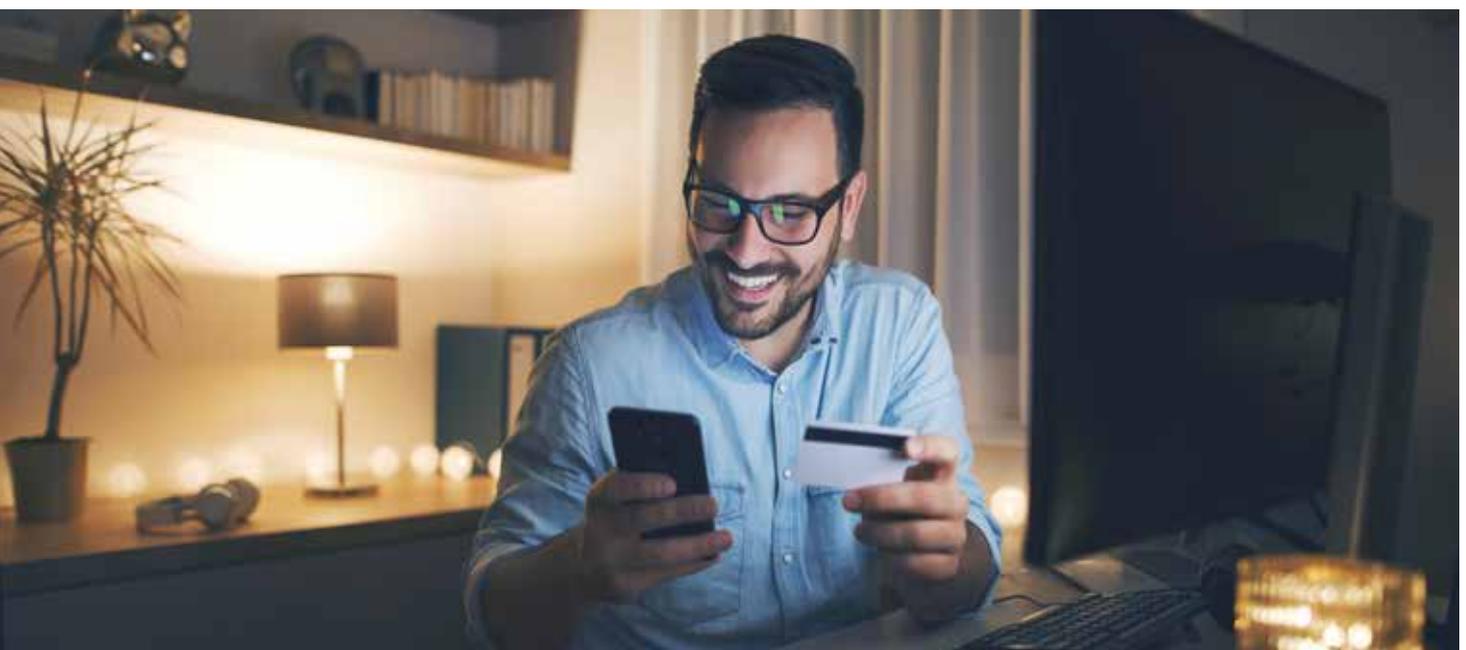
of consumers believe sharing their data would be an acceptable trade if they were to benefit from receiving better security



of consumers think its 'cool' if a company knows them so well that they can spot fraudulent behavior, however just as many (31%) feel it is "creepy" when a company knows what the consumer wants before they themselves do



yet, only 1 in 3 consumers have updated their social media privacy settings in the past 12 months, with only 24% updating or creating stronger social media passwords



## Expectations and service .....

**55%**

of consumers saying 'resolving their issues' was very important

**27%**

of consumers highlighted the importance of having someone on-hand who can empathize with them

**25%**

of consumers feel a personalized customer service is very important

**16%**

of consumers are willing to share their data if it led to better customer experience and personalization

**33%**

of consumers expect frictionless purchasing

**36%**

of consumers expect companies to reduce all friction associated with delivery

**26%**

of consumers rank making transactions and purchases as easy as possible as the most important element they expect from companies

**40%**

of consumers expect companies to be transparent about where they are in the process

**43%**

place the integrity of the company as very important

**50%**

consider companies keeping them and other customers safe very important.

## Digital experience .....

**69%**

Since COVID-19, consumers are shopping more online with 44% using different technologies, for example, mobile apps or voice activated devices

**38%**

of consumers consider it very important for a company to have a website, with 31% considering e-commerce/online purchasing and access to web chat with a human to be very important at 29%



**26%**

Having app availability



**22%**

Digitalized physical experience, for example, mobile phone that can be used interactively in store



**15%**

Voice interaction



**13%**

Augmented or virtual reality, for example, headsets in store



**12%**

Cognitive, artificial intelligence, for example, interactive robots in store



**11%**

Web Chat with a robot

# The Five Mys

Understanding the complex drivers of decision making has become exponentially more important as we continue to navigate uncertain times

The Five Mys represent a distinctive framework designed to help organizations more fully and deeply understand the complex, underlying drivers of human decision-making. They help to provide insights into what consumers value from a customer experience. The moments that matter most to us, the connections that contextualize our lives, the trade-offs we are willing to make around time and money, and an understanding into the psyche of consumers and our unmet needs.

Now, in this new COVID-19 reality, 'My Health' also plays a key role. Previously, many of us didn't consider our health on a daily basis but the pandemic has forced us to refocus, serving as a big reminder of our mortality, both physically and in terms of our mental wellbeing.

86 percent of respondents report focussing more on health and wellbeing more since COVID-19, and 61 percent are worried 'quite a bit' or 'to a great extent' about their personal health.

No matter where you live, COVID-19 has managed to exacerbate many of the usual concerns and stresses in our lives while adding a host of new worries, resulting in some drastic shifts across the Five Mys.

On average, household spending accounts for 63 percent of GDP, so understanding human influences and how we, as consumers, are changing has become increasingly vital.

Our behavioral shifts and the resulting impact on how, when, and where we open our wallets affects virtually every industry, as well as the overarching economy. Over the next 12-24 months, we expect to see major life events across generations, with significant downstream impacts to business.

## My attention

Ways we direct our attention and focus



## My motivation

Characteristics that drive behavior and expectations



### Business impact

Knowing what customers truly value in an experience and what's setting the benchmark for their expectations can help companies to eliminate wasted efforts and focus on the ones that truly make a difference in consumer behavior.



### Business impact

Knowing how to win the battle for customers' attention can help companies target investments to the moments, interactions and media, or channels, that matter to maximize return on investment.

<sup>1</sup>[https://www.theglobaleconomy.com/rankings/household\\_consumption/#:-:text=Household%20consumption%20as%20percent%20of,133%20countries%20was%2062.93%20percent.](https://www.theglobaleconomy.com/rankings/household_consumption/#:-:text=Household%20consumption%20as%20percent%20of,133%20countries%20was%2062.93%20percent.)

“ In the battle for growth, knowing your customer – intimately, personally and holistically – is what will likely separate the winners from the rest of the pack. And the critical prerequisite to this knowledge is data. It has currency, it has value. With it, organizations can craft deeply personalized experiences, can stop living in today and start predicting the customer of tomorrow. But without it, organizations are left in the dark, relying on outdated assumptions and imprecise generalizations. Trust, therefore, is of such paramount importance it simply cannot be left to chance. ”

**Julio Hernandez**, Principal, Customer Advisory Practice Lead, KPMG in the US



## My connection

How we connect to devices, information and each other



### Business impact

Getting smarter about how consumers connect and with whom they connect can fuel better insights and stronger connections.

## My watch

How we balance the constraints of time and how that changes across life events



### Business impact

By understanding the impact of life events on the trade-offs between time and money, as well as when and where they occur, and how they are changing based on new life events, companies can engage with us in the right way at the right moment.

## My wallet

How we adjust our share of wallet across life events



### Business impact

Understanding what the wallet represents and has inside it enables companies to target those able to buy.

# My motivation

## Characteristics that drive behavior and expectations

### Stressed, anxious, and demanding

We often like to say that our best experiences have become our expectations. We no longer just compare a company to its closest competitors but to whoever set the standard for our best experience as consumers. We want the organization we interact with to 'know me', 'value me', and 'make it easy for me' and, in times of heightened trust and anxiety, to 'protect me'.

Based on the results of our recent survey, COVID-19 has resulted in a heightened sense of anxiety, while also changing expectations around the digital experiences provided by companies.

With anxiety at an all-time high, consumers want to know and feel, does the experience make me feel safe? Is it clean? Will it keep my family healthy?

As expected, there is a high level of worry across the globe, with our survey respondents reporting being worried about the global pandemic (73 percent), recession (81 percent) and personal health (61 percent). We are no longer just comparing experiences between companies but also before and after the impact of COVID-19. It is no surprise that a large majority of consumers are feeling anxious, but understanding the underlying motivations why is crucial.

Feeling safe has always been important, but now it is critical. The compounding effects of the health crisis, economic crisis, social injustice protests, elections and natural disasters, along with the uncertainty and volatility underlying it all, mean many of us are hesitant to return to 'normal' until a hierarchy of fundamental safety needs – physical, emotional, economic – is addressed.

The swift and radical shift to virtual experiences is a direct result of this need for safety. The longer the world remains uncertain, the more consumers identify alternative solutions for securing their daily lives – be that food, fitness, work, education, shopping, entertainment or worship. And they expect businesses to keep up with this shift and be supportive. 76 percent of respondents rated e-commerce/online purchases as 'important' or 'very important', and 62 percent said the same about app availability. 92 percent gave high importance to 'keeping me and my family safe'.

This new way of operating in the world creates high expectations for all businesses to change. Organizations that have not yet adapted or are struggling to do so create a new layer of frustration for already stressed consumers. Conversely, those who offer ease and support will remain favorites even after lockdowns are a distant memory.

These new expectations and motivations are permanent. Consumers will continue to focus on health, safety, cleanliness, and digital experiences.



### To look forward, organizations should ask:

- How have our customers' expectations changed?
- What will stick, what will flip and what will emerge?
- Which customers will be most profitable to us going forward?
- Who is setting new experience benchmarks in our customers' lives, and how are these shaping changing expectations?
- What are the key customer journeys that drive value and how are those changing as a result of COVID-19?
- What new friction points have emerged?
- How do we prioritize these key journeys against the investment we have?

# My attention

## Ways we direct our attention and focus

### Knocked out of autopilot

We are all subject to unprecedented volumes of information at our fingertips, increasingly available whenever and wherever we want it. This abundance of information collides with constant pressures on our attention, and as our time has become even more fragmented with COVID-19 we have made fundamental shifts in how we process and filter information and divide our days.

Adults spend 43 percent of the day on autopilot – undertaking daily and routine behaviors that have been offloaded to the unconscious mind. The rapid shifts across social, technological, economic, and political (STEP) spheres have forced consumers out of autopilot. They have had to make a series of micro changes and focus their attention on new activities, such as moving out of the city perhaps, or creating a home office or starting to homeschool. These macro- and micro-waves of change are very much connected. Big STEP events set change into motion by disrupting the habits we have repeated for years<sup>2</sup>.

Having their lives turned upside down means consumers' attentions have been rebooted. Consumers have been jolted into a mode of consciously evaluating

daily decisions – from what coffee to drink and what food to eat, to how to engage in fitness, socialize and sleep.

It is not only these small everyday decisions that have increased. Many are evaluating broader aspects of their lives, triggering major life event changes. Some of these behaviors will stick and have significant long-term impacts, some will flip back to before, and some whole new categories of behavior are emerging. Big change begets big change, and understanding how these changes are connected and their knock-on effects is critical to understanding your customers.

Having spent so long in so much uncertainty, fraught with constant decision-making around even the most mundane parts of daily life, consumers are exhausted. Some are seeking ways to cut through the noise, find quiet and build resilience. This includes turning to technology such as mindfulness apps. It also includes streaming more TV shows – in the UK, 12 million people signed up to a new subscription service during the first lockdown, including three million who were new to streaming<sup>3</sup> – as well as walking in nature, baking, adopting a pet or doing jigsaws. Many consumers find themselves drawn to activities that force them to unplug and offer an escape.

Now more than ever, businesses need to be sensitive to the forces competing for consumer attention and to capture the new moments that matter. They must do this by determining how and when to capture attention without adding to the existing anxiety and fatigue.

<sup>2</sup> <https://news.harvard.edu/gazette/story/2010/11/wandering-mind-not-a-happy-mind/g>

<sup>3</sup> Ofcom Media Nations 2020: UK report



### To look forward, organizations should ask:

- What is competing for our customers' attention?
- What has knocked our customers out of autopilot?
- What are potential implications of this for the future?
- What are the moments that matter most to our customers and how have those changed as a result of COVID-19? How do we target these new moments?
- How and where do we get our customers' attention in a way that is relevant, without adding to anxiety and fatigue?
- How do we maintain a valued dialogue once we have captured consumers' attention?

# 43%

of adults spend their day on autopilot - undertaking daily and routine behaviors that have been offloaded to the unconscious mind.

# My connection

## How we connect to devices, information, and each other

### Alone, together

Even before a virtual happy hour was considered normal, digital connections were rapidly increasing as the vast majority of the world's population became smartphone owners – 88 percent of respondents in our research have a smartphone. Our use of new ways to connect has accelerated. 44 percent reported using more (and different) technologies such as mobile apps or voice-activated devices, compared to before COVID-19. When asked about expectations around digital experiences, 44 percent of respondents wanted more voice interaction and 58 percent placed importance on the ability to use mobile devices in stores.



Consequently, consumers are getting smarter about the world and the world is getting smarter about them – who they are as individuals, other ‘people like them’, communities, cultures, macro and micro trends, and which groups share commonalities. Connections are hugely important, and quarantines have inhibited the hardwired need for human connection – especially during times of great stress.

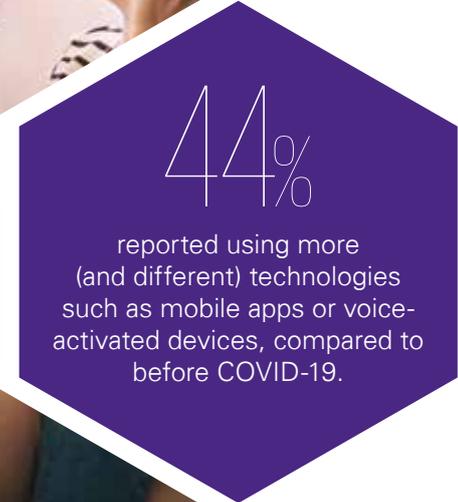
Consumers across the globe have had to rethink how they connect with each other – both with those who they are hunkered down with 24/7, and those they are cut off from. With so much physical isolation, consumers have become even more reliant on the technology that helps them connect and they are adapting to undertaking familiar activities in new ways.

There is an increasing array of virtual alternatives now offered by brands to make it easy for consumers to share experiences with friends, family, and co-workers. Almost everything can now be virtual – life events such as weddings and funerals, virtual concerts, virtual education, virtual work, virtual fitness, virtual religion.

As consumers grow more resilient at traversing the physical, digital and virtual realms, they have quickly become ambidextrous – managing their new reality in ways they wouldn't have thought possible – making changes in weeks or months that would have previously taken years or decades. This continues to increase expectations for digitally enabled, contactless interactions.

Consumers will likely begin to place higher value on in-person connections. Since many have been spending more time with fewer people, those newly closer ties will remain strong. Increased connection to family will likely have long-lasting impacts. And after losing physical connection with so many people, beyond their ‘quaranteams’, consumers will likely place elevated value on being able to get together in person.

Understanding the new shape and patterns of these wide-ranging connections and networks is central to understanding how consumer decisions are influenced, when and by whom. This was imperative pre-COVID-19, but is now even more so. The brands that cultivate such an understanding will be those best equipped to engage with consumers on their (new) terms.



### To look forward, organizations should ask:

- How do our customers use technology to connect with the world around them and how is that changing?
- Who are our customers connecting with and how is that changing?
- How do we help our customers get smarter about the ways they can engage with our brand?
- How do we develop better connections?
- What are the privacy and trust implications of building such intricate pictures of our customers' lives?

# My watch

## How we balance the constraints of time and how that changes across life events

### Time, it is a-changing

How much time we have, or think we have, influences how we interact with other people, services and companies. Consumers are increasingly using technology to automate or accelerate tasks throughout their lives, whether with recurring grocery and household delivery orders or the use of algorithms to help guide what to purchase, watch or listen to next. By understanding the effects of life events and the trade-offs of time and money, businesses can engage with consumers when they can deliver greatest impact, identifying and delivering unmet needs.

Some consumers suddenly have a lot more time on their hands, while others have far less than before. Compounding these changes is the uncertainty around how long this 'new normal' will last. These shifts in time have been dramatic for many people, and life stage is a major factor. There are three different models of change across the generations:

#### Faster currents (accelerating) –

The pandemic accelerates a life event shift that was already in motion – a job change, a move out of the city, adopting a pet, committing to that special someone.

#### Trying to stay afloat in the storm

**(maintaining day-to-day)** – Those not set to face any major life event shifts many find themselves in a mode of simply trying to get by on a day-to-day basis. For example, someone who already has a family and is not planning on retiring soon.

#### Undertow (slowing down) –

Others are stuck in a life stage and unable to move forward, or find themselves regressing to a previous life stage – maybe driven by the loss of a job or finding themselves living with their parents again.

While all generations are experiencing the impacts of COVID-19, how they are impacted and what that means varies. Many Gen Z and younger Millennials find themselves with more time, working or taking classes from home, with less socializing with friends. Gen Xers and older Millennials, especially those caring for children or aging loved ones, are typically finding themselves with far less time. In addition to working full-time, many are struggling with the challenges of juggling multiple simultaneous roles, including worker, parent, home school teacher and entertainer, and finding it impossible to give any one of these roles adequate attention.

This group is having to make big changes just to make their lives work – ones that could have significant impacts and trade-offs going forward on their time and wallet.

Businesses need to identify these shifts and adjust their approach to reaching these groups accordingly, both from a customer and workforce perspective. Even in a post-pandemic world, these shifts will likely have long-reaching effects on individuals' time and spending habits.



### To look forward, organizations should ask:

What are the pivotal life events impacting consumers and what changes are as a result of COVID-19?

What's accelerating, what's stalling out, what's slowing down?

What are the new or enhanced trade-offs between Watch and Wallet, Watch and Health?

How do we evolve our offerings and positioning across the life event continuum?

What are the moments that matter, in order to catch generational waves?

For time starved Gen-Xers, what are new opportunities for products and services?

For those with increasing time abundance, what new opportunities are opened up?



# 26%

anticipate their next milestone event in the next 2 years will be to care for aging parent(s)/ guardian(s) except Mexico where this rises to 40%.

# My wallet

## How we adjust our share of wallet across life events

### Saving more and spending differently

Often in a symbiotic relationship with time, the shape of our wallet changes across life events. How much money we have, how we choose to allocate it and our attitude towards money shifts based on numerous factors, not just our salary or age. And the timing of these life events has also been shifting and continues to do so – when we buy our first house, when we get married, when we choose to have a first child. Understanding the relationship between income, consumption, spending mix and resulting wealth (net savings) or deficits, and how this relationship changes for different generations across various life events, provides a level of insight beyond that offered by traditional demographic models.

An economic crisis and lockdown forced most of us to rethink where we allocate money. In our recent survey, we asked consumers across the globe to rate where consumption habits have changed as a result of COVID-19 and lockdown.

There were notable increases in saving (49 percent) and shopping online (69 percent). This may not be surprising as we face economic uncertainty and quarantines across the world, but it's important to consider all the ways this new reality has impacted our wallets.

There are countless potential shifts we could see in the longer term. What has been delayed (or accelerated), such as household formation, home as the hub for everything, missed college experiences or pre-mature retirement? What implications will this have on the changing customer wallet — and where could it create new opportunities? How might consumers adapt allocation of spend, and where will they make sacrifices? If renewed restrictions and growing concern about uncertainty leads to an increased allocation of today's income towards savings or debt repayment, which categories will suffer, and which will stand to gain?

Consumer attitudes and behaviors around planning for the future have potential implications for all industries – resulting in the need to deepen and broaden our understanding of:

- the totality of our customers' wallets, not just income and spending patterns but also wealth accumulation (or net deficits)
- the interrelationship between consumption today and planning for tomorrow, and how this changes the shape and size of the customer wallet — including what's left in there
- how consumption patterns change across these life stages, and what are the new unmet needs as a result of shifts resulting from COVID-19
- interdependence between generations, and how the living arrangements and financial position of one cohort impacts another, from extending financial support across generations, to diminishing wealth transfer as life spans extend and rising healthcare costs erode assets
- the opportunity to play an active part in helping our customers to better plan for their futures and navigate uncertainty.

Even when the pandemic is in our rearview mirror, the impacts will likely be long-lasting and businesses need to consider the large customer behavior and wallet shifts experienced to be better prepared to weather the next waves of change.



### To look forward, organizations should ask:

- How do we identify the way our customers are spending or sharing their wallet?
- How do we spot the people who will earn more or less in the future?
- How can we be prepared for potential shifts in the customer wallet in the event of economic changes?
- How can we help our customers manage their wallets and budgets, both for their current circumstances and for their futures?

# Make it easy



My best **experiences** are my **expectations**



Offer me a digital experience that is **seamless, intuitive** and **end-to-end**



Give me **support** when something goes wrong

# Know me



**Know me** as well as the **'personal life' data** you have about me



Be **sensitive** to the stress and anxiety I'm experiencing



Align your brand to **my values, needs** and wants

# Value me



Show me you **care** about doing **good in the world**



Understand my **goals** and help me **reach them**



Relieve my worry and give me the **assurances** I need in these times of uncertainty

# Protect me



Help keep me and my loved ones **safe and healthy**



I need you to **protect** my money, identity, and data



I want **transparency...**



# Generations have more in common now than ever before

In previous years there has been significant attitudinal and behavioral differences between generations. While core values, the guiding principles in people's lives, can take years to change, COVID-19 has accelerated the sharing of economic, environmental, social and technological values across each demographic. They now have more in common than ever before.



### The Silent Generation (Age 75 and above)

COVID-19 has rapidly accelerated the adoption of digital technology, leading to both increased digital proficiency and a keener interest in new technology. 81 percent of the over-75s now use a smartphone, compared with 61 percent pre-COVID-19. 67 percent shop online more than they did previously, and 44 percent have used new technology for the first time. Their use of cash is declining from 68 percent pre-COVID-19 to 39 percent now, as they increasingly adopt digital payment mechanisms.

Perhaps the most significant change in older generational values has been the rapid rise in concern about economic and social disparity. In fact, it now concerns some three quarters of the over-75s, compared to 40 percent pre-COVID-19. 92 percent are willing to pay more for an ethical retailer or a brand that gives back to society, compared with 91 percent of millennials.

Unsurprisingly, they are still concerned about their health and safety and the provision of old age care.



### Baby Boomer Generation (Age 54 - 74)

The Boomer echo effect – a phenomenon by which the values of the younger generation were changing the values of this generation – has been accelerated and cemented by COVID-19. This generation are behaviorally and attitudinally more like their children than ever before. They are now much keener to use firms who share their values (83 percent) and will pay more for an ethical retailer (84 percent).

They are reducing their use of cash – making greater use of e-commerce – but are also becoming more aware of the risks of online activity, are worrying about cybercrime and sharing their data, and are developing a mistrust of advertising.

They share worries with the younger generations over the economy, political stability and climate change, have a higher concern over their future finances and are saving more as a protective measure.



#### Why this matters?

Digital usage and environmental and social awareness are no longer the preserve of Millennials and Generation Z. There is also a higher incidence of traditionally younger life events such as (re)marriage, new jobs and children in this age group. Older people are no longer acting 'like old people'. So, while 16 percent of Generation X see marriage as their next life event, so do 13 percent of the over-75s. They still have aspirations and life goals that they want to achieve.

This has implications for firms whose marketing efforts are demographically targeted. The rules that applied pre-COVID-19 are no longer appropriate; the stereotype of what it means to be older has changed.



#### Why this matters?

There has been a marked growth amongst Baby Boomers in their desire for personal achievement, realizing personal goals and increasing their self-confidence (rising from 25 percent to 41 percent).

This reflects the fact that this generation is increasingly becoming the 'worrying generation'. They are concerned about their financial future, the success of their children and the future of the planet. They will gravitate towards companies and employers who demonstrate that they are taking proactive action to mitigate these concerns.

More of them want to deal with ethical businesses, who are concerned about climate change, economic and social disparity and sustainability. This requires organizations to think about their purpose and the contribution they can make to reducing the anxiety levels of this demographic.

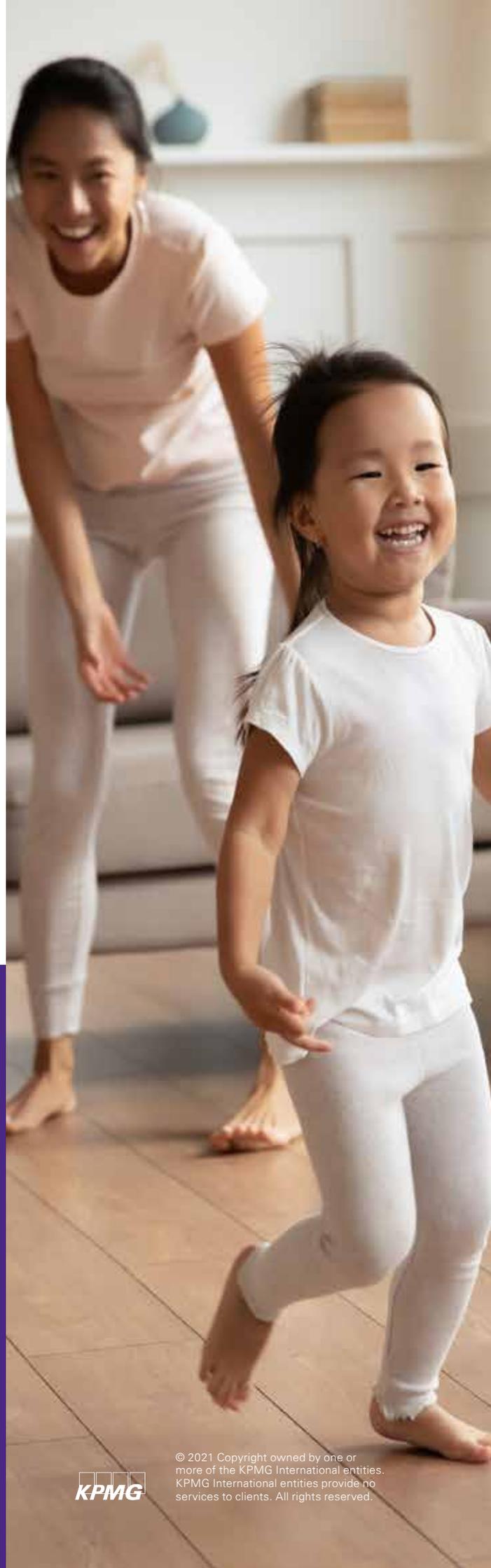


### Generation X (Age 37 - 53)

This generation have been exposed to a rapidly changed work environment. They have been forced to work from home, learnt how to home school, and adapted to a world of video conferencing for leisure as well as work. Consequently, there is significant growth in the use of laptops, e-commerce and non-cash payment systems.

This is a group who are more likely to work because they 'have to' as they are juggling work and family commitments. A third are concerned about having to care for an elderly relative and many are seeing their children move out pre-or-post further education. One in five are considering remarriage. 75 percent are worried about their children's success and the world they are going into.

They are more concerned than other age groups about old age care, pensions and personal health. All whilst being the most focused age group on personal goals.



### Why this matters

This is a turbulent life stage, where families form and reform, where worrying about the future has to be accommodated alongside worrying about the present. 42 percent are worried about personal and work relationships and 40 percent about the impact of automation. Economically, this group is under pressure, and seeking financial security.

This is a generation that is striving, both for itself and its children. They want the world to be a better place, a place that is safe politically, environmentally and socially – to fulfil their personal life goals and aspirations for their children.

Organizations have a significant role in how they assist this group through the employment life cycle and help alleviate some of their concerns about future security and economic wellbeing through skills training and personal development.

To connect with Generation X as customers, trust is vital. In particular, they have become extensive users of social media and are strongly influenced by online reviews when making purchasing decisions. Trust-building behavior, sharing their values and careful management of social media reputation are therefore essential.



### Millennials (Age 17 - 36)

The distinctive Millennial values of wanting to improve the world and being digital natives have been eroded through the rapid adoption of technology across all age groups and a growing and more widespread concern for environmental, economic and social issues. What were traditionally younger life stage events are now spread across the age groups. For example, 32 percent of Millennials are caring for an aging parent, as are 15 percent of Baby Boomers. 42 percent of Millennials are looking to buy their first house but so are 15 percent of the over-75s.

Millennials continue, however, to be the generation that are most focused on technology for its own sake. 64 percent of Millennials are looking for more advanced technology, virtual and augmented reality, in store digital apps and the use of robotics. They are more willing to share data to achieve a financial or experience benefit – only 14 percent would not share their data. They are concerned about the economic future, employment and how this influences the achievement of their life goals.



### Generation Z (Age 7 - 16)

While it may seem that this generation are besotted with digital technology – and it is true this group do seek the most advanced tech – in a COVID-19 world it is the more traditional aspects of life that are preoccupying them. 92 percent are concerned about the economy, 49 percent about their future employment prospects and the impact of automation, 79 percent about owning a home and 83 percent a car, 49 percent about the opportunities for future success and, surprisingly, 66 percent are worried about the future success of their children.

Relationships are very important to them, and social media an essential component of their lives. Reviews and contacts remain important. Cyber security and safety online have become more of a preoccupation.

Their concerns about climate change and social disparity are now equally shared by the older generations. In line with these groups, 80 percent choose companies whose beliefs and values are the same as theirs. They expect very advanced digital access mechanisms such as voice activation and robot webchat.



#### Why this matters

This is an aspirational generation; they want to own their own home, car and digital devices. They have long-term life goals and seek personal achievement. In a sea of uncertainty, they are looking for a route map for personal growth. 51 percent, more than any other generation, are concerned about accumulating wealth.

Ethical wealth is also very important to this group. More than half are concerned about social causes, and 91 percent are willing to pay more for an ethical retailer or a brand that gives back to society.

Organizations will therefore need to think about how they help this generation navigate through to achieve their life goals, remembering that their definition of success is not just financial and economic – it incorporates social and environmental factors as well.



#### Why this matters

This is a complex generation. A mix of old concerns, new technology and increasingly more widely shared values. They have become more preoccupied with the issues that have affected prior generations, such as economics and advancement, whilst their pre-COVID-19 focus on the environment, climate change and social disparity is now shared to a greater extent by other generations.

Similarly, their aptitude for technology is now shared by older groups who have been forced to adopt digital interactions in response to the pandemic.

What distinguishes this group now is that it is becoming more difficult to put a label on them. They have become less distinctive in some ways, such as environmental and social concerns, and more distinctive in others such as access to new technologies. Employers as well as brands will need to align their communications to this complex mix of priorities.



# Reaching Gen Z in the time of COVID-19

There is no single Gen Z, as the variety of nicknames this demographic has acquired globally vividly demonstrates. In the UK, they are 'Generation Sensible'. In America, they are 'iGen', 'Zoomers' and the 'Homeland Generation'. In Russia, they are 'Centennials'. In India, they are 'Digizens'. They are also more generally known as the 'empowered generation' and the 'green generation'.

For every fact about Gen Z there is a contradictory one. One in three want to be the first to use new technology. At the same time, more than one in eight have scaled down or discontinued their use of social media in the past year. No wonder this cohort – born between 1997 and 2010 – is sometimes referred to as 'the identity shifters.'

## **Uncertain, unpredictable – and unavoidable**

Many of the life events that were predictable for Gen X and Baby Boomers have been disrupted for Gen Z by COVID-19. Where they live, how they connect to others, whether they enter higher education, where and how they work – all these are up in the air.

In Europe and North America, Gen Z has already experienced exceptional economic, social, and political turbulence. This demographic has experienced volatility in Asia Pacific too – that is where COVID-19 struck first – but in China they account for 13 percent of household spend<sup>1</sup> and their fondness for late night impulse shopping online has earned them the nickname the 'Moonlight Club'.

<sup>1</sup>OC&C

It's time for organizations to take Gen Z seriously. Estimated to account for 40 percent of the world's consumers, they have a global buying power of US\$150bn and influence \$600bn of consumer spend<sup>2</sup>. Yet how freely will they use that spending power? KPMG International's research shows that COVID-19 has left more than half of this demographic worried about their finances and prompted 48 percent to save more and spend less.

### What makes Gen Z happy?

In a rapidly changing landscape, there are some things that Gen Z does have in common: their present feeling of vulnerability, their expertise as the first digitally native generation, their fascination with new technology, their quest for the personal touch and their heightened concern about the environment: 61 percent are perturbed by climate change and 56 percent worry about natural disasters, higher than for any other generation<sup>3</sup>.

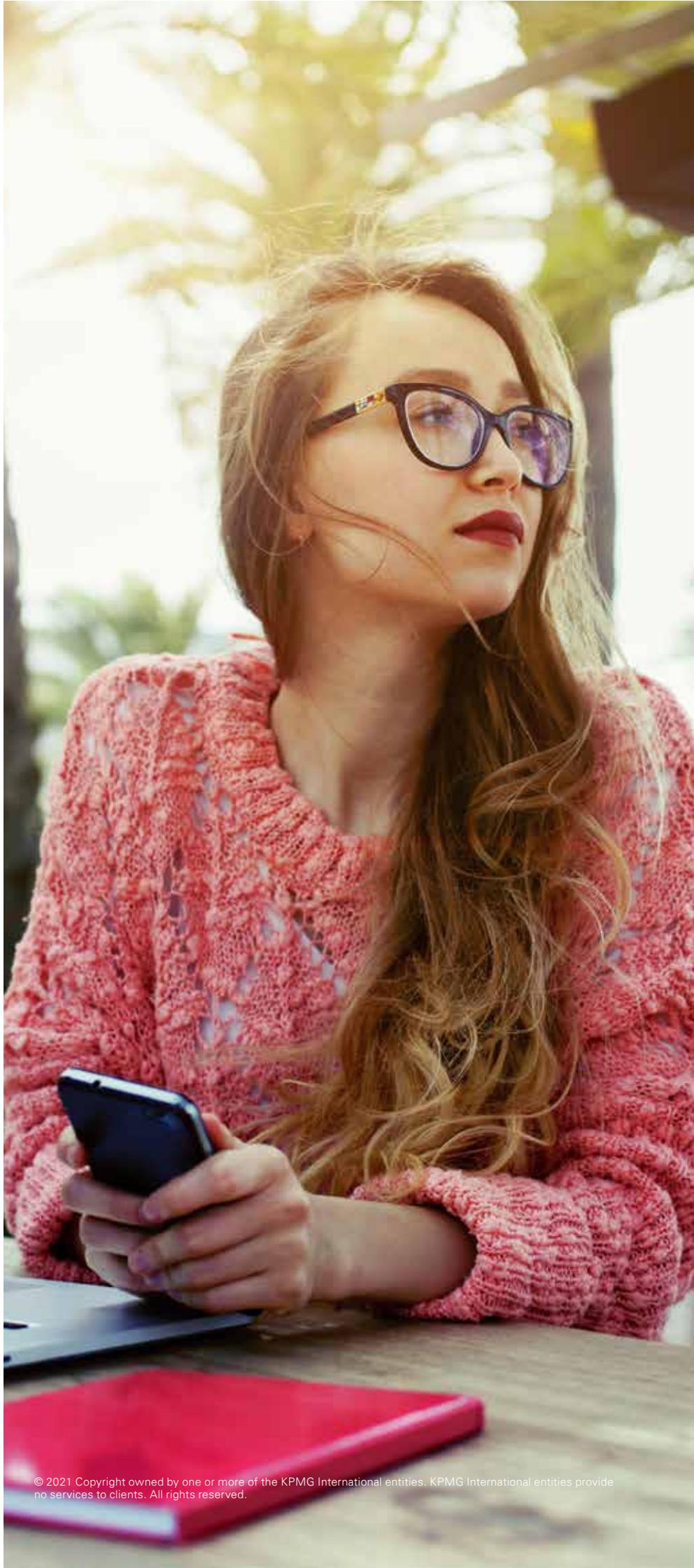
Gen Z has also used social media to express their individualism, define their own digital identity and create – and share – content that reflects their exact values and passions. They have been described as 'mainstream but exiled' because they are less likely to care about fashion, music and entertainment trends and are more focused on family, friends, their job and their wellbeing – in one survey of Gen Z in 20 countries, 94 percent define feeling mentally and physically healthy as key to happiness<sup>4</sup>.

Social media has helped Gen Z decide which organizations they empathize with and/or empathize with them. They identify with young, tech-savvy organizations offering services such as meal delivery, ride-hailing and music streaming which make their lives easier and saves them money. They also connect with businesses they believe defend their values. Their motivations may vary but 72 percent of Gen Z consumers rated empathy as 'important' or 'very important'.

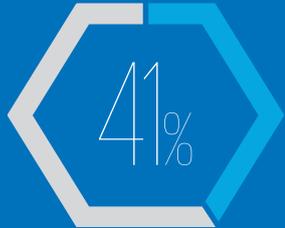
<sup>2</sup>WP Engine Gen Z 2020 survey, <https://wpengine.com/resources/gen-z-2020-full-report/>

<sup>3</sup>KPMG International consumer research, July 2020

<sup>4</sup>European Travel Commission report, 2020



# Actionable insights



41% of Generation Z consumers would rather lose their wallet rather than their smartphone.



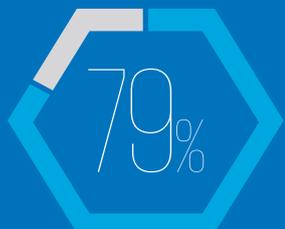
55% of Generation Z consumers worry about paying the bills.



42% of Generation Z consumers regard frictionless purchasing as 'cool'—and 33 percent expect it.



33% of Generation Z consumers want to be the first to use new technology.



79% of Generation Z consumers say they buy into brands that align with their values.



“The typical college experience, a major life event and initiation into adulthood for many, has been drastically changed. If the college experience is just more time in your childhood bedroom watching a professor on a screen or confined to your dorm room, is the cost and time worth it? Do you put off getting a degree or go a different route all together? Future employers should consider these factors as they bring Gen Z into their workforce. As this group becomes employees, they may need more coaching, support, and training to fill in gaps created by missed traditional rites of passage.”

**Colleen Drummond**  
Partner in Charge,  
Innovation Labs at KPMG Ignition  
Growth and Strategy, KPMG US

Many current changes in this generation's behavior will be a sensible, temporary response to extraordinary circumstances. To label Gen Z 'the COVID-19 generation', as some of the media has started to do, is an overstatement but certainly, as the demographic group coming of age during this crisis, there is a possibility that the present imperative for frugality, caution (especially about health), handwashing, lack of physical contact and social distancing will significantly influence the rest of their lives<sup>5</sup>.

As Mark Twain observed, history may not repeat itself but it often rhymes. The events shaping Gen Z's outlook – war, epidemic, recession – are not dissimilar to those experienced by their great-grandparents in the 1920s and 1930s. A century ago, the most potent expression of personal freedom was buying a first car.

For Gen Z, it is probably receiving their first smartphone. The way individuals express themselves may have changed, their need to do so has not. To forge a strong, durable connection with Gen Z, organizations need to convince them they are being treated as an individual, not a revenue stream.

<sup>5</sup>The COVID-19 generation: A Cautionary Note, Cort W Rudolph, Hannes Zacher, Work, Aging Retire journal, 2020

# How do you tell a fad from a trend?

The entire world has experienced decades' worth of change in one year. Because so much of this sudden, unexpected and abrupt change has been enforced by COVID-19 it can be hard, even for organizations that have invested in data and analytics, to distinguish a transient fad from an enduring long-term trend.

The distinction might sound semantic, but it is not. If organizations can detect the signals fast enough – and react accordingly – they can profit from transient short-term fads. On the other hand, organizations should base their strategic investment priorities on enduring long-term trends.

Placing big bets on the basis of one popular dataset is a risk that organizations do not have to take. Celebrity endorsements illustrate the Simpson paradox (the phenomenon where a trend in one dataset vanishes when the data is aggregated). A few years ago, the endorsement from celebrities such as Gwyneth Paltrow and Beyoncé made kale a very trendy food. Data capturing soaring sales suggested a paradigm shift in diets, supply increased accordingly but then demand fell by six percent<sup>1</sup> although sales volumes for spinach and brussels sprouts grew.

Agile organizations generated extra revenue from the kale boom, whereas late arrivals, slow to receive and/or analyze the data, were more likely to incur extra cost. A thorough analysis of different types of data might have flagged up that the sudden popularity of a particular variety of leaf cabbage was indicative of a broader, deeper trend: consumers' growing interest in healthier foods.

Understanding such nuances is critical because, as consumers look for short-term fixes in unpredictable times, demand will probably remain volatile. Indeed, this may already be happening: 27 percent of consumers say they have tried more new brands because of COVID-19 and lockdown.

<sup>1</sup> <https://www.theatlantic.com/health/archive/2019/09/why-kale/599041/>

COVID-19 has shown emphatically how integral data and analytics have become to the way we live, work and do business. It has also exposed how much consumers and organizations alike still have to learn to be truly data literate.

### Are you gaining the right insights from your data?

A variety of factors – legacy systems<sup>2</sup>, data quality, strategy, culture and governance – have thwarted organizations' digital transformation programs. Too often, data is used only – or primarily – to support existing conclusions or gut instincts. Organizations that rely on too few data points risk misreading the market. When data is geared to specific projects, or stuck in internal silos, it is unlikely to inspire the kind of insights that create value, drive innovation and enhance performance. The critical need – ignored by many organizations in a rush to invest in technology – is to identify what decisions you want the data to influence.

Data is not a bolt-on. It needs to infuse every aspect of an organization if it is to transform performance and drive value.

Using the insights generated from data harvested across different layers of the organization's, businesses can deepen their understanding of customers – and the paradoxical way they can behave. Why, for example, do nine out of ten consumers say they are happy to pay more to buy from an ethical organization that puts something back into society, yet only 28 percent say they have already done so? Possibly because consumers perform several roles simultaneously and their priorities will change according to whether they are behaving as citizens, shoppers, employees or family members. Consumers' good intent may be frustrated by weather, time, visibility, availability, price or how busy a store is. By clarifying such apparent contradictions, data driven insights can help organizations make better, more informed decisions.

<sup>2</sup> KPMG CEO outlook 2020 COVID-19 edition

27%

of consumers say they have tried more new brands because of COVID-19 and lockdown.

37%

of consumers say that buying sustainable goods or services was a higher priority during COVID-19 and lockdown.

44%

of consumers say they have used a wider range of technologies during COVID-19 and lockdown.

55%

of consumers say it is very important that organizations protect their data.



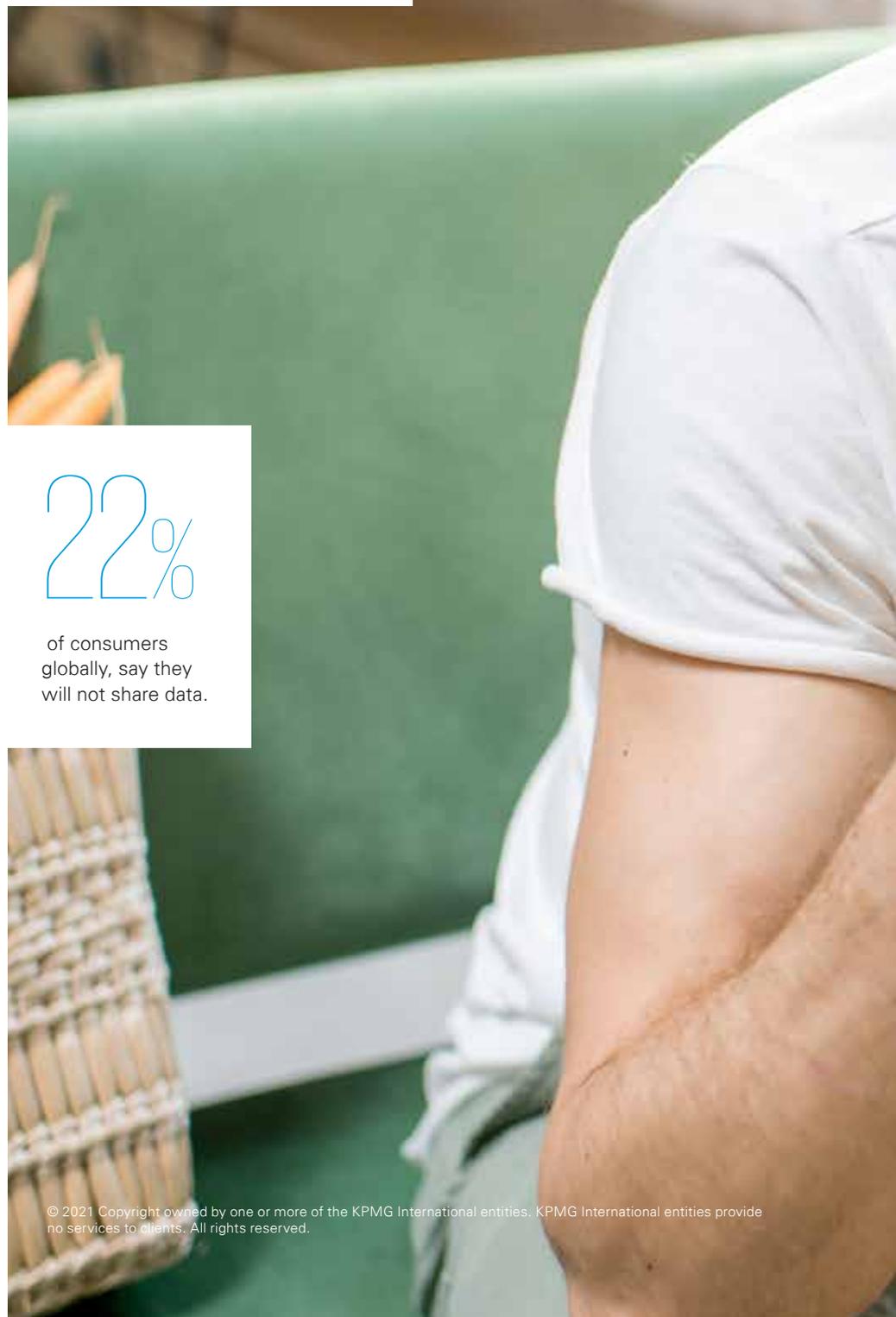
### Trust the data, not instinct or experience

If organizations want to avoid ‘groupthink’, every proposition – especially those based on widely accepted assumptions – should be tested and modeled. It is true, for instance, that consumers across the world are worried about climate change. It is also true that the depth of that concern fluctuates dramatically between regions and generations. Seven out of ten consumers in Latin America are seriously worried about climate change whereas 22 percent of respondents in the US and Canada do not worry about it very much. Nor, surprisingly, do 19 percent of Millennials.

Consumer’ attitudes to sharing their personal data do not vary as significantly. Globally, 22 percent say they will not share data, while 13 percent of consumers expect to be paid for sharing it. The biggest perceived benefit – for 22 percent of respondents – is better security but many consumers remain unconvinced that sharing is worth their while.

In such a complex, volatile marketplace, organizations that fail to distinguish the signals from the noise could miss out on promising new opportunities or ignore emerging risks. With so much data in the world – estimates vary but we probably generate at least 2.5 quintillion bytes of new data every day<sup>3</sup> – it makes no sense to act on only a small part of it. Organizations that marginalize data, analytics and insights might be blindsided by rivals – often tech giants and disruptive innovators – which have put data at the heart of their business model and their culture.

The past has always been an imperfect guide to the future and, as consumers seek to navigate unprecedented uncertainty for the foreseeable future, it will become even less so. Insight led organizations that constantly, continuously, expand their knowledge of customer needs are much better placed to fulfill them – especially if they base decisions on actionable insights, produced by data and analytics, and not on gut instinct or past experience.



22%

of consumers globally, say they will not share data.

<sup>3</sup> KPMG, Building The Trusted Data Compound, 2020



# Are we really as busy as we like to think we are?

As a society, we measure time in seconds, minutes, hours, days, months and years. As individuals, we measure time by our experience of it.

That has been most evident during COVID-19 when, at one point, 93 percent of the global workforce lived in countries affected by workplace closure. Within the 36 member states of the Organization for Economic Cooperation and Development, an average of 39 percent of employees took part in what the World Economic Forum described as 'the largest experiment in remote working in history.'

Before COVID-19, 'time poverty' was a common complaint. Although OECD figures show that average hours worked per person per year across its members fell from 1,807 in 2000 to 1,726 in 2019, many consumers felt they had more to do and less time to do it in. Hours spent commuting to work, the need to do more with less when they got there, our digitally-enabled 'always on' lifestyle, all contributed to the feeling that life was proceeding at a frenetic pace.

## The great reset

COVID-19 and the various lockdowns have distorted, disturbed and disrupted our sense of time, changing the way we look back – and look forward.

Life before COVID-19 already seems like a historical construct. Facing a future that looks uncertain, discontinuous and perilous, many consumers, especially those on middle to higher incomes, have adopted a 'carpe diem' (seize the day) mentality, concluding that now is the time to move house, extend it, build a home gym, splash out on a swimming pool, change career paths or buy luxuries not considered before. This attitude has created 'Zoom towns', small towns near major public lands or ski resorts, which are becoming hot spots for remote working.

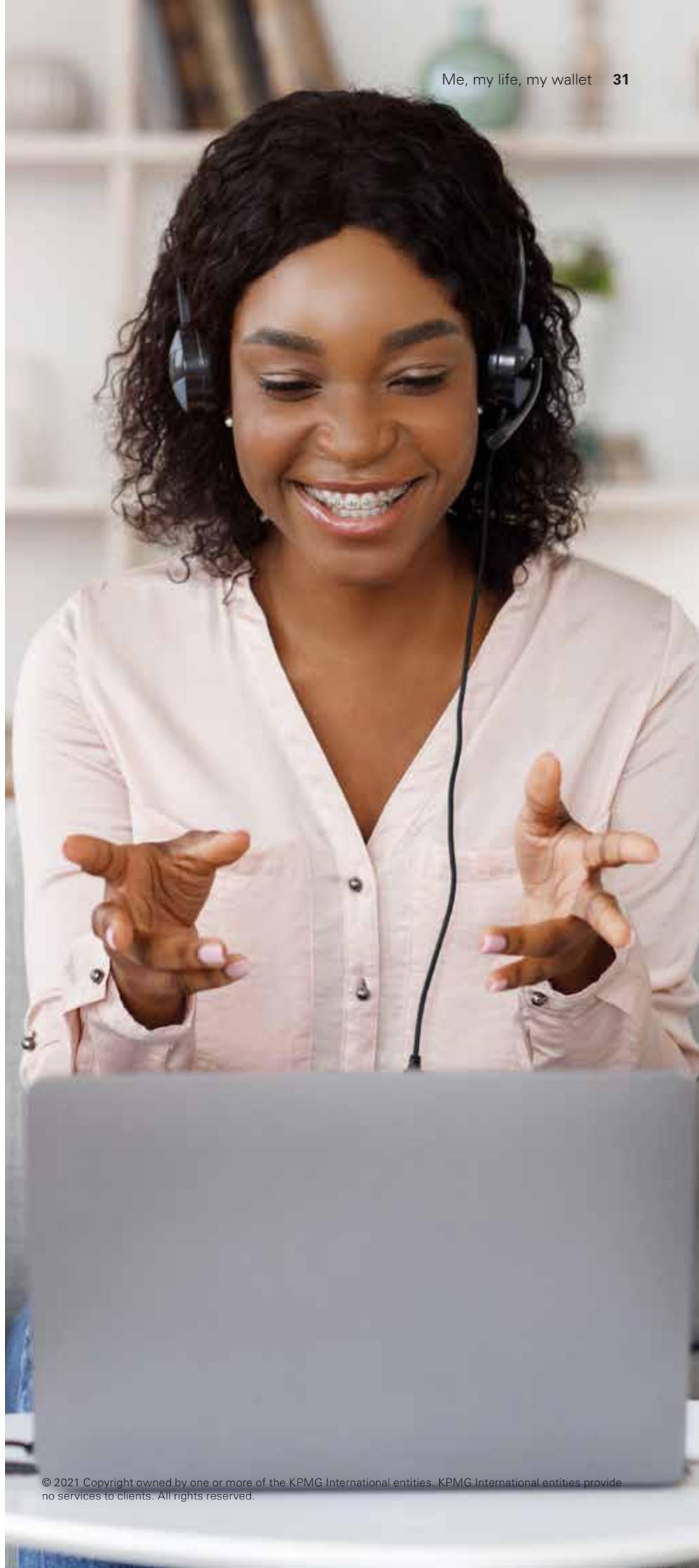
<sup>1</sup><https://www.gartner.com/en/newsroom/press-releases/2019-12-02-gartner-predicts-80--of-marketers-will-abandon-person>

There is always a tendency to overestimate change in the short term – and underestimate it in the long term. There is nothing new about working from home or flexible hours but surveys show that six out of ten people who have been compelled to work remotely this year want to keep doing so. Adjusting to this new reality, urban planners are accelerating development of the '15 minute city' where everything a resident needs is accessible, without a car, within 15 minutes.

Industries that derive much of their revenue from people spending two hours or more a day commuting – not just retail, but infrastructure, advertising, the media, energy, property, hospitality and the automotive sector – will need, at the very least, to reappraise their business model and test a variety of scenarios.

If COVID-19 changes where people work and how they work, it is likely to also have an impact on why they work. At the moment, employees' motivations are mixed: 25 percent work because they have to, 22 percent say it gives them a sense of self-worth and 19 percent like their job. Will consumers prefer to spend their working days doing something they actually like?

The global economy is already fragile – almost one in seven consumers say they would like to work but are unemployed – so, in the short term, economic necessity will likely prevail. At the same time, the disruption to existing patterns of business and work has been so widespread and profound that it is hard, in the longer term, to see the world returning to a system that many felt was already becoming obsolete. The global remote workforce increased by 140 percent between 2005 and 2019 and it is forecast to rise by 77 percent between 2019 and 2022 .



### Consumers' time is precious

Although people across the world have had to queue to make essential purchases during lockdowns, one aspect of consumer behavior that is unlikely to be reset by COVID-19 is their impatience with organizations that waste their time.

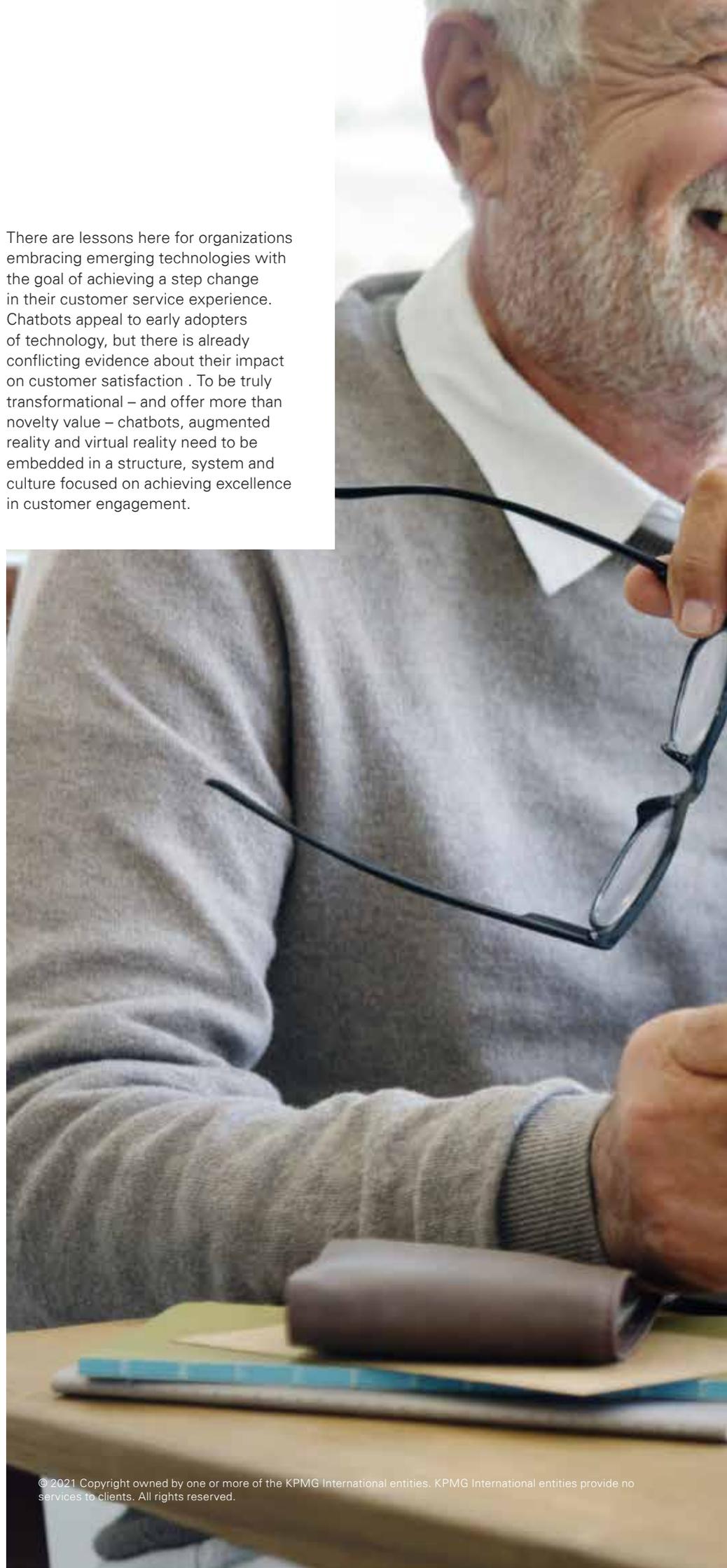
Six out of ten Gen Z consumers say they will not use an app or website that takes too long to download. Across the generations and regions, consumers expect companies to take friction out of the entire purchasing process – and out of delivery – with 55 percent also saying that resolving issues is 'very important'.

COVID-19 and the lockdowns are changing the way consumers spend time online. It is interesting to note that 13 percent of consumers have decreased their use of social media in the past year, possibly because they are doing so much else online – participating in virtual meetings, shopping, learning and watching videos or movies. At the same time, there was a surge in consumers who said that their children spent 3-4 hours a day on their mobile phones – from 34 percent pre-COVID-19 to 46 percent in July 2020.

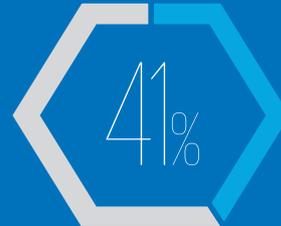
Continued lockdowns around the globe may raise consumer expectations. Given little option but to shop online for many goods and services, they are growing accustomed to the convenience, speed and ease provided by digitally native businesses - and indeed businesses that have swiftly adapted their business models to be digital first.

There are lessons here for organizations embracing emerging technologies with the goal of achieving a step change in their customer service experience. Chatbots appeal to early adopters of technology, but there is already conflicting evidence about their impact on customer satisfaction. To be truly transformational – and offer more than novelty value – chatbots, augmented reality and virtual reality need to be embedded in a structure, system and culture focused on achieving excellence in customer engagement.

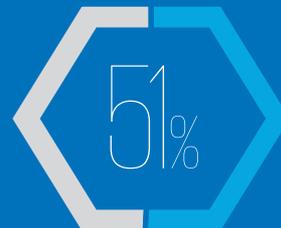
<sup>2</sup><https://www.pewresearch.org/fact-tank/2020/09/04/a-majority-of-young-adults-in-the-u-s-live-with-their-parents-for-the-first-time-since-the-great-depression/>  
<sup>3</sup>[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_lvps09/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_lvps09/default/table?lang=en)



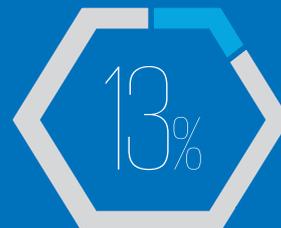
## Actionable insights



of consumers want organizations to take the friction out of the purchasing process.



of consumers say that day-to-day spending is their top financial priority.



of consumers say they have decreased their use of social media in the past year.



of consumers say they work because they like their job – and 25 percent say they work because they have to.



of consumers say their children spend more than three hours a day on their mobile phones.

# How personal is your personalization strategy?

Before COVID-19 struck, companies were investing 14 percent of their marketing budgets in delivering a personalized customer experience<sup>1</sup>. The question is: do consumers actually want one?

The unequivocal answer is that they certainly do. More than two out of three respondents in KPMG International's research identified personalization as one of their two key priorities for customer service. Consumers in the Middle East and Latin America, those on higher incomes and members of Gen X, Millennial and Gen Z were more likely to value such an experience.

One of the greatest psychological impacts of personalization on the customer comes when an organization understands their individual context, empathizes with their situation, addresses their issues, eases their problems, enhances their sense of self-worth and, by giving them individual attention, builds an emotional connection.

This entails greeting the customer, proving you know them, recognizing your shared history and surprising them with something relevant.

By its very nature, personalization shows that your organization understands the customer's specific circumstances and needs and will position a company's product or service experience accordingly. This is particularly critical at the moment because, by accelerating the move to online, COVID-19 is changing the engagement model and relationship between customers and brands.

<sup>1</sup><https://www.gartner.com/en/newsroom/press-releases/2019-12-02-gartner-predicts-80--of-marketers-will-abandon-person>

## Obsess about the customer first, then the technology

Corporate investment in personalization can focus simply on systems, software and technology. That may explain why many offerings do not feel personal to the consumer receiving them. Personalization cannot be 'solved' by technology alone – it must be grounded in an understanding of the customer and their needs. This insight of the customer is developed over time by appreciating what the customer says about their needs, analyzing their behavior and listening to what they share with others. With this knowledge an organization can better understand where, how, when and why customers make decisions.

The preferences and appetite for personalization will be different across cohorts or segments. For instance, in the simplest of examples, a company could recommend and could deliver a product the individual did not realize was running out based on studying reorder history and consumption patterns. However, not all customers find the harnessing of this insight welcome. Thirty per cent of men found this 'cool' and the same percentage considered it 'creepy'. Only 27 per cent of women thought it 'cool', and 34 percent deemed it 'creepy'. Millennials were the only generation which, on balance, regarded this service as 'cool'. The implication being that companies need to know when and how to harness the insights appropriately across different cohorts and segments.

Similar thinking applies to how one analyses consumer attitudes to technology – such as web chats for example. Overall, 29 percent of those surveyed said talking to a human was 'very important' to their digital experience of an organization – rising to 46 percent in Latin America. Millennials and wealthier consumers were particularly enamoured by the chance to communicate with artificial intelligence. Again, the implication is on how best to harness new Artificial Intelligence (AI) powered capabilities with an appreciation of the customers' preferences and the underlying economics of the relationship.

Two out of three consumers say personalization is one of their top two priorities.

Consumers in Asia Pacific, Latin America and the Middle East, those on higher incomes and members of Gen X, Millennial and Gen Z are especially keen on personalization.

47%

of consumers do not expect a business to sell or share their personal data.

31%

percent of consumers find the idea that a company knows more about them than they do themselves 'creepy'.

31%

of Millennials find the idea that a company knows more about them than they do themselves 'cool'.

## One size does not fit all – or even most

By accelerating the use of digital technology, COVID-19 has brought new opportunities for engaging customers in the most relevant manner. As most consumers adapt to new ways of working and living, the home is becoming a space for multi-tasking and they expect the technology they use there to be more finely attuned to their needs and wants.

One can see the accelerated adoption of emerging technologies like augmented reality (AR), virtual reality (VR), experiential reality (a blend of the two, known as XR), and wearable tech. How quickly these technologies will achieve “critical” mass adoption is yet to be determined but the direction of travel is not: 15 per cent of survey respondents said voice interaction was ‘very important’, while 13 percent of consumers felt the same about AR and VR. Such technologies particularly appealed to wealthier consumers.

A one-size-fits-all – or even a ‘one-size-fits most’ – approach to personalization is not sufficient. Organizations need a nuanced strategy so they can distinguish between customers who regard their relationship with a business as purely transactional and the growing proportion of consumers who have greater expectations. Even the latter group will vary from those who merely need reassurance that they are buying from a company that aligns with their values, to those seeking to influence a product or service as ‘co-creators’ or ‘prosumers’. They also need to meet their customers where they are in a manner that they embrace – be it in a VR chat room, speaking to a voice bot powered by AI or an informed sales representative on a sales call supported by a robust Customer Relationship Management (CRM) platform.

## Privacy, privacy, privacy

Organizations will undoubtedly learn more about their customers from increased use of emerging technologies, but they should be cautious with that data and the insights being gathered. Consumers are becoming warier about the risks involved in sharing data, it is imperative for companies to define and communicate the tangible benefits the consumer derives from this trade. Concern about cyber theft has risen during COVID-19. Six out of ten consumers were worried about this. Only COVID-19 (73 percent) was seen as a more serious external threat.

Almost half – 47 percent – of consumers expect companies never to sell their data to third parties. That expectation is even higher in North America, among the Silent Generation, Baby Boomers and women. Many consumers’ concerns about data can be summed up in three words: privacy, privacy, privacy.

Protecting that right has prompted regulators in Europe, parts of North America and China to tighten the rules on what organizations can do with personal data.

For businesses aiming to build a competitive advantage through personalization, a new mindset is a prerequisite. Appropriate technology can certainly help. Ultimately the greatest challenge may prove to be consumers who, having taken a long hard look at the risks and rewards, withdraw their data – and their consent – that provide the fuel to underpin personalization efforts.

<sup>2</sup><https://www.pewresearch.org/fact-tank/2020/09/04/a-majority-of-young-adults-in-the-u-s-live-with-their-parents-for-the-first-time-since-the-great-depression/>

<sup>3</sup>[https://ec.europa.eu/eurostat/databrowser/view/ilc\\_lvps09/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/ilc_lvps09/default/table?lang=en)





# Does purpose matter?

## The age of the integrity economy

Purpose is the organization's answer to the perennial question: 'Why are we here?' To answer that, leaders need to consider whether that purpose is relevant to customers and communities, is unique to them and is something they can do better than their competitors.

Once defined, purpose needs to be embedded into the organization's strategy, structure and culture. Executing purpose can entail breaking down silos, mapping and applying customer journeys, developing new sourcing models, attracting the right talent and reinventing products and services. Yet the rewards for organizations that embed purpose into their business are tangible, significant and potentially game-changing. Such actions can build trust, create authenticity and instill loyalty in customers, suppliers, employees and communities.

Several analysts have suggested that we are on the cusp of an 'integrity economy'. Organizations that can credibly demonstrate they are living up to their ethical, social and environmental promises gain significant competitive advantage. The concept is not new – American journalist Anna Bernasek argued that integrity was a precious economic asset as long ago as 2010<sup>1</sup> – but it is more resonant and relevant than ever. The fact that actions – and, in particular, purchasing decisions – have

profound consequences has become starkly clear to all of us. Our research shows that 85 percent of consumers say that a company's integrity is 'important' or 'very important' to them.

In the wake of COVID-19, a new consumer is emerging – more financially constrained, digitally aware and thoughtful in their decision-making. Our research shows that 80 percent of consumers want to purchase from a brand that reflects their values – a sentiment that is remarkably consistent across regions, generations and income groups.

Nine out of ten consumers say they will pay more to purchase from an ethical brand or retailer that gives back to society. Intent is one thing, but buyers are already putting that sentiment to work. One in four consumers say that such factors have changed their purchasing decisions (a proportion that soars to 42 per cent in Latin America) and roughly three out of ten Millennials say the same.

## The changing nature of trust

One of the toughest challenges facing organizations today is to truly understand, without biases, prejudices or preconceptions, how the rest of the world sees them. Yet seldom has that task been so urgent. Purpose can bring the brand alive throughout the customer experience – but only if your customers genuinely trust you. The complicating factor here is that trust is ‘in play’ in a way it has never been before.

Our research shows that only four out of 12 sectors are truly trusted by more than half of the world’s consumers: healthcare (60 percent); technology (59 percent). retail (52 percent) and banking (51 percent.) The three sectors in which consumers have least faith are advertising (26 percent), wealth management (33 percent) and government (35 percent).

The degree of trust in sectors varies immensely across regions and generations. In the Middle East, 66 percent of consumers have confidence in government, compared to 32 per cent in North America and 28 percent in Europe. In a similar vein, 43 percent of Millennials trust the media, as opposed to 31 percent of the Silent Generation.

We are moving away from a world where the customer’s interaction with an organization was primarily binary and transactional into one where it is multi-dimensional and relational. In this new world, trust is not defined purely by the quality of the customer experience but also by their judgment of whether the organization is living up to its purpose. Organizations that do not invest in their purpose are said by economists to be indulging in ‘cheap talk’<sup>2</sup>.

A customer’s trust depends on three critical factors: honesty and openness, respect and inclusion, and the belief that organizations identify with – and care for – them. The bottom line is that every part of the organization can build trust – or destroy it.

<sup>1</sup> <http://content.time.com/time/business/article/0,8599,1970964,00.html>

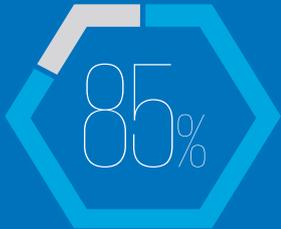
<sup>2</sup> <https://hbr.org/2019/09/put-purpose-at-the-core-of-your-strategy>



# Actionable insights



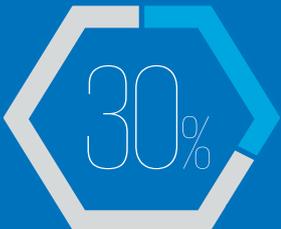
of consumers say they prefer brands that align with their values<sup>3</sup>.



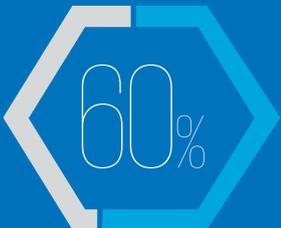
say an organization's integrity is 'important' or 'very important' to them.



of Latin American consumers have changed a purchasing decision because of an organization's environmental or social record.



of Millennials have changed a purchasing decision because of an organization's environmental or social record.



trust healthcare, making it most the trusted sector, ahead of technology (trusted by 59 percent) and banking (51 percent).

<sup>3</sup> KPMG International research July 2020



### The power of purpose

COVID-19 has already reshaped customer attitudes, values and expectations and it is clear there is more significant change ahead. We are seeing a shift towards 'buying into' an organization rather than 'buying from' it. As customers make their purchasing decisions, they are giving increasing weight to brand purpose and reputation, quality, safety, security, convenience, reliability and value for money.

In the 1980s and early 1990s, it was often suggested that the only purpose of a company was to create value for its shareholders. After a decade of change topped off by a year of historic turbulence, consensus is shifting to something broader. There is a growing recognition that value must be targeted to a greater set of stakeholders including shareholders, customers, employees and communities. Purpose helps to establish a north star to navigating value creation across these stakeholders.

<sup>6</sup>Adobe UK content consumption report



# The consumer wallet - the great reset

The events of 2020 have significantly impacted the consumer wallet. Regardless of income, demographics or location, all consumers have been forced to hit the reset button on habitual behaviors.

The following section contains a deeper dive into KPMG’s ongoing, in-process research across a subset of themes associated with the new reality customer post COVID-19. They showcase initial hypotheses around the future and observational signals that will continue to shape our research across the following wallet considerations:



**Each wallet category contains the following:**

**Spend hypotheses:** Hypotheses about customer spend developed by the Innovation Lab based on primary and secondary research. These hypotheses will be tested through a deeper customer wallet analysis.

**The new reality customer hypotheses:** Hypotheses about how customers have changed and these role implications.

**Key data trackers:** Data points aligned to wallet categories to directionally inform and track our hypotheses in an ongoing manner.

**“Then, Now, Next” hypotheses:**

Hypotheses on new reality customer behavior that has been developed by KPMG’s Innovation Lab in the U.S. For each “Then” category, these hypotheses capture what is happening “Now” with respect to customer behavior based on ethnographic survey research to inform KPMG’s hypothesis on what may happen “Next.”

**Primary data survey results:**

Survey data which illustrates key insights supporting or informing our hypotheses.

**Primary data Ethnographic verbatim:**

Qualitative insights gleaned from open ended survey questions.

The series of surveys began in April 2020 and launched to 2,500 consumers in the United States.

	Ethnographic observations		Hypothesis	
	Then	Now	Next	
Driven by a number of factors including “panic buying” and hoarding behaviors at grocery stores, along with a rise in home-cooking during quarantine, people are changing the ways they think about how they get, store, and prepare food.				
O ..... Grocery retail and restaurants ..... O	<b>Grocery shopping</b> 	Remember when grocery shopping didn't require a mask? <ul style="list-style-type: none"> <li>- Social distancing challenges</li> <li>- Wearing masks and gloves</li> <li>- Concerns about store cleanliness</li> <li>- Preference to personally pick produce</li> </ul>	<ul style="list-style-type: none"> <li>- Difficulty finding delivery times for online grocery</li> <li>- Panic buying and hoarding behaviors</li> <li>- Increased curbside pick-up and delivery options</li> <li>- Preference to personally pick produce</li> </ul>	<b>Grocery stores go dark:</b> Given the rise in grocery delivery and following successful UK and Asian models, grocery stores will flip logistically to create <b>delivery-only “dark” grocery stores</b> in optimal locations. These will serve as local fulfillment centers to meet increased delivery demand and ensure cleanliness.
	<b>Sit down restaurants</b> 	Remember when we celebrated birthdays and anniversaries at restaurants? <ul style="list-style-type: none"> <li>- Social distancing challenges</li> <li>- Masks and gloves at restaurants</li> <li>- Proliferation of curbside pick-up, takeout and delivery models</li> </ul>	<ul style="list-style-type: none"> <li>- High-end restaurants offering pick-up and delivery</li> <li>- Adoption of carry-out wine, beer and cocktails</li> <li>- Growing preferences for fresh, healthy, organic options</li> </ul>	<b>Drive thru goes mainstream:</b> Based on people's needs to feel safe and healthy, there will be a return to a car-centric culture, coupled with a growing desire to access a wider variety of convenient options from gourmet, to health-conscious, and allergy- friendly drivethru restaurant options.
	<b>Stock-up shopping</b> 	Remember when you didn't wonder whether the store would have toilet paper in-stock? <ul style="list-style-type: none"> <li>- Hoarding behaviors</li> <li>- Increase in purchase of frozen goods, shelf-stable and nonperishables</li> <li>- Increase in stockpiling</li> <li>- Rise in cooking at home</li> </ul>	<ul style="list-style-type: none"> <li>- Fear of things being out-of-stock</li> <li>- Higher adoption of subscription models</li> <li>- “Prepper” mindset</li> <li>- New interests in canning and preserving</li> </ul>	<b>Rise of the neo -“preppers”:</b> Driven by fears of scarcity in the face of additional waves of COVID-19, future pandemics, and other crises, there will be increased interest in subscription pantry services, as well as long-term food storage options including standalone freezers, well-stocked/“smart” pantries, freeze-dried foods, and other things typically associated with a “prepper” culture.
Driven by challenges and fears associated with shopping in-person, people are changing the way they shop to prioritize digital channels and limit physical contact where possible.				
O ..... Retail (non-grocery) ..... O	<b>Shopping in stores</b> 	Remember when banks were the only place you talked to a cashier through plexiglass? <ul style="list-style-type: none"> <li>- Social distancing challenges</li> <li>- Store cleanliness is top of mind</li> <li>- Unreliable inventory</li> <li>- Staff wearing masks</li> <li>- Customers wearing masks</li> <li>- Expect hand sanitizer stations</li> </ul>	<ul style="list-style-type: none"> <li>- Limiting time in stores</li> <li>- Expect curbside pickup options</li> <li>- Ordering online, pick-up in store</li> <li>- Increasing delivery options until there is a vaccine</li> </ul>	<b>Physical stores shift to limit contact</b> People are very unlikely to return to physical stores unless they've been redesigned to accommodate for social distancing, offer curbside pickup, and have visible safety measures in place.
	<b>E-commerce penetration</b> 	Remember when instant gratification didn't require two-day shipping? <ul style="list-style-type: none"> <li>- Early and late majority being forced to try... and like it</li> <li>- Years of growth in months</li> <li>- Growing popularity of subscription services</li> <li>- Easier to shop around online</li> </ul>	<ul style="list-style-type: none"> <li>- Convenience factor</li> <li>- Feels “safer” than in-store</li> <li>- Auto-replenishment adoption</li> <li>- Myriad of payment options</li> <li>- High expectations driven by Amazon experience</li> </ul>	<b>E-Commerce Is No Longer Optional</b> COVID-19 has forced large numbers of new demographics to try e-commerce for the first time, with the overwhelming majority expected to continue to purchase in this way. E-Commerce options will and have become table stake expectations of a majority of consumers for all businesses, regardless of size.
	<b>Price sensitivity</b> 	Remember when bargain hunting was fun? <ul style="list-style-type: none"> <li>- Economic crisis</li> <li>- Unemployment</li> <li>- Uncertainty about coming recession</li> <li>- Uncertainty around second wave of COVID-19</li> <li>- Fears of scarcity</li> <li>- Fears of panic buying and hoarding</li> </ul>	<ul style="list-style-type: none"> <li>- Shopping less</li> <li>- Reducing non-essential spending</li> <li>- Fears of price increases across product categories</li> <li>- Fears of price gouging</li> </ul>	<b>Increasing price sensitivity</b> People have been economically impacted both directly and indirectly by the COVID-19 pandemic. For some, unemployment has increased price- sensitivity and budget.

	Ethnographic observations		Hypothesis	
	Then	Now	Next	
Media and entertainment	<b>Movie theatres</b>  Remember when horror movies were the scariest part of going to the theater?	<ul style="list-style-type: none"> <li>- Streaming</li> <li>- Exploring new streaming services</li> <li>- Masks at the movies? Cleanliness of seats and facilities</li> </ul>	<ul style="list-style-type: none"> <li>- Interest in Virtual Reality</li> <li>- Drive-in theaters</li> <li>- Expectations that movies premiere online while theaters are closed</li> </ul>	<b>Delivery and a movie</b> People have turned to streaming binges as a virtual escape during stay-at-home orders. Consumer demand for the ability to watch any content from home will push Hollywood to transform their business to accommodate simultaneous theatrical and streaming film releases.
	<b>Watching sports</b>  Remember when you could spend the weekend watching live sports?	<ul style="list-style-type: none"> <li>- Lack of live sporting events</li> <li>- Social distancing challenges</li> <li>- Health and safety concerns about crowds</li> <li>- Feeling that people "need" sports in their lives</li> </ul>	<ul style="list-style-type: none"> <li>- It will be a while before live games resume</li> <li>- Perhaps no sports until there's a vaccine?</li> <li>- Sports will come back before audiences will be allowed</li> </ul>	<b>"Home" team sports</b> While fans are eager for professional sports to return, concerns about the safety of crowded stadiums and arenas will drive spectator-free sporting events for the foreseeable future.
	<b>Playing video games</b>  Remember when playing video games was considered anti-social behavior?	<ul style="list-style-type: none"> <li>- Adoption of viral games</li> <li>- Increase in mobile gaming</li> <li>- Provides escapism especially during quarantine</li> <li>- Video games used as family bonding</li> </ul>	<ul style="list-style-type: none"> <li>- Video games as spectator sport</li> <li>- Games becoming social destinations</li> </ul>	<b>Gaming together...apart</b> Video game platforms have evolved into virtual hangouts for Gen Z. Due to the "Great Lockdown", individuals of all ages have embraced online gaming as a refuge, fueling a growing demand for a wider variety of online gaming options to meet diverse interests.

Cities across the globe have been epicenters of COVID-19 outbreaks, causing many urbanites to rethink the health and safety aspects of the places they call home.

Housing	<b>City living</b>  Remember when you had to live where you work?	<ul style="list-style-type: none"> <li>- High rents and cost of living</li> <li>- Limited space</li> <li>- Living with roommates</li> <li>- Relying on public transportation</li> <li>- Crowded areas make social distancing difficult</li> </ul>	<ul style="list-style-type: none"> <li>- Daily needs within walking distance</li> <li>- Vibrant surroundings</li> <li>- Preference toward working in offices versus apartments</li> <li>- Elevated COVID-19 infection rates and protests</li> </ul>	<b>Escape from the city:</b> Urbanites in large cities are rethinking their living situations. Densely populated areas with small apartments and high rents are less appealing especially as new work-from-anywhere options emerge. These individuals may move to more affordable cities or to suburban areas.
	<b>The 'Burbs'</b>  Remember when millennials were putting off life events? Not buying houses, cars, or baby strollers?	<ul style="list-style-type: none"> <li>- Strong driving culture</li> <li>- Lower housing costs and costs of living</li> <li>- Provides an in-between city life and nature</li> <li>- Home of chain stores and shopping malls</li> </ul>	<ul style="list-style-type: none"> <li>- Less eventful than urban environments</li> <li>- Modern conveniences "Prime-Now" delivery areas</li> <li>- More space</li> </ul>	<b>Suburban makeover:</b> Millennials are getting married, having children and settling down in droves after delaying those life events more than previous generations. These life shifts, combined with the post-COVID-19 shift out of cities will drive an increase in millennials buying homes in the suburbs, reshaping these areas.



	Ethnographic observations		Hypothesis	
	Then	Now	Next	
<p>In the wake of the COVID-19 pandemic, planes, buses, and subway cars are emblematic of the shared, enclosed spaces that represent one of the scariest aspects of returning to “normal” life for people.</p>				
<b>Mobility and transport</b>	<b>Flying for pleasure</b>  Remember when the middle seat was just an inconvenience?	<ul style="list-style-type: none"> <li>– Reevaluating need to fly for vacations</li> <li>– Wearing facemasks</li> <li>– COVID-19 concerns</li> <li>– Avoiding shared, enclosed spaces</li> <li>– Cleanliness concerns</li> </ul>	<ul style="list-style-type: none"> <li>– Large numbers of strangers</li> <li>– Avoiding touching public surfaces</li> <li>– Waiting for a vaccine before flying</li> </ul>	<b>Roadtrip redux</b> People are looking for a change of scenery after lockdown, however, many are uncomfortable with the prospect of flying for vacation. A shift towards roadtrips will drive increases in RV rentals, purchases, camping and other vacation alternatives that avoid crowded areas.
	<b>Public transport commuting</b>  Remember squeezing into a packed subway?	<ul style="list-style-type: none"> <li>– Social distancing challenges</li> <li>– Wearing facemasks</li> <li>– More working from home options</li> <li>– Fears of crowded buses and subways</li> </ul>	<ul style="list-style-type: none"> <li>– Cleanliness concerns</li> <li>– Avoiding touching public surfaces</li> <li>– “Only if necessary”</li> <li>– No alternative commute options</li> <li>– More commuting by car to feel safer</li> </ul>	<b>Cautious commuters</b> Fears of exposure to COVID-19 on public transport will continue. Those who can will shift to commuting via car. Those who do not have alternatives will expect mandatory PPE for employers and riders, clear health and safety precaution and enforced social distancing.
	<b>Business travel</b>  Remember when the most nerve-wracking part of boarding a plane was worrying about overhead space?	<ul style="list-style-type: none"> <li>– Replacing in-person meetings with video conferencing</li> <li>– Wearing facemasks</li> <li>– Changing business travel policies</li> <li>– Avoiding large numbers of strangers</li> </ul>	<ul style="list-style-type: none"> <li>– Cleanliness concerns</li> <li>– Avoiding touching public surfaces</li> <li>– Choosing between health risk and keeping a job</li> <li>– Working from home</li> <li>– Attending virtual conferences</li> </ul>	<b>Frequent fliers clip their wings</b> Business travel will see a long-term reduction due to health and safety concerns on airplanes and organizational policy changes.

Parents and students alike have been profoundly impacted by the closure of schools nationwide, and the prospect of schools not reopening has both groups thinking differently about education in the short-and long-term.

<b>Education</b>	<b>Schools</b>  Remember when parent-teacher conferences involved more than one person?	<ul style="list-style-type: none"> <li>– More online health concerns</li> <li>– Parents forced to home school their children</li> <li>– Lack of access to essential technology</li> <li>– Virtual learning curve for teachers</li> </ul>	<ul style="list-style-type: none"> <li>– Virtual learning curve for students</li> <li>– Uncertainty around reopening</li> <li>– Belief that the education system needs reform</li> <li>– Exploring new online options</li> </ul>	<b>It takes a village:</b> Parents are grappling with the prospect of schools opening and closing. As working from home increases, new approaches to education may arise such as home-schooling or independently organized online education with private teachers and tutors.
	<b>College and University</b>  Remember when going to college involved leaving your bedroom?	<ul style="list-style-type: none"> <li>– Student loan debt</li> <li>– Students now online</li> <li>– Shared spaces for living and learning</li> <li>– Anxiety around new COVID-19 strains</li> <li>– Want a vaccine before returning</li> <li>– Virtual teaching learning curve for students and professors</li> </ul>	<ul style="list-style-type: none"> <li>– Enrolled students determined to finish their degree</li> <li>– Perception that virtual learning should cost less than in-person</li> <li>– Recent graduates considering a gap year</li> <li>– Growing belief that online options are better</li> </ul>	<b>Rethinking college:</b> After graduation, many students are considering a gap year before beginning their employment careers. The uncertainty about reopening and in-person classes, as well as lingering COVID-19 fears and student debt obligations have made students reconsider their future plans.



75%

of consumers prefer to own their car rather than renting or sharing.

43%

of consumers are worried about their children’s success.

With consumers spending much more time at home and in their local communities, everyday spend has significantly changed. But which new habits are only temporary, and which are set to stay for the long haul?



### Grocery retail and restaurants

One of the most obvious and widely shared instant shifts was in grocery shopping, with legal restrictions and hygiene concerns meaning people cut back on trips to physical stores or moved entirely to online deliveries. Eat-in restaurants, cafes and bars have also been subject to widespread closures during lockdowns across the world, pushing up sales of takeaway and collection. Worldwide Google searches for 'food delivery'<sup>1</sup> and 'local food'<sup>2</sup> reached all-time highs in 2020.

Looking ahead, we expect the increased concerns over hygiene to continue, and those who have used food delivery options for the first time to form permanent new habits. Shoppers who have now experienced pickup options and home delivery are likely to adopt at least some of those behaviors into their lives going forward. This may lead to more delivery-only or 'dark' grocery stores opening worldwide, as well as a rise of choice in drive-thru restaurants – including gourmet and health-conscious options. Organizations who have not yet embraced alternatives to in person shopping, or lack slick and secure processes could find themselves easily overlooked by the new consumer wallet.

The trend for more spending on meal subscription services is also set to continue, as consumers look to recreate the restaurant experience at a lower cost and without leaving their homes – or just to save time on cooking the same repertoire of meals over and over again. The global meal kit delivery services market size was estimated at US\$7.60 bn in 2019, but is expected to reach US\$9.13 bn in 2020.<sup>3</sup>



Even as restaurants reopened, closed and then opened again, consumers who signed up to grocery subscription services remain likely to continue incorporating this convenience into their weekly routines.



### Retail (non-grocery)

Food aside, shopping habits for all products have inevitably gravitated online to a large extent. Consumers of every age have increased their digital spending – 69 percent of our respondents said they have increased their online shopping since the onset of COVID-19. As with grocery shopping, consumers who previously preferred a physical experience and who have turned to ecommerce during lockdown may not be so quick to return to old habits.

Organizations should not assume they can rely on former brand loyalties, as these could have shifted for good during the pandemic. Firstly, because consumers have quickly discovered alternative brands which meet their needs better and at a lower cost. Second, consumers are prioritizing convenience and speed in their searching. 88 percent of respondents surveyed after the onset of COVID-19 'buy from brands as per my needs'. And thirdly, the pandemic has increased the propensity to buy from ethical brands

with 80 percent of respondents indicating a preference to buy from and into brands that align with their values and beliefs. Now more than ever, organizations need to look again at customer needs and behaviors to deliver the right messages and retain their spend. With the shift to homeworking the consumer wallet quickly opened-up. Sales of high-end items such as handbags, make-up, jewelry and even cars have also soared as money originally saved for holidays or other experiences that were subsequently cancelled was repurposed to treats. Some luxury brands reported year-on-year increases in the second quarter of 2020 supporting hopes of a bounce back with Asian countries, who have come out of lockdown first, leading the way.<sup>4</sup>

With the renewed focus on health and wellbeing sales of home, work-out apparatus and activewear have also risen sharply. The global home fitness equipment market is expected to grow by 40 percent in 2020, from US\$6.76 bn in 2019 to US\$9.49 bn this year.<sup>5</sup>

While there are some clear categories that have inevitably suffered from reduced spending, some of these cuts have been directly replaced with alternatives. For example, sales of formalwear have fallen as offices across the globe have shut, but consumers are spending more on comfortable clothing. The global sleepwear and loungewear market poised to grow by US\$19.5 bn during 2020-2024,<sup>6</sup> with pajama sets and all-in-one clothing items in the top-five categories.

<sup>1</sup> <https://trends.google.com/trends/explore?date=all&q=percent2Fgpercent2F1224tf85>

<sup>2</sup> <https://trends.google.com/trends/explore?date=all&q=percent2Fmppercent2F01hxyd>

<sup>3</sup> <https://www.grandviewresearch.com/industry-analysis/meal-kit-delivery-services-market>

<sup>4</sup> [https://www.insidehook.com/daily\\_brief/news-opinion/people-buying-luxury-products-again](https://www.insidehook.com/daily_brief/news-opinion/people-buying-luxury-products-again)

<sup>5</sup> [https://www.reportlinker.com/p05948407/Home-Fitness-Equipment-Global-Market-Report-30-Covid-19-Implications-and-Growth.html?utm\\_source=GNW](https://www.reportlinker.com/p05948407/Home-Fitness-Equipment-Global-Market-Report-30-Covid-19-Implications-and-Growth.html?utm_source=GNW)



## Media and entertainment

Safety concerns and enforced restrictions have resulted in a severe impact on spending in this area. Consumers are turning to new ways to entertain themselves indoors – with screen-based entertainment on the increase across all demographics and subscription-based streaming services soaring in the past 12 months.<sup>7</sup> Despite high price points, the gaming industry has also increased its revenue this year and there are now more than 2.7 bn gamers worldwide.<sup>8</sup> Revenue is set to grow further before the end of the year with big name console launches and video games in the top ten of online shopping searches in the past 12 months.<sup>9</sup>

Meanwhile, virtual reality (VR) has had various ups and downs in its development and usage in the past couple of decades, but is now being used widely in the gaming sector and beyond, like with musical artists using VR to recreate online the experience of attending a live performance. The sector made around US\$600m in global consumer software revenue in 2019 and is expected to grow 72.5 percent to US\$1.04 bn in 2020. The VR industry is also forecasted to maintain double-digit growth rates in the coming years, reaching US\$3.62 bn in 2024. Now that consumers have become more aware of and comfortable with technology, they will expect to see it used more widely even after the effects of the pandemic ease.

The future for movie theatres looks uncertain, with consumer demand to watch any content from home likely to push production companies to transform their business to accommodate simultaneous theatrical and streaming film releases. This is not just down to COVID-19, however – before the pandemic hit, the film industry was already experiencing significant change, with every major market apart from China seeing a decline in audiences.<sup>10</sup> With consumers already starting to show a preference for home streaming, the enforced habit changes of this year are more likely to stick.

# 28%

would consider cutting spending on Media (movies, TV) if their income were to be reduced.



<sup>6</sup> <https://www.businesswire.com/news/home/20200730005625/en/COVID-19-Impacts-Sleepwear-and-Loungewear-Market-will-Accelerate-at-a-CAGR-of-almost-9-through-2020-2024-Rise-in-Adoption-of-Sustainable-Manufacturing-to-Boost-Growth-Technavio>

<sup>7</sup> Google data

<sup>8</sup> <https://www.statista.com/topics/868/videogames/#:~:text=Videopercent20gamespercent20arepercent20apercent20billion,overpercent2077percent20billionpercent20U.S.percent20dollars.>

<sup>9</sup> Google data

<sup>10</sup> <https://www.weforum.org/agenda/2020/07/impact-coronavirus-covid-19-hollywood-global-film-industry-movie-theatres/>



23%  
of consumers  
wanted to prioritize  
purchasing a vacation  
after the outbreak.



## Housing

Consumers have reconsidered their work life balance due to their newfound freedom from commuting and regular office working. Many sought to improve working space in their homes and access to nature. Emotional connections also drove relocations, with many choosing to be nearer family.

Half of urban dwellers in London, Paris, Milan, Madrid and Berlin said lockdowns had made them more concerned about overcrowding and air pollution.<sup>11</sup> While in India more than 10 million migrant workers have moved back to their home villages because of COVID-19.<sup>12</sup>

However, a return or part-return to normal working life means these moves out of urban areas are unlikely to be permanent for many, and in many cases will have been made by people simply carrying out planned moves earlier than originally intended. For example, millennials – who have delayed life events like getting married and having children longer than any other generation – are now undertaking these milestones in large numbers. This would have been the case regardless of the pandemic and means pre-existing forecasts for urban populations should remain valid.



## Mobility and transport

While 23 percent of consumers wanted to prioritize purchasing a vacation after the outbreak, just 8 percent said the same of booking a flight<sup>13</sup>. Hygiene concerns coupled with quarantine measures means many are waiting to fly, but have chosen instead to go on holiday within their own countries or stay home. With ongoing medical advice to avoid shared, enclosed spaces, consumers who do need to travel are avoiding public transport and air travel, preferring to use their own cars if they can.

<sup>11</sup> <https://news.trust.org/item/20201118230536-uv6o2/>

<sup>12</sup> <https://www.wsj.com/articles/indias-migrants-head-home-as-lockdown-eases-prompting-fears-of-coronavirus-spread-11590579072>

<sup>13</sup> <https://blog.globalwebindex.com/trends/road-recovery-travel-brands/>

Consumers will undoubtedly be eager to return to air travel when they feel safe to do so. As pharmaceutical companies announced the success of their vaccine trials, flight and accommodation websites reported an immediate spike in online traffic, with one travel firm reporting searches for holidays in spring and summer 2021 up 48 percent on the previous week.<sup>14</sup> Business travel is unlikely to return to its pre-pandemic levels, with organizations now more open to virtual conferences that reduce impacts both on people's time and the environment.

The same is also expected for public transport used by commuters, with the increase in homeworking looking set to stay. A recent global survey of more than 9,000 knowledge workers found 13 percent now want to work from home full-time, while the vast majority – 72 percent – prefer a hybrid approach of part-home, part-office.<sup>15</sup>



## Education

Parents who are able were willing to spend highly in this area following the widespread school closures enforced at the start of the pandemic. Education app downloads surged by 90 percent in March 2020 compared to the weekly average in the fourth quarter of 2019,<sup>16</sup> as parents attempted to counteract lost classroom hours. This put the wellbeing of the family unit under severe strain as many parents adopted the role of 'teacher' while juggling workloads to meet their obligations to their employer at the same time.

Although most countries prioritized re-opening educational establishments, our study shows that 44 percent of participants are worried to a 'great extent' and 26 percent 'quite a bit'

on their children's success. Making up for any lost-education or providing additional tutor exam support is likely to become a priority for parents who will be keen to get their children's education back on track.

Lockdown also shone a light on the adequacy of workplace family policies. Employers considering their 'back to work' approach will need to look beyond just offering flexible work arrangements -which will be a given for all. Creating a culture that truly embraces 'family' will likely play a valuable role in reconnecting with parents, and particularly women in coming back to the workplace with modernized approaches to childcare, wellbeing and support taking center stage.



## Change is the only constant

The truly unique circumstances of 2020 mean the staying power of these trends is likely to be varied.

What is clear, is that any return to our old habits will be gradual and will vary widely according to individual comfort levels, employers and locations. Organizations therefore need to be prepared to be more flexible and make it much easier for customers to spend with them if they are to get a share of their wallet.

Successful businesses, and those that will attract high customer spend, will likely be those that have adapted and are ready to be reactive to shifting consumer needs and expectations as the world navigates 2021.

<sup>14</sup> <https://www.theguardian.com/travel/2020/nov/11/holiday-searches-surge-in-wake-of-covid-vaccine-trials-success>

<sup>15</sup> <https://slack.com/intl/en-gb/blog/collaboration/workplace-transformation-in-the-wake-of-covid-19>

<sup>16</sup> <https://www.appannie.com/en/insights/mobile-minute/education-apps-grow-remote-learning-coronavirus/>

<sup>17</sup> <https://www.unicef.org/coronavirus/7-ways-employers-can-support-working-parents-during-coronavirus-disease-covid-19>



# Australia

## Back to basics

## Customers in Australia are looking to support local as they put their trust in new technology

2020 has been a precarious year for Australia, with a series of natural disasters followed by the global COVID-19 pandemic. In this time of uncertainty, customer values are changing and businesses must adapt accordingly.

We have observed several behavioral changes which we believe have the potential to endure well beyond the receding of the virus and the eventual arrival of a new post-COVID-19 reality. These include consumers moving to support local businesses, as well as a focus on consumer trust and embracing technology acceleration.

The pandemic has forced consumers of all ages to embrace the internet to stay connected and make their daily routine more efficient. These habits are likely to stick, so to capitalize on this change companies will need to accelerate, augment and promote their customer interaction investments. Technology is valued and social media channels should be considered as a core customer care channel. While COVID-19 has seen many make the move to online shopping, they know this isn't without risks. Digital experiences must be immersive, emotive and above all, safe.

Australian consumers are weighing up the balance of a 'back to basics' approach with the ethics behind a product. Many customers are looking to support local and ethical brands, following a focus on supporting the local economy after the bushfires in early 2020, and the impact of COVID-19 on small businesses later in the year.

However, there are also increasing numbers of customers concentrating on their future finances and purchasing products only as they need them. When asked about their financial situation, respondents' concerns about future finances rose from 39 percent before the pandemic hit Australia to 47 percent afterwards.

## Trust is key

Although at varying levels, consumer trust appears to have increased in most industries since the outbreak of the pandemic. In Australia, trust has been highest in healthcare throughout, with the level of trust rising – 3.46 out of 5 before the arrival of COVID-19 to 3.7 afterwards. Healthcare, retail and technology were the highest ranked industries for trust both before and after, although our research shows the highest rise in trust was in Government, increasing from 2.73 to 3.26.

During COVID-19, technology ranked second to healthcare (with a trust mean of 3.53, a rise of .09 compared to before the pandemic). Australians attach value to personalization, when executed effectively. The technology industry engenders trust as it enables a frictionless, contextual and personalized experience.

However, while trust in technology increased, so did concerns about the rise of cyber theft; in our research we discovered 3.66 out of 5 were worried about cyber theft after the arrival of COVID-19, compared to 3.53 before the pandemic. There was also an increase from 53 percent to 57 percent in the expectation that personal information and data would be protected and not sold to others, with 83 percent of respondents expecting a company to protect their data and make transactions and purchases as easy as possible.

“ Since the outbreak of the pandemic there has been an increase in the critical driver of customer trust in most sectors. In Australia, consumer comfort with technology has increased across the board, and more are now interested in new technology. ”

**Amanda Hicks**  
Partner in Charge, Customer,  
Brand and Marketing Advisory  
KPMG Australia

90%

of customers said they would pay more to an ethical retailer.

57%

although there is a move to cashless payment, 57 percent of people would still prefer to lose their phone than their wallet.

49%

of customers (pre-COVID-19, 43 percent afterwards) would be most likely to cut spending on leisure activities if they were hit by reduced income.

81%

focused more on health and wellbeing during COVID-19 than they would normally.

43%

are pleased when a company reduces friction around purchase and delivery.

### The value of clarity

The level of trust in healthcare throughout COVID-19 was mirrored in our Australian Customer Experience Excellence Report<sup>1</sup> earlier in the year. The research found that in the Australian public sector, reliable and timely information helps to set expectations and ultimately serve as a guide through unprecedented times. For example, many New South Wales residents relied on NSW Health as an important source of truth through the pandemic. Users reflected positively on the Government department's timely and transparent COVID-19 updates, which served to ease concerns and set expectations about what was coming.

Overall, the shocks and continuing uncertainty of 2020 has left Australians consumers feeling a strong need to trust companies they purchase from, as well as a desire to support businesses in their area. They have built new habits but are determined not to lose their local loyalty. Organizations should prioritize reassuring customers that their data is safe with them, while investing in immersive and frictionless digital experiences.

“ Although constrained during restrictions, we have seen attention shift back to basics and buying local. In August 2020, 54 percent of customers we asked in Australia said that an organization's environmental or social record had changed their purchasing decision. ”

**Carmen Bekker**

Partner, Customer,  
Brand and Marketing Advisory  
KPMG Australia

<sup>1</sup><https://home.kpmg/au/en/home/insights/2020/09/customer-experience-excellence-report-2020-australia.html>







# Austria

Preparing for the future



## Digitization has finally arrived in Austria, but will it go the distance?

With 5.2 million e-commerce customers now shopping online, Austria is a growing digital market<sup>1</sup> with huge potential. However, COVID-19 has hit the economy hard, with a continuing rise in unemployment, while consumer confidence continues to decline. Economically weaker groups with lower incomes who are already at risk of poverty, and those who are self-employed, have been most affected by the pandemic – meaning the country's income distribution is opening up significantly.

Although Austria is considered a consumerist society, spending on non-essential products – such as clothing, gaming, media (TV and movie theatres), electronics and leisure activities – has fallen. The population is instead focusing on its future finances, with many people preferring to save rather than spend.

Lockdowns, curfews and social distancing measures have forced people to spend more time at home and to stay with their household groups – creating a barrier for sharing schemes such as car rental, food sharing, carpooling or neighborhood gardening, a trend that had gained traction in recent years. Although the preference for owning rather than sharing everyday goods such as clothes or mobile phone is stable, owning preferences for capital goods such as owning a house is rising.

It is no surprise that the global pandemic has heightened anxiety levels for many Austrians, with 63 percent of respondents saying they are worried 'to a great extent' or 'quite a bit'. Concerns about their children's future success (67 percent) and the effects of climate change (62 percent) are particularly high.

These doubts and anxieties amid an uncertain economic climate reinforce an overarching desire for secured future finances and property ownership, ultimately creating the desire to 'have'.

## A threat to the high street

Like all highly developed economies, the Austrian consumer chooses to shop at a wide variety of retail outlets, from shopping malls, department stores and supermarkets to smaller independent retailers. For several years now, downtown retailers have been losing customers to 'more convenient' out-of-town centers that offer a bigger choice of stores in one place. However, since COVID-19 restrictions came into force, high streets have naturally recorded a significant drop in the number of pedestrians passing by. This decline in browsing and drop in spending of non-essential goods, has allowed Austrian e-commerce to finally come of age.

However, it is worth noting that many Austrians are keen to turn to local products where possible, due to both the climate crisis and a growing skepticism towards globalization.

Within the retail industry, the possibility of increasing shelf space for goods from local suppliers or ethical brands divides decision makers. Our research shows customers' willingness to pay more for ethical brands remains high. Even after lockdowns, with the fear of a global recession looming, 87 percent of questioned consumers state they are willing to pay more for ethically produced goods. With Austrians focusing more on health and wellbeing (86 percent) during the first lockdown, the potential for brands to capitalize on their environmental and social responsibility initiatives remains. Nevertheless, retailers will face the consequences if sales figures do not reflect the stated ethical intentions of the consumer.

87%

of questioned consumers state they are willing to pay more for ethically produced goods.

23%

of Austrians say they could imagine selling their data.

86%

of Austrians focused more on health and wellbeing during the first lock down.

“After months of social distancing, reanimating the physical brand experience for customers will be essential for the future. It will be crucial to understand within the customer journey where virtual, physical interactions or a combination of both will serve customers' needs best.”

### Dr. Werner Girth

Partner, Advisory, Customer and Operations, KPMG in Austria

<sup>1</sup> Statista.at, Share of online shoppers in Austria 2020, published on November 11th 2020

## To share or not to share

Although by and large Austrians would not trade their data (29 percent), some of them could imagine selling it (23 percent). When comparing answers prior to and after the first lockdown, our research shows Austrians have started to understand the benefits of providing personal data, such as better security (14 percent), better value/prices (12 percent), better customer experience and personalization (10 percent) and better products and services (9 percent). This change of attitude is most likely influenced by the need for more frequent use of digital platforms, and consequently the increase of experience in online shopping across the population.

Data security has received a lot of attention in Austria. Consumers say they have updated their social media privacy settings and created stronger passwords, but security concerns will not put people off digital media. The human need to connect with one's own community, friends and family members is as important now as it always has been. With lockdown restrictions in place, digital platforms are often the only way for people to connect with each other, suspending former plans for digital detox for the moment.

Consumers expect brands and companies to protect their personal data and deliver a frictionless experience. However, this kind of expectation is still at odds with a world in which Austrians want brands to know everything about them.

## Adapt to stay trusted

Especially in uncertain times such as during the COVID-19 crisis, trust is one of the most important values for consumers in all phases of life.

Industries that have been able to adapt to evolved customer behavior include the retail sector (clothes and food) with trust increasing by 11 percent from pre- to post-lockdown, as well as the

technology and the telecom industry, which improved by 9 percent (combining rank 5 'total trust' and rank 4 on a 5-point scale, where 1 means 'no trust at all'). Industries that show a lack of trust post-lockdown are advertising, wealth management, banking and government.

The digital boost created by the pandemic raised the importance of transferring brand values into the digital experience, especially as expectations for web presence have been rising steadily. Additionally, Austrians find new digital technologies such as web chats or voice response systems increasingly important. In contrast, Austrian expectations for customer service remained the same before and after lockdowns: the importance of resolving issues, frictionless purchasing, meeting expectations, maintaining the integrity of the company and being highly empathetic is still as high as ever.

## Capturing attention in the long run

After months of stay-at-home measures and social distancing, reanimating the physical brand experience for customers will be essential for the future. As a country that usually does not adapt quickly to digital technologies and trends, it will be interesting to see how much digital will play a role in consumer life in Austria post-COVID-19.

It will certainly be crucial to understand where in the customer journey virtual or physical interactions, or a combination of both will serve customers' needs best. This is highlighted, for example, by the increase in households that have three mobile phones or more – rising from 18 percent to 28 percent during the lockdown. Many people are also giving mobile devices to children at the age of 10-14 (28 percent out of 459 answers).

This all points towards the arrival of digital in Austria at long last.







# Brazil

Be present, get personal

## As e-commerce transactions grew exponentially in recent months in Brazil, so have consumers' concern about data security

COVID-19 meant companies and consumers around the world could only continue to do business with a quick adoption of technology and a massive move to digital. Data from this year's study shows 81 percent of respondents are now buying more online, while 58 percent are using different technologies than they were previously used to. These changes in behavior have now become engrained as new habits for the Brazilian customer that has emerged, which we predict are likely to continue long after the pandemic.

### Going one step further

During lockdown, changes and advances in digital channels worked well across several segments, by providing consumers with the necessities they needed – from shopping in supermarkets to the use of apps for ready meal delivery. However, in Brazil, digital commerce went even further to refine the customer experience during COVID-19.

Companies created new interaction tools, from virtual fitting rooms to online forums that encouraged customers to share information about their experience, that in turn provided reassurance and confidence to others. There was also a revitalization of loyalty and relationship programs with the expansion of their functionalities, including the arrival of several cashback programs, all to gain consumer attention and maximize loyalty.

Those businesses with a well-established digital presence were also quick to optimize the architecture of their sales channels, by adding resources and integrating everything into a robust service package. This included the fluid and comprehensive digital marketing of social networks during lockdown to help Brazilian consumers remain connected. Organizations quickly understood what the study has since confirmed: around 80 percent of respondents place substantial value on the quality of the digital experience they have with companies.

## A world of possibilities

Across Brazil we have seen a new group of consumers emerging from COVID-19, some of whom had previously resisted e-commerce – or at least believed that certain items were not suitable to a digital sales model. For example, purchases of fitness equipment, larger furniture or appliances that depended on a salesperson's technical explanation pre-COVID-19, were made more easily accessible via digital channels. The study shows visits to brick and mortar retail fell by 70 percent with 56 percent of people buying more from traditional retailers' e-commerce sites and 53 percent accessing online platforms or marketplaces. This is unlikely to change after the pandemic with more than 94 percent intending to continue these behaviors.

Technology also increased its scope beyond e-commerce. The digital world, the new center of social interaction during the pandemic, also became a source of emergency aid. For example, medical consultations can now be carried out by video call – a move supported by the federal government when it enacted a law in April 2020, authorizing the use of telemedicine during the pandemic.

“Going forward, businesses must focus on the customer experience and rely on digital technology. They should use the data and knowledge they have about their consumers to design and offer relevant and customized online experiences, delivered through a well-established and secure digital chain.”

### Augusto Puliti

Lead partner of Customer Experience  
KPMG in Brazil

### Fernando Gamboa

Lead partner of Consumer and Retail  
KPMG in Brazil and South America

This meant patients in high-risk groups could access consultations and receive prescriptions without leaving home, reducing their risk of exposure.

80%

of respondents place substantial value on the quality of the digital experience they have with companies.

31%

had updated their social media privacy settings before COVID-19, rising to 38 percent afterwards.

94%

of consumers who changed their purchasing behavior during COVID-19 intend to continue using e-commerce sites, online platforms or marketplaces going forwards.

53%

of consumers consider respecting the rules of the General Data Protection Law (LGPD, enacted in 2018) as a priority in online relationships.

## Staying safe

Brazilians are now more confident in the efficiency and credibility of online commerce. In terms of non-food retail, 57 percent of those surveyed said they will continue to be digital consumers after restrictions ease, with 39 percent seeing online shopping as faster and offering more variety. That said, confidence in the security of digital operations remains an issue that deserves attention. Customers want to have a safe shopping experience, both physically and digitally, where companies respect the rules of the General Data Protection Law (LGPD, enacted in 2018). Before COVID-19, 49 percent of consumers considered this issue a priority in online relationships. During the pandemic, this rose to 53 percent.

Avoiding online viruses has become a priority for Brazilian consumers. The issue of security is so fundamental that the number of people who refuse to provide personal data, even in exchange for some benefit, has increased. These people, according to the research, accounted for 9 percent of respondents before the pandemic, then rose to 13 percent. Moreover, expanding the use of digital channels also meant more care needing to be taken to protect consumer data. Before COVID-19, 31 percent had updated their social media privacy settings, since then this percentage has risen to 38 percent.

For businesses, being present and making themselves relevant on digital channels will be increasingly important. However, this digital presence should be based on three priorities: security, trust and a fully positive customer experience, which includes a logistical operation and technology structure to support it.

Going forward, businesses must focus on the customer experience and rely on digital technology. They should use the data and knowledge they have about their consumers to design and offer relevant and customized online experiences, delivered through a well-established and secure digital chain.







# Canada

A crossroads of opportunity



## Canadians throw some caution to the wind, but brands must continue to build trust to succeed

2020 was a game-changing year for Canadians, as it was for consumers across the globe. And while the pandemic has inevitably shifted Canadian customers' habits, priorities, and expectations, a closer look at this year's research reveals some familiar traits are holding strong.

COVID-19 has increased Canadians' tendency to play it safe. People are saving more than they were prior to the pandemic. In fact, while a majority of consumers say their household finances have not changed much as a result of the pandemic, a significant amount (44 percent) are spending less on non-essential items or pressing pause on otherwise unnecessary purchases altogether (20 percent)<sup>5</sup>.

Depending on the path the pandemic takes from here, these spending trends may be a pre-cursor to a spending peak post-vaccine. The contrarian view is that Canadians could learn to live with less and the trend would hold.

Across the board, physical and economic security are at the top of Canadians' minds. 82 percent of respondents said their pandemic consumption habits are driven by a focus on personal and family health and wellbeing. While this is unlikely to remain at the same level beyond the pandemic, the health-conscious attitudes of today are informing Canadians' decisions to shop in-store with companies that demonstrate their safety concerns are being taken seriously.

Canadians are also catching up with other countries on online shopping. Historically, the country has lagged behind on this front. However, it appears COVID-19 has enabled digital commerce to cross a chasm, with 66 percent of consumers indicating they've increased shopping online.

## Warming up to tech

Canadians remain slower to open their wallets and adopt to new technologies when compared to Asia, where mobile devices are used far more frequently to manage virtually every aspect of life.

Only 20 percent of Canadians are interested in being the first to buy new tech, while 13 percent would rather wait until current devices have evolved beyond their third or fourth iteration.

However, technology is still key. Smartphones are a staple for most Canadians, and appetite for cashless and mobile payments is growing. Canadians of all ages have upped their usage of mobile-enabled services throughout COVID-19, revealing a willingness to increase their digital appetites.

Canadians are creatures of habit. The more that brands and public sector organizations can do now to accelerate digital adoption through more functional, secure, and user-friendly technologies, the faster Canadians will follow. The more who follow, the more systemic the digital adoption will become.

Our research shows Canada's Baby Boomers are embracing digital technologies more than ever before, suggesting new brands may have the opportunity to attract them. Canadians aged 55 and above have demonstrated a material lift in their use of the internet for shopping and paying. Considering individuals in this cohort are also likely to be empty nesters with lessening debt and long lifespans ahead of them, businesses would do well to cater to their needs.

## A fair trade for data

Canadians' cautious approach to using technology is a recurring finding. Usually, this reluctance is rooted in concerns for data privacy and security.

Ask Canadians to share their data in exchange for using an app or online service, and more than a quarter will still refuse. The rest will only agree to that trade for guarantees of better security (22 percent), financial incentives (16 percent), better value/prices (12 percent), or a more favorable customer experience (11 percent).

Canadians rank data protection as the most important expectation they have for companies, followed by easy transactions, personalization, and an expectation that organizations will value their time.

There's no disputing the value of consumer data in today's economy. Fortunately for companies, Canadians have shown a willingness to share personal information, but only if the terms of its use are stated clearly and they receive real value for its exchange. These demands may be less prevalent among Generation Z and Millennials, but are important to keep in mind across the board. Be clear on your value exchange and Canadians will come to you.

66%

of consumers indicated they've increased shopping online.

20%

of Canadians are interested in being the first to buy new tech, while; 13% would rather wait until current devices have evolved beyond their third or fourth iteration.

<sup>5</sup> KPMG International Research: Consumers and the new reality, Wave #5, August 2020

### Building trust continues to be key

Trust continues to be a key influencer for Canadians, in relation to both their public and private-sector interactions. This is holding true throughout the pandemic, with Canadians exhibiting high degrees of trust for healthcare, banking, power and utilities, and technology – industries that have played a visible role in their day-to-day safety and wellbeing.

Other sectors have ground to gain when it comes to Canadians' trust. Deserving or not, trust levels are lower in the telecom, wealth management, automotive, and advertising sectors. Herein lies an opportunity for businesses to better understand their customers, define their reservations, and win their loyalty through transparent and meaningful marketing and actions.

### Organizations can win on customer experience

No pandemic or other major disruption will ever undo the basic principle that the best businesses win on customer experience – online or otherwise. More than ever, winning the attention and wallets of Canadians means addressing all the Six Pillars of Customer Experience Excellence – namely Integrity, meeting Expectations, respecting their Time and Effort, Personalization of the experience, showing Empathy to their needs and preferences, and ensuring positive Resolutions.

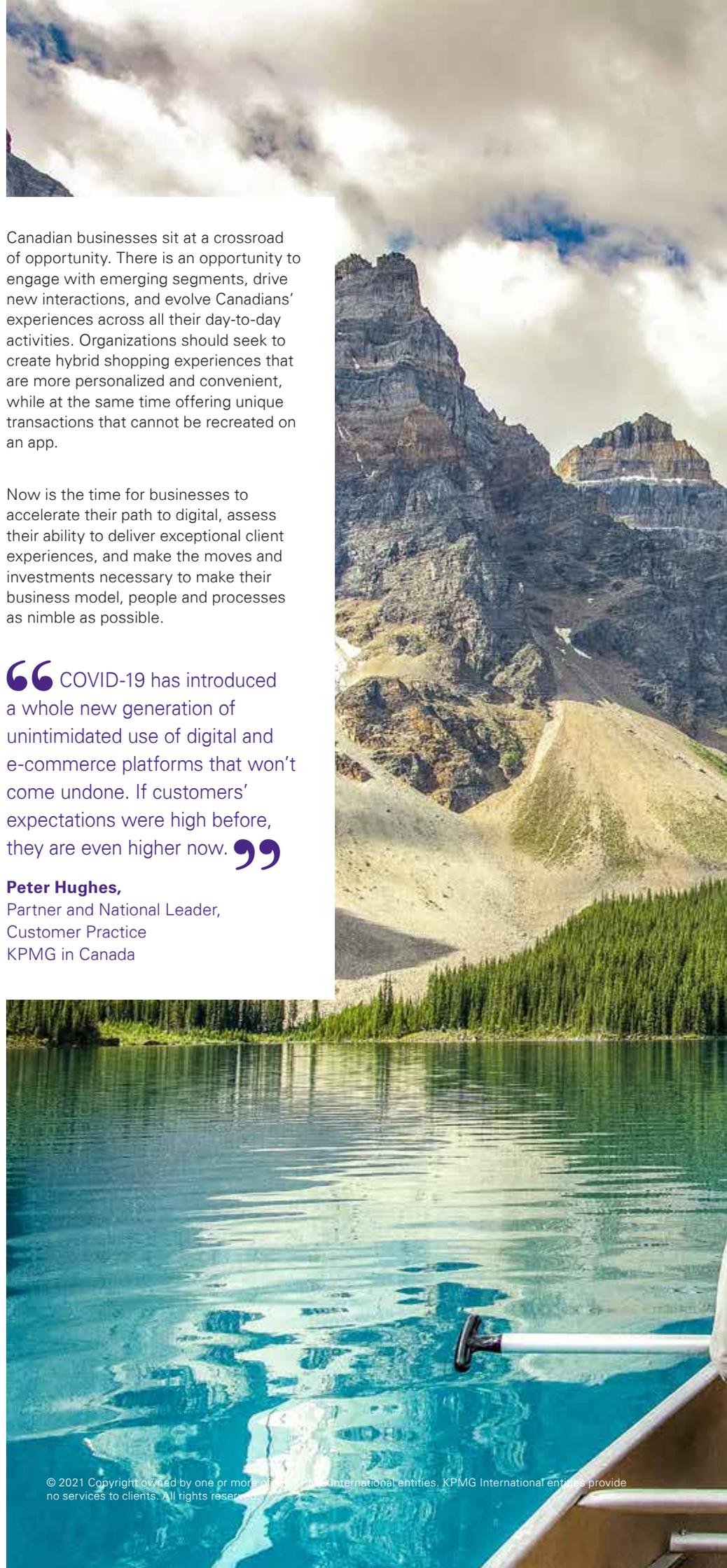
When Canadians were asked about what they value most from a client experience, respondents listed Resolution and Integrity as their first and second-most priorities, respectively. This represents a slight shift from previous years where Empathy has typically taken the top spot. But rather than indicating empathy is not important, this year's feedback shows COVID-19 has placed a significant importance on resolving issues in a crisis.

Canadian businesses sit at a crossroad of opportunity. There is an opportunity to engage with emerging segments, drive new interactions, and evolve Canadians' experiences across all their day-to-day activities. Organizations should seek to create hybrid shopping experiences that are more personalized and convenient, while at the same time offering unique transactions that cannot be recreated on an app.

Now is the time for businesses to accelerate their path to digital, assess their ability to deliver exceptional client experiences, and make the moves and investments necessary to make their business model, people and processes as nimble as possible.

“COVID-19 has introduced a whole new generation of unintimidated use of digital and e-commerce platforms that won't come undone. If customers' expectations were high before, they are even higher now.”

**Peter Hughes,**  
Partner and National Leader,  
Customer Practice  
KPMG in Canada







# Greece

A shift in consumer preferences



## As Greek consumers move online, they expect seamless customer journeys from companies that care

The COVID-19 pandemic has significantly affected the needs, expectations and behavior of Greek consumers. They now expect more than ever from the businesses they interact with. Personalized services, simplicity and effortless experiences are at the top of their list, prioritizing convenience over brand loyalty and price.

### Digital adoption

The COVID-19 lockdowns, with their restrictions on transportation and social freedom, have accelerated the move to digital. With people forced to stay at home, there has naturally been a notable shift towards online shopping and shift away from visiting brick-and-mortar stores (62 percent decrease). This isn't just the case for younger generations either. There has been a 65 percent increase in online shopping by the Silent Generation (those over 75) compared to pre- COVID-19.

Even though online shopping dominates, consumers still value personalization and human interaction. Almost 80 percent of respondents said they look forward to getting recommendations about what they should do next (as part of their customer journey), with 8 percent even finding it 'frustrating' when a personalized experience is not available. On the other hand, companies must be careful on how they design and offer recommendations, as almost 30 percent of consumers said they find it 'creepy' if the company knows exactly what they want before they even know it themselves.

### Data privacy

The survey findings show the importance Greek consumers place on data protection and control over their data, with more than 80 percent of respondents ranking it as a top priority.

Consumers have also grown more concerned and aware of their behavior on social media. Almost 33 percent of respondents updated their social media privacy settings, while 26 percent created stronger social media passwords and 13 percent cut down on their social media use in the last year.

People's awareness of their personal data and privacy is gradually increasing, as they realize their social media presence can constitute a threat to their privacy.

### The human touch

Consumers clearly appreciate new technology and the convenience it brings. Respondents said they find voice interaction (44 percent), Augmented Reality (37 percent) and Artificial Intelligence (37 percent) very useful. At the same time, human interaction continues to be the dominant element in their journeys. Only 29 percent consider chatbots useful, versus 71 percent who think the use of humans in web chats is very important.

More people are using smartphones than ever before – and not just among the younger population. We have seen an increase in the use of smartphones in the over-75s (more than 200 percent) and of course among children, who are using technology in distance learning and have had more spare time available during the lockdown period.

### Changing spending and payment habits

Like the rest of the world, Greece has also seen a drastic shift in payment preferences during the lockdown period. Cash remains the preferred payment method, but with a 33 percent decrease in transactions. The need to access goods and services online has resulted in a 53 percent increase in money transfers, more than 43 percent increase in credit payments, and a 28 percent growth in direct debit payments.

Another significant change in purchasing habits concerns consumers' financial priorities. Even though only 34 percent of respondents prioritized future over current spending, the majority reported that they have been saving more money during the first lockdown compared to the pre-COVID-19 period.

33%

consider chatbots useful, versus;

71%

who think the use of humans in web chats is very important.

65%

increase in online shopping by the Silent Generation (those over 75) compared to pre-COVID-19.

80%

of consumers look forward to getting recommendations about what they should do next.

### Experience is everything

Loyalty to brands is under dispute. Consumers' criteria have changed and are based more on availability (24/7), pricing and alternative options.

People are looking for the best experience they can get, while the actual product or service only partially affects the choice of a brand or store. More than 70 percent of consumers tried new products during this period, with a focus on products and services that promoted health and wellbeing, such as books, puzzles or gym equipment.

Customer satisfaction is linked with good customer service and customer experience. Almost 85 percent of the responses rated a frictionless and painless purchasing and delivery process as very important for their experience. This is unsurprising given the problems customers experienced during the lockdown period, with many companies not adequately prepared to support the massive increase in home deliveries.

“Brands now, more than ever have the opportunity to help their consumers embrace the future. Their focus should be to move to digital, adopt and promote new technology and cultivate innovation to deliver upon rising Greek consumer expectations and demand for new innovative experiences.”

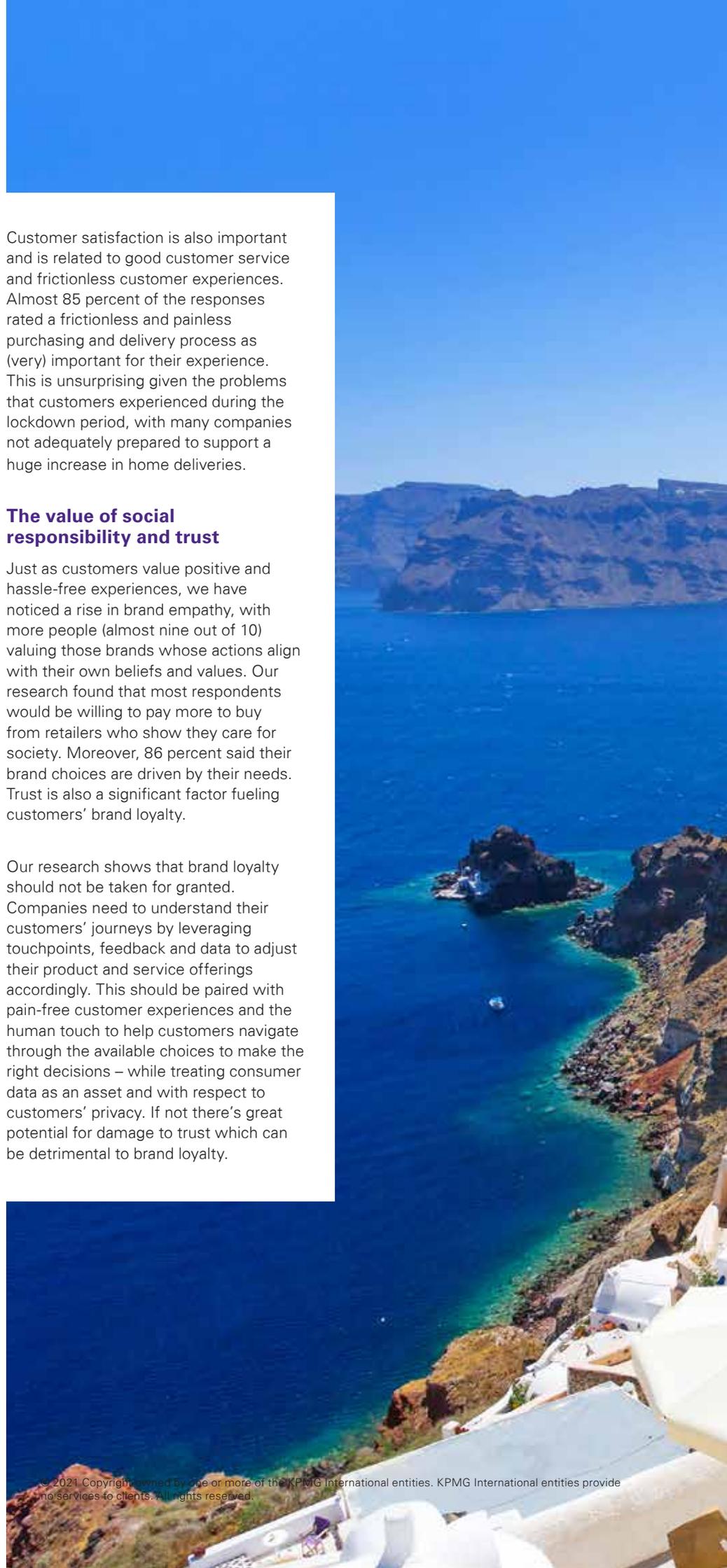
**Anastasios Pantos,**  
Director, Customer Advisory  
KPMG in Greece

Customer satisfaction is also important and is related to good customer service and frictionless customer experiences. Almost 85 percent of the responses rated a frictionless and painless purchasing and delivery process as (very) important for their experience. This is unsurprising given the problems that customers experienced during the lockdown period, with many companies not adequately prepared to support a huge increase in home deliveries.

### The value of social responsibility and trust

Just as customers value positive and hassle-free experiences, we have noticed a rise in brand empathy, with more people (almost nine out of 10) valuing those brands whose actions align with their own beliefs and values. Our research found that most respondents would be willing to pay more to buy from retailers who show they care for society. Moreover, 86 percent said their brand choices are driven by their needs. Trust is also a significant factor fueling customers' brand loyalty.

Our research shows that brand loyalty should not be taken for granted. Companies need to understand their customers' journeys by leveraging touchpoints, feedback and data to adjust their product and service offerings accordingly. This should be paired with pain-free customer experiences and the human touch to help customers navigate through the available choices to make the right decisions – while treating consumer data as an asset and with respect to customers' privacy. If not there's great potential for damage to trust which can be detrimental to brand loyalty.







# India

Ethical aspirations and  
saving for the future

## Pandemic forces Indian consumers to step back from spending and expect more from brands

Since the beginning of the pandemic, the Indian consumer has become more focused on saving rather than spending on luxury items. At the same time, extended lockdowns have driven people online and hastened the need for widespread digitization.

COVID-19 has also created a greater consciousness of consumers' power in society, with more Indians seemingly aware of brands' ethical positionings. This is affecting their purchasing decisions more than in the past and is likely to be a growing trend as India moves into a 'new normal' following the pandemic.

## Financial priorities are changing

The unexpectedness, scale and severity of COVID-19 has led to increased anxiety about personal finances. Indians remain cautious in their spending habits, with a predisposition to save and invest over the next few months. This year's research shows younger people are more inclined to reduce discretionary spending with a drop in income, rather than alter planned savings and investments.

Overall, 85 percent of respondents are likely to stick to their savings plan even with a 10 percent fall in their income. 78 percent of Generation X (age 37 to 53) are more concerned about their future finances than their current savings, with 70 percent of Millennials (age 17-36) sharing the same mindset. 35 percent of Millennials (age 17-36) said they would cut down on their gaming and media activities to save money.

As a way to lower upfront costs, Generation Z (age 7-16) and Millennials (age 17-36) also appear more open to shifting from ownership to a share-rent model for certain purchases. Of the total respondents comfortable sharing or renting clothes and mobiles, 70 percent were from these two groups, followed by sharing or renting cars (60 percent).

## The trade-off between data, privacy and personalization

Personalization has become integral to the customer experience. With changing consumer preferences and evolving rules of business, the large variety of products and services offered by companies online no longer acts as a key differentiator. Ease in transaction, availability of products, data protection and personalization all form the basis of any shopper's expectations now.

Companies are becoming more efficient at leveraging available data on consumer preferences and buying patterns to create bespoke propositions. The technology behind this personalization is also getting more sophisticated, with complex algorithms leveraging large amounts of information to recommend the next movie, beauty product or news article with increasing precision and relevance.

However, this customization comes at a cost. To build a holistic profile of the Indian consumer, companies need a continuously updated stream of data on user behavior, and the challenge arises when either consent for the collection and use of such information is ignored – or worse – not explicitly sought.

While our research shows 81 percent of all respondents expect personalized customer service, with 88 percent of Generation X (Age 37-53) forming the majority age group. Younger generations are more willing to trade privacy and personal data in exchange for a higher level of service and greater personalization. Older generations seek more data security and are reluctant to share data that easily.

33 percent of all respondents said they are comfortable sharing data with companies in lieu of better customer experience and personalization, although 24 percent of the respondents – largely Baby Boomers (age 54 -74) – were less comfortable with sharing their personal data and did not see tangible benefits from this exchange. Almost the same number think data security needs to be explicitly clarified by the brand before any

kind of exchange, with around 10 percent of the respondents showcasing complete denial towards sharing data at any cost.

“The consumer sentiments have been changing manifold over the past few months in the current scenario. Going forward, organizations need to evaluate and invest in studying consumer profiles, keeping in mind the larger picture. We are hopeful that this report will introduce business leaders to such consumer behavior changes and help them traverse their decisions meaningfully.”

### Harsha Razdan

Partner and Head, Consumer Markets and Internet Business  
KPMG in India

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of consumers are reporting more interest in augmented or virtual reality, cognitive interactive robots in-store and chat bots.

### Digital acceleration expedites across all generations

By default, rather than by design, India's Baby Boomers (age 54 -74) and The Silent Generation (age 75 and above) have had to adopt a digital-first lifestyle. Following the first extended lockdown, Indians across all ages have adapted and become confident with video calling, internet banking, online grocery shopping and streaming platforms. This was not a purely urban phenomenon, as an increase in digital sophistication in older people was observed in smaller towns across India as well.

This new routine has not only sprouted a shift in the technological expectations of consumers, but also made them more digitally inclined and aware. More than 50 percent of respondents want to be the first ones to buy a new device when it comes out. Of this, 61 percent was formed by Millennials (Age 17-36).

50 percent rated ease of transactions as their most important expectation from a company, with 60 percent reporting more interest in augmented or virtual reality, cognitive interactive robots in-store and chat bots. A higher expectation for mobile phone app availability and smartphone store interactivity than last year was also revealed by 78 percent of respondents, hinting that retailers should include it as part of their basic offering. Compared to pre-COVID-19, there was a 25 percent increase in respondents in The Silent Generation from tier one (most highly populated) cities who said app availability was very important.

### A more conscious consumer emerges

COVID-19 has upended many long-held assumptions about human behavior and shifted, perhaps permanently, individual priorities.

The consumer in India may still be in the early stages of their evolution with respect to buying for their basic needs vs splurging on luxuries, but COVID-19 has certainly hastened their progress towards becoming more conscious of their role in the ecosystem.

90 percent of all respondents say the integrity of a company matters to them a lot when it comes to customer service. Almost 94 percent are willing to pay a premium to follow a conscious approach. 64 percent of respondents categorized social causes as 'important that featured in their mind, and 84 percent prefer buying from brands whose actions align with their core beliefs and values.

Consumers are more aware and prioritize a brand's ethical orientation in making their purchase decisions. Although it is not entirely clear if there is a widespread, nuanced understanding of what these practices might include.

For example, a company with a large Corporate Social Responsibility budget could be less diverse and inclusive in its product portfolio. A fashion retailer focused on sustainability could have less than desirable labor practices.

As this market is still relatively niche, the absence of economies of scale often leads to ethical brands being priced at a premium, which then becomes a self-fulfilling, limiting cycle. However, the trend towards conscious living is only set to become further entrenched in India. The onus is therefore on established brands to incentivize consumers by adopting and deepening their engagement with ethical causes.

“The typical Indian consumer has gone past the traditional definition of being price conscious. Today consumers are considering intangible assets such as brand's goodwill, equity, ethics and purpose more while making their purchase decision. The rewards for firms who are able to comprehend, acknowledge and act on this mind shift are substantial.”

#### Abhijeet Ranade

Partner Markets and People Business Consulting, KPMG in India







# Ireland

Going back to basics

### Post-lockdown consumers still value good customer service above all else

With the youngest population in the European Union<sup>1</sup>, and as an operational base for 16 of the top 20 global technology firms, Ireland's average consumer is digitally aware and willing to embrace new technologies.

### Digital with a human touch

Ireland took a hard and fast approach to tackling COVID-19. The first Irish lockdown was the longest in Europe with bars, restaurants and non-essential shops closed for 120 days. While there was a temporary reprieve over the summer, a second national lockdown was imposed for six weeks in October. On both occasions, businesses and consumers adapted quickly.

Unsurprisingly, 68 percent of respondents to our research said they do more online shopping now than they did before the pandemic. While businesses with well-established and user-friendly digital channels had a clear advantage in 2020, investment in digital channels has undoubtedly accelerated across the board. 99 percent of consumers indicated that having a good website is important. Interestingly, they said having a human webchat was more important (95 percent) than having a mobile app (at 84 percent), with fewer than 21 percent of consumers stating that a mobile app was very important to them. Chatbots were viewed as an unimportant feature by 46 percent of consumers, on a par with virtual reality and artificial intelligence (47 percent).

Our research highlights the importance of getting the basics right. Irish consumers are happy to digitally self-serve but expect to be able to access human support when needed, especially now, when they are feeling more vulnerable. They are clearly not yet fully won over by more advanced digital features – if organizations are to invest in these areas, they should ensure that a high-quality customer experience is central to the design.

### Protect me and my wallet

Our research shows that Irish consumers are concerned for their personal data and how organizations use it. 92 percent of consumers want companies to protect their data without ever having to ask, and 93 percent would never want their data sold to others. While customers want their data used to reduce friction around their purchases and deliveries, organizations must strike the right balance. Our research shows 40 percent of consumers consider it 'creepy' if companies know what they want before they know it themselves.

Data protection isn't the only safety concern for the Irish consumer. The intrinsic link between the pandemic and worries over personal wellbeing is evident, with 88 percent of consumers stating that they are more focused on this than they were before. These growing concerns are also influencing expectations around customer service, with 99 percent of consumers considering it important for companies to keep them and others safe – topping all other service expectations. As businesses re-open their doors, they should ensure all appropriate measures are in place to demonstrate that customer safety is on top of their agenda.

While the pandemic has influenced some people's financial priorities, personal wealth was one of Irish consumers' lowest ranked concerns. Future finances are prioritized over current finances for 49 percent of consumers, compared to 42 percent pre-pandemic, and 51 percent indicated they have begun saving more as a result of the lockdown. When asked what items they would cut spending on should their income decrease by 10 percent, consumers said that clothing (46 percent) and leisure activity (44 percent) expenses would take the greatest hit. This is likely to become a reality for more people when pandemic-related income supports end (currently planned for April 2021).

93%

of respondents said that a company's ability to resolve issues was important to them.

68%

of respondents to our research said they do more online shopping now than they did before the pandemic.

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of consumers consider it 'creepy' if companies know what they want before they know it themselves.

<sup>1</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php/Being\\_young\\_in\\_Europe\\_today\\_-\\_demographic\\_trends](https://ec.europa.eu/eurostat/statistics-explained/index.php/Being_young_in_Europe_today_-_demographic_trends)

### Resolution above all else

It is evident from our research that the elements of customer service most valued by Irish consumers have remained unchanged since the arrival of the pandemic. 93 percent of respondents said that a company's ability to resolve issues was important to them, emphasising the necessity of ensuring customer service agents are equipped with the skills and tools to resolve customer issues effectively across all channels. 86 percent of consumers stated that the integrity of a company was important to them. These two factors were ranked highest in our research both before and after the onset of COVID-19.

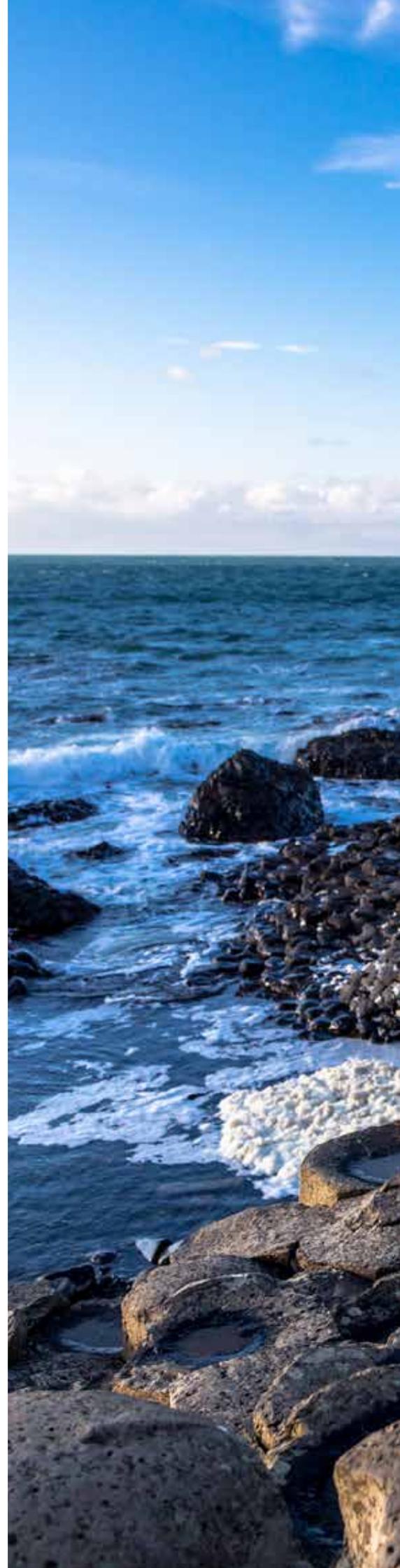
Irish consumers value integrity so highly that 91 percent of respondents said they are willing to pay more to an ethical retailer or brand that gives back to society, a figure that remained unchanged before and after the arrival of the pandemic. Irish consumers want to see that organizations care about more than just profit. Many Irish brands went above and beyond during lockdown by increasing their levels of community outreach and support, particularly for the vulnerable and frontline. Ireland's essential services also played their part, scaling up operations quickly to ensure people could continue to access the products and services they needed the most.

### Stay close – but not too close

As Irish consumers navigate their way through an uncertain economic climate, it is clear that what they value most from customer service interactions remains consistent. As the disruptive climate settles and a 'new normal' prevails, it will be more important than ever for organizations to stay close to their customers' ever-increasing expectations and be prepared to evolve accordingly. It is crucial they continue to offer their customers a frictionless, digital experience while preventing their service from becoming personalized to the point that the customer feels uncomfortable.

“ While 2020 has been a year of disruption and physical separation for many, it has also been a year of people, businesses and communities coming together. Organisations that proactively supported their customers and communities, are leaving 2020 in higher regard. The recent Support Local movement in the run up to Christmas, demonstrates that this care flows both ways. Going forward, the most successful organisations will be those that can maintain a greater level of connectedness, while continuing to meet the needs of the more digital savvy consumer. ”

**Owen Lewis**  
Lead Partner,  
Management Consulting  
KPMG in Ireland







# Japan

Accelerate now for digital success



### Japan is ready for more digitization, but businesses must focus on customer experience or get left behind

In Japan, the impact of COVID-19 has changed consumer behavior dramatically across many areas. This is especially true when it comes to those industries that are most trusted, the perception of risk in sharing personal data, and expectations around customer and digital experience. With 67 percent of consumers worried about COVID-19, to 'a great extent' or 'quite a bit', priorities and expectations have made a sudden shift.

### Consumer trust – back to basics

Looking across 12 different industries surveyed, both before and after COVID-19, Japanese consumers placed their highest trust in health institutions, with 59 percent ranking their level of trust here at 4 or 5 out of 5.

Prior to COVID-19 consumers placed their trust in service companies, especially banking, with 49 percent ranking their trust as 4 or 5. Technology companies were next, with 45 percent trust. However, since the onset of the pandemic, we have seen trust shift to auto companies (47 percent) and retail (48 percent). When faced with uncertain times, it's clear that Japanese consumers have gravitated away from services and towards physical or tangible items, seeking the safety of those companies that can meet their basic needs.

The increase in trust for automotive from 37 percent to 47 percent also highlights the decline in the use of public transport and a corresponding rise in the demand for private car usage. The increase in trust in the retail sector from 36 percent to 48 percent no doubt reflects more time spent at home and therefore more regular supermarket visits. But it also acknowledges the impressive response of food retailers to the COVID-19 pandemic, as they succeeded in keeping essential items in stock consistently.

We also saw a shift from services to goods when respondents were asked whether they preferred to own versus renting or sharing. The number one preferred item to own pre-COVID-19 was a mobile phone (93 percent), followed by clothes (89 percent), TV (86 percent), house (67 percent) and then a car (62 percent). However, after lockdown the preference for owning a car increased by 6 percent and for owning a house it rose by 7 percent, emphasizing the increased desire for a sense of security and safety.

### Risk versus reward is key to privacy and data sharing

The Japanese consumer sees more risk to sharing their data than any potential benefits from doing so. Firstly, the majority of Japanese consumers expect companies to protect their data. 76 percent of consumers ranked this first or second when asked to rank different approaches to personal data. Additionally, 65 percent of consumers prefer companies not to know anything about them in the first place.

When consumers were asked how they felt about the different benefits of sharing their data, 49 percent said they expect companies not to sell their data, 24 percent said they would not trade their data for anything. When they did choose to share their data, the highest ranked benefit to trade it for was better security (also 24 percent). However, it is also interesting to note that 18 percent said they would be willing to trade it for better products and services.

After the onset of COVID-19, the use of cash dropped significantly due to infection fears, accelerating the use of credit cards and 'tap and go' systems, which once again brought into question the use of personal data and privacy concerns that using cards can bring. Before the pandemic, 80 percent of respondents chose cash as one of their first three payment methods of choice, compared to 38 percent after its onset.

The decrease in cash and accelerated adoption of card-based systems presents opportunities for consumers to benefit from the sharing of data, as they discover the convenience, personalization and other benefits of using cards. However, this will depend on how quickly companies are able to accelerate their digital transformation, and improve their customer experience and journey.

80%

of respondents chose cash as one of their first three payment methods of choice before the pandemic, compared to;

38%

of respondents chose cash as one of their first three payment methods of choice after the pandemic.

76%

percent of consumers expect companies to protect their personal data.

### Better customer experience through better digital experience

After the onset of COVID-19, consumers in Japan consider 'Keeping me and other customers safe' to be the most important element of customer experience, with 84 percent selecting this as 'Very important' or 'Important'. Resolving issues is the second most important element at 82 percent, and the third most is frictionless purchasing (78 percent).

The Japanese consumer perceives a company's website to be its most important digital channel, with 66 percent choosing this as 'Very Important' or 'Important'. This is ahead of app availability (55 percent) and use of mobile phone in store (48 percent).

These results reinforce the notion that company websites are underdeveloped as a channel for customers to resolve issues. With 61 percent of consumers planning to shop more online since the onset of COVID-19, the Japanese will be gravitating towards those brands that create the best frictionless online experiences and can support issue resolution online swiftly.

Globally, Japan is renowned for a high level of face-to-face customer service – from clerks welcoming each person into a store, to a 'customer first' philosophy in issue resolution. From this year's research, we can see Japanese customers are seeking that same level of experience in the digital realm. Starting with the most common digital channels such as the company website, consumers expect a frictionless online customer journey, from purchasing to returns – but especially in issue resolution.

In the current uncertain environment, Japanese consumers are seeking the safety and security that comes from owning tangible items, such as their house or car. It is these sectors that face significant upheaval due to COVID-19, but they are also the sectors that need to accelerate their digital customer experience to avoid being left behind. With consumers spending more time at home and online, businesses must take this opportunity to accelerate digital transformation if they want to maintain brand loyalty.

“The most significant highlight of the 2020 Me, My Life, My Wallet results in Japan is how COVID-19 changed consumer behavior all at once. Without COVID-19, it would have taken at least five to ten years for values and attitudes to gradually change and for consumer behavior to follow. However with the impact of COVID-19, the behavior of many consumers has changed drastically in only a span of six months.

Specifically, consumers are placing more importance on safety and security than anything else, making more purchases in the digital space and using cashless transactions.

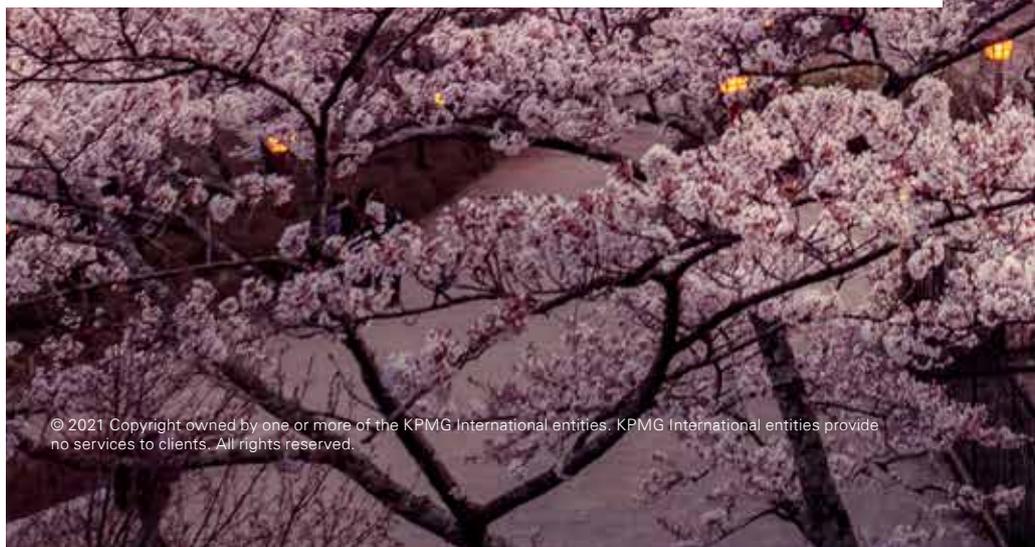
The implications for Japanese companies is that they will no longer be chosen by consumers if they do not immediately move forward with digital transformation, having generally focused on offline activities up till now.

However, it is important to note that the market is characterized by the fact that 'Japanese consumers place a high value on the security of their personal information and are somewhat reluctant to share it with companies,' and that 'there are many consumers who do not want customization based on their personal preferences'.

Therefore, it is important to keep in mind that customization based on the characteristics of Japanese consumers, rather than simply adopting global best practices, will have a significant impact on corporate performance going forward.”

#### Toru Furuya

Partner, Global Strategy Group,  
KPMG Consulting Japan  
KPMG in Japan







# Luxembourg

Looking for a personal touch

### Personalization is valued more than ever in Luxembourg, where an emotional connection goes a long way in a crisis

While small, Luxembourg's consumers are incredibly diverse. With almost half its population made up of foreign residents from 170 different nationalities, Luxembourg is a truly cosmopolitan country. Known for its well-established tradition of welcoming expats from all over the world, the Grand Duchy is especially celebrated for its excellent quality of life and career opportunities, being one of the globe's biggest financial centers and a hub for European and international organizations and businesses.

While this melting pot of cultures and languages makes Luxembourg a welcoming environment for expats, brands can find reaching the sheer variety of customers living, working and consuming there a challenge. To pull off the right customer experience in this unique setting, they must discern and cater to the different needs of Luxembourg's intercultural audience.

“Brands in Luxembourg are always trying to put themselves in their customers' shoes and adjust their service offering to satisfy clients in this multicultural environment. Ever since the advent of COVID-19, the ability of brands to demonstrate empathy and go the extra mile to adapt to their customers' unique circumstances has become more important than ever to meet consumers' expectations.”

#### Jean-Pascal Nepper

Partner,  
Head of Banking and Insurance  
KPMG in Luxembourg

### Shifting priorities

Like the rest of the world, the pandemic has completely disrupted the life that Luxembourg consumers once knew. The key factors driving current consumer behavior are increased uncertainty and insecurity about the future and the psychological effects of the crisis and lockdown, with priorities shifting to health, wellbeing and safety.

Before the first lockdown, customers' top three concerns were their children's success, personal health, and climate change. But after the lockdown, concerns about the pandemic and personal health took second and third place after children's success, with employment and personal relationship concerns also picking up steam.

In response, brands in Luxembourg were quick to rethink the way they operate in order to put in place measures to safeguard the health and wellbeing of their customers and employees. Supermarkets and restaurants adopted new measures aimed not only at keeping clients and staff safe, but also at minimizing the time and effort required to acquire essential items.

As retailers and restaurants were extending their home delivery services, new food delivery platforms emerged both to list open restaurants in the area and to offer contactless drop-off services to avoid close contact. The health services in Luxembourg have also been quick to respond, launching eConsult, a medical teleconsultation platform which allows patients to have an online consultation with their doctor, dentist or midwife.

Financial priorities shifted. Before the first lockdown, consumers said they focused more on their current than future finances, but this reversed post-lockdown. 43 percent of consumers focused on saving rather than spending during the lockdown itself, and fewer respondents said they would reduce their saving and investing if their income were to decrease by 10 percent.

To reduce the wider economic impact of the COVID-19 outbreak on household finances, business performance and cashflow, Luxembourg firms and public services have taken this concern seriously, with many companies offering employees guarantees on jobs and salaries.

During near-daily press conferences, Luxembourg's government services kept — and are still keeping — the population up-to-date on prevailing social distancing policies, travel bans, mandated business closures and financial assistance measures.

89%

of consumers say they focused more on their health and well-being during the first lockdown.

43%

of consumers focused on saving rather than spending during the lockdown itself.

86%

of customers (pre-COVID-19, 43 percent afterwards) would be most likely to cut spending on leisure activities if they were hit by reduced income, and least likely to cut spending on electronics.

### Over-personalization is considered 'creepy'...

With so much of their lives put on hold this year, 64 percent of Luxembourg consumers spent more time shopping online, with many local retailers innovating rapidly to take their services digitally and offer new pick-up and delivery options. 'LETZSHOP', a digital platform allowing consumers to shop locally, also launched 'Corona.Letzshop.lu' – an initiative prioritizing the elderly and most vulnerable, offering a home delivery service for people unable to do their own shopping.

When interacting with brands online, Luxembourg consumers have become increasingly suspicious of over-personalized experiences and brand anticipation — 38 percent of respondents across all generations find it 'creepy' when a brand knows them too well and anticipates what they want before they know it themselves. Instead, customers want brands to offer a frictionless experience across all their devices.

### ...but a seamless and safe omnichannel experience is key

With the ability to resolve issues being respondents' most important aspect of customer service — followed by keeping customers safe during COVID-19 — our survey respondents want companies to reduce any friction around purchasing and delivery, and to offer help when needed. To achieve this frictionless and seamless experience, increasing numbers of Luxembourg consumers are even willing to share their personal data.

Generally, customers in Luxembourg are very concerned about the security and protection of their personal data. Of all their expectations for a brand, they feel the most frustrated when a company sells consumer data to others and fails to protect consumer information. Before the first lockdown, for respondents willing to share their personal data, better data security was the most acceptable trade-off.

However, post-lockdown, more respondents rated a better customer experience as the most acceptable and beneficial trade-off for their data. Therefore, COVID-19 seems to have made Luxembourg consumers more open to sharing, in case it provides them with more benefits in the current crisis.

### Adding a human touch

The massive digital adoption of Luxembourg consumers during the lockdown has driven companies to escalate their online presence. While brands will need to rethink their digital service offering and potentially integrate new channels and technologies to better serve online and offline customers, our survey shows adding a human touch to digital interactions has become increasingly important.

While a website is a brand's most expected digital feature, the second most important feature is a human web chat, with 63 percent of respondents finding this feature 'important' or 'very important'. Comparatively, only 32 percent of respondents believe having a robot web chat is important, and only 35 percent expect a company to offer augmented or virtual reality options (e.g. headsets in a store).

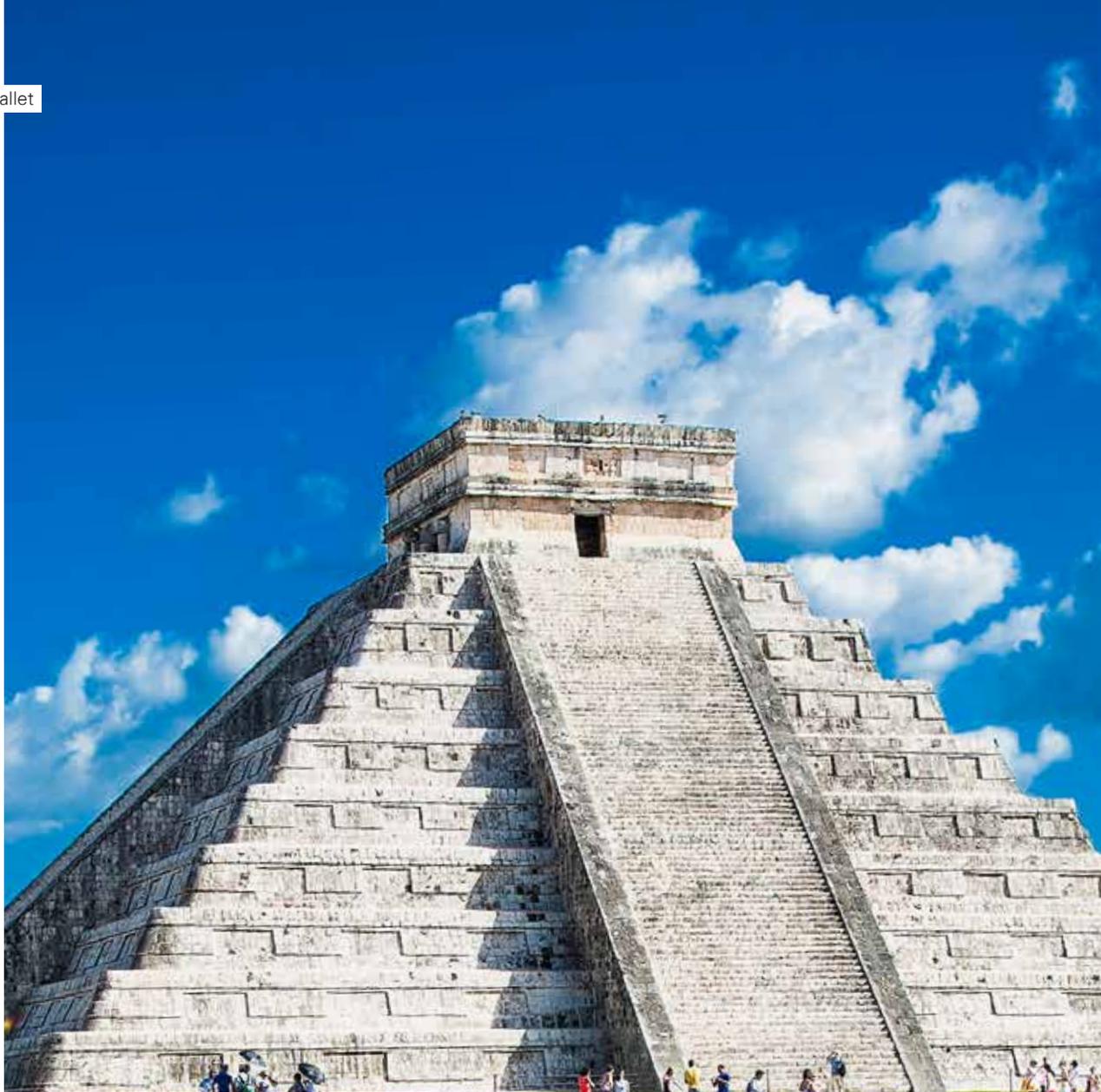
With self-isolation becoming the new reality for many customers, locally, many brands have found new ways to connect with their clients and offer a human touch. Luxembourg banks, for example, have extended their online banking offers and provided enhanced personal assistance to customers when managing their money from home. Some banks even offered cash home delivery services for vulnerable people who could not leave their homes.

Fitness centers have stayed connected to their customers by offering free workout videos and organizing live workout sessions, and museums have made parts of their exhibitions accessible online, allowing users to take 3D tours from the comfort of their homes.

The survey reveals that, in this fast-moving global crisis, Luxembourg consumers value companies that connect with their clients and demonstrate the correct emotional response more than ever. They appreciate frictionless service, yet still provided with a human, personal touch. This goes to show that brands that treat Luxembourg customers with empathy and care, and invest in customer relationships in times of crisis, are likely to gain more trust in the future and secure long-term customer loyalty when this difficult period is over.







# Mexico

Adapt to survive



## Pandemic forces a changing population in Mexico to embrace the digital world

When the COVID-19 pandemic hit Mexico, the economy was already under strain. Over the last three decades, the country has underperformed in terms of growth, inclusion and poverty reduction compared to similar countries. By the start of the year Mexico had started to attract more global interest and invest in new infrastructure, but the arrival of COVID-19 created an economic slowdown, influencing spending priorities for many consumers.

With half of Mexico's population self-employed and living in metropolitan areas, the pandemic hit personal finances hard. Our research found 83 percent of Mexicans were worried about the situation, with more than 70 percent expressing concerns about their employment status and being able to pay their bills. This led to 66 percent choosing to save rather than spend.

## Millennials – a force of change?

As the tenth most populated country in the world and with a rising Millennial demographic, Mexico could be characterized as a fairly 'young' country. It has a population with changing wants and needs, who are more socially and politically driven than ever before.

While education levels compared to the average OECD (Organization for Economic Co-operation and Development) country remain low (only 37 percent of adults graduated high school and 16 percent went on to university), the population now has far greater access to technology than ever before. Millennials are keen to use these advances to address the issues of the past, exerting their influence to drive change and progression.

However, they are also prone to a 'live for today' mentality. They are more inclined, when compared to older generations,

to be swayed by the latest technology. 44 percent of Millennials are more likely to buy a new device when it first comes out, compared to 23 percent of older generations across Generation X, Baby Boomers and the Silent Generation. As well as their desire for tech, they also want to own property or a car. This is contributing to the emerging Mexican middle class.

## New changes in behavior

While product quality, price and practicality (speed and convenience) are still important, personal safety and customer service have become more of a priority for consumers. Following the impact of COVID-19, 94 percent of consumers said 'keeping them and other customers safe' was very important when making a purchasing decision. Social and ethical concerns also increased, with 58 percent of Mexicans prioritizing more sustainable products or services.

Across Mexico, traditional retail outlets such as shopping centers and supermarkets were severely affected by the pandemic, with many businesses failing to survive the lockdown period.

However, other retailers were quick to implement new strategies to keep customers and staff safe. They also repositioned their offer to provide e-commerce platforms and collection and drop-off channels, to respond to customer needs during the pandemic.

Before lockdowns began, Mexico was already one of the most e-commerce-oriented countries in Latin America, with 85 percent of people buying at least one product or service on the internet in the previous year. However, the pandemic has boosted online shopping habits, with 80 percent of Mexicans confirming they buy more than they used to via these channels, and 68 percent buying less from physical stores than before COVID-19.

85%

of consumers still want to have human interactions with brands. They appreciate timely and remote service, but still value that personal touch.

70%

of consumers expect companies to protect their data and use it to spot fraudulent actions.

41%

of consumers want organizations to predict what they want before they know it themselves.

58%

of consumers said they had increased the use of new technologies like mobile apps or voice activated devices to interact with brands.

### Digital here to stay

After lockdown, 58 percent of Mexican consumers said they had increased the use of new technologies like mobile apps or voice activated devices to interact with brands. This shift in digital preferences was seen across all demographics. Our survey revealed 89 percent of children aged 7-16 years have a mobile device, with more than 60 percent using their electronic devices for more than three hours per day.

Digital has also impacted the payment habits of Mexican consumers. Mexico had previously been a very cash-oriented economy, that had struggled for decades to migrate payments to digital platforms. However, with safety precautions becoming a high priority, COVID-19 accelerated this behavior dramatically. The use of cash declined from 79 percent to 58 percent while other payments, such as money transfers and internet banking, increased by 10 percent and 5 percent, respectively. These shifts suggest COVID-19 has created a new confidence with online payments, so long as organizations provide the necessary security around them.

### Positive about personalization

Mexicans are starting to see the benefits of sharing data in exchange for gaining personalized interactions, such as recommendations, offers or improved deliveries. While this growing familiarity with digital and online interactions has resulted in greater efficiency for both companies and consumers alike, it has also set new challenges in terms of security.

On the one hand, Mexico scored the highest out of all countries surveyed for consumers wanting organizations to know them and to personalize all interactions with them. Most (43 percent) thought it was 'cool' compared to 'creepy' (11 percent), and 41 percent wanted organizations to predict what they want before they know it themselves.

On the other hand, internet attacks have grown exponentially during lockdown and consumers are more worried about data protection, as shown by an increase of 6 percent in people updating privacy and password settings. This concern has created a previously nonexistent essential requirement for companies, as 70 percent of consumers expect them to protect their data and use it to spot fraudulent actions.

### Balancing humanity and efficiency

This year's research reveals that even in this crisis, with great uncertainty about the future, 85 percent of Mexican consumers still want to have human interactions with brands. They appreciate timely and remote service, but still value that personal touch. While driving a more digital future has its advantages, integrity and empathy are still very much valued and companies will need to get the balance right if they wish to secure long-term customer loyalty.

“ The consumer acceleration towards digital and experiencing new channels has explicitly transformed customer expectations. This is just the beginning of what will be a new era for Mexico. Yet, maintaining a human touch will still be important. To engage successfully, brands will need to actively listen and identify with their customer needs more than ever before. ”

#### Manuel Hinojosa

Partner,  
Customer Solutions and Innovations  
KPMG in Mexico







# Netherlands

Changing perspectives  
and a new way of life

### Consumers in the Netherlands reduce their spend and prioritize trusted brands as they focus on security

The economic consequences of COVID-19 have been strongly felt across the Netherlands, with the fundamentals of customer engagement and regular consumer purchasing patterns being shaken up.

Businesses are under pressure and unemployment is rising, even with the broad support packages released by the public and financial services sector. There is uncertainty among consumers about their jobs, income and future goals. With such shifts across peoples' working and private lives, we have started to see a change in both the expectations and spending patterns of the consumer.

The shift to the world of inside and online has completely changed the priorities for the individual. Consumer confidence has dropped since the start of 2020 and purchasing patterns have altered, as people keep a tight fist on their wallets and are more selective in where and how they spend their money.

As well as major developments in terms of where and how consumers choose to spend, there has been a significant increase in the importance of brand trust and increased demand for brands to have a digital presence.

### People choose to invest in their wellbeing and security

The pandemic's impact on the economy means consumers have had to reassess their everyday spending and change some of their life goals and plans. A desire for financial security and decrease in disposable income has caused the Dutch to be more conscious, and minimize their spending on discretionary items.

They have also reprioritized their focus, with 56 percent of consumers prioritizing their current finances and day-to-day spending, versus future savings. Some of the key areas where consumers have been reducing their spend are across clothing, leisure activities, electronics and media (for example, movies and TV streaming). In contrast, 79 percent have started to invest more in their physical and mental health. With frequent partial lockdowns of bars and restaurants, and the risks that COVID-19 poses, they are putting their wellbeing first and focusing more on their overall health and fitness.

People in the Netherlands have also been changing how they transfer money to others or pay for goods and services. With cash viewed as an easy transmitter of disease, 58 percent of consumers now prefer to pay via internet banking and are opting for contactless forms of delivery. Online payment systems and peer-to-peer transfer systems are well established, and we expect the transition to fully online payment methods in the future to be seamless.

### Brand trust increases in importance

Since the first lockdown, there has been a shift in where consumers choose to purchase from. They have started buying more from well-known, larger brands who they trust to provide them with the products and services they need. People are also leaning towards more of these 'A brands' as they become more conscious of their personal data and how it's stored. For example, 30 percent of consumers are not open to trading their data at all and are becoming more protective of where and who they choose to spend with.

However, changes in the economy and consumer spending have caused consumers to demand greater brand trust. The integrity of a brand is paramount, as the pandemic has led to many consumers losing their money – for example, from cancelled flight tickets and hotel bookings.

Now more than ever, consumers are seeking brands that they can trust. A significant proportion of consumers are placing a higher importance on certain customer service attributes, with 47 percent classifying 'resolving issues' and 44 percent classifying 'keeping me and other customers safe' as very important. This is closely followed by the 'integrity of the company' at 38 percent and the 'expectations they have of the brand' at 32 percent.

79%

of consumers have started to invest more in their physical and mental health.

58%

of consumers now prefer to pay via internet banking and are opting for contactless forms of delivery.

38%

of consumers consider the integrity of a company as very important.

## An accelerated demand for digital means lifestyles have changed for good

The digital presence and experience of a brand has been critical to stay connected with the consumer during COVID-19. With most of the employed population working from home and many stores shut or restricting customer numbers, consumers are opting to go online for safer and more efficient means of communication, frictionless purchasing and customer service.

The ease of access to platform brands means consumers are starting to demand the same seamless experience from other companies across all industries. They no longer want to engage with a brand just through a website, but with a click of a button using channels of their own choice, such as social media apps or web chats powered by humans.

Traditional bricks-and-mortar organizations, such as cinemas and museums, have had to quickly adapt their usual methods of delivery and switch to a fully digital presence so consumers can easily access content and stream online. Similarly, the corporate world has had to accommodate by turning everyday meetings and activities into a blend of virtual and face-to-face. We expect such trends to continue even in a post-COVID-19 world, as the overall expectations, lifestyles and the pandemic drastically changes the purchasing patterns of consumers in the Netherlands for good.

“ COVID-19 accelerated the shift from the what and how to the who to buy from. In these uncertain times, people look for trust which they find in genuine brand purposes and brand connections. ”

### Edgar Molenaars

Partner Customer and Brand Advisory  
KPMG in the Netherlands







# Portugal

Digital call to a new lifestyle

### With a more flexible and connected society, Portugal is shifting consumer habits and financial priorities while deepening its digital usage in day-to-day activities

The Portuguese adapted to the 'new normal' by prioritizing their savings for primary and short-term needs, to avoid future financial worries. We saw new generations emerge who are more connected, leaning towards convenient contactless payment methods and drivers of purchase decisions. Meanwhile, companies' ethical values and environmental and social commitments are starting to influence Portuguese customer perceptions. Along with the accelerated digital transformation that is impacting society as a whole, concerns surrounding data privacy continue to exist.

### Increasing data privacy concerns

Data privacy has been at the top of Portuguese consumers' minds in recent years. There is widespread concern about data protection across the European Union, as consumers are becoming more conscious about their rights and who they share their data with and why. The implementation in 2018 of the General Data Protection Regulation directives in Portugal has contributed to increased awareness, both among consumers and organizations, about the need to invest in privacy protection – as a business opportunity as well as to mitigate reputational risk.

The escalation of notorious cyber attacks and undue access cases has exacerbated the uncertainty that Portuguese people feel. Despite this, our survey shows there is still openness to share data in trade for specific benefits, with approximately eight out of ten consumers willing to trade their personal data for some kind of advantage, including 23 percent that would trade for better security.

COVID-19 has brought the data privacy issue forward as consumers become more conscious of having their personal information threatened. Indeed, our study reveals that 5 percent of the consumers who would trade their personal data for some benefit withdrew their opinion in a pandemic context, showing they are no longer willing to.

### The role of ethics in consumer purchase behavior

Consumers in Portugal are applying new factors to their decision-making process. Apart from satisfying a need, they crave a sense of identity, surfing between online and offline interactions.

Over time, consumption drivers have changed, influenced by historical events – most recently, due to COVID-19 pandemic, the sense of globalization and sustainability. Across the country, individuals are weighing up a much broader range of factors, including corporate social responsibility, which not only has a real impact on their brand perceptions, but also on where and with whom they choose to open their wallet.

Portuguese consumers are raising ethical concerns tied to business practices that may encompass social responsibility, through 'giving back' to society and fighting inequalities, sustainable production and reducing environmental impact, or even the creation of a neutral or positive carbon footprint. Consumers are actively considering company values and attributes when making a purchase, as 97 percent are willing to pay more to an ethical brand.

In this context, companies are being forced to reconsider how they attract consumers' attention as more and more customers reveal they are influenced by the cause of the organization they interact with.

By displaying a sense of purpose in a social or environmental manner or showing special attention when committing to specific requirements, organizations gain by putting society's needs ahead of or aligned with business needs. 41 percent of consumers say they feel 'quite a bit' influenced by an organization's environmental record or its social community commitments.

97%

of consumers are willing to pay more to an ethical brand.

41%

of consumers say they feel 'quite a bit' influenced by an organization's environmental record or its social community commitments.

88%

of consumers to focus more on their health and wellbeing.

## Accelerated and deepened digital transformation

Digital transformation increasingly influences consumers' lives, inspiring companies to adapt their business models by expanding in the digital world. The COVID-19 pandemic has accelerated disruption, with digital adoption taking place across different generations.

Before COVID-19, 87 percent of consumers stated they were using a smartphone and 45 percent a laptop. As time becomes more precious and daily activities can be eased with a click of a button, individuals increasingly connect through digital. In fact, smartphone and laptop usage grew to 95 percent and 76 percent, respectively.

Undoubtedly, digital transformation has accelerated, as shown by the adoption rate increase of digital tools. As different generations change the way they deal with technology, Portuguese Gen Xers are creating conditions for Gen Z to flourish in a digitally revolutionized world.

Our research reveals that in Portugal, 23 percent of today's parents have given a mobile device to their youngest child, aged between 10 and 14 years old, confirming the generation's near-natural connection between their real and online life.

Gen Z emerged digitalized in the midst of social networks and connected devices. While parents want to protect and entertain kids, 53 percent reveal their children spend between three and four hours a day using smartphones, tablets and other mobile devices, imposing challenges for parental control in this new world.

## Time to call financial balancing

Portuguese consumers are balancing their financial priorities as everyday life has changed under this 'new normal'. In this unpredictable period, 63 percent of Portuguese consumers say they have been more focused on saving rather than spending.

Our study, in which 55 percent of Portuguese consumers prioritized their current finances over the future, reveals that the focus on saving is mostly related to primary and short-term needs, meaning people are more concerned about covering current expenses than saving for the future.

The pandemic restrictions led individuals to find new ways of consuming, while adopting preventive measures. They are also looking for more convenient ways to make payments, opting for direct debit over cash, and now include money transfer as one of the preferred methods.

Portugal has already established a strong position in terms of hosting leading technology companies and events like Web Summit, complemented by a surge both in the number of companies adopting e-commerce strategies and the number of online shoppers.

Effectively, the transformation that was predicted to take years only took months, with companies using technology to adapt their business models and solve constraints they had before. By adapting, Portuguese organizations developed highly qualified and differentiating solutions on many fronts, while encouraging consumers to shift their habits. The first lockdown measures in Portugal led 88 percent of individuals to focus more on their health and wellbeing.

And while organizations will need to be mindful of consumers' concerns over data privacy and social responsibility, there's no sign of Portugal's immersion into digital slowing down any time soon.







# Republic of Cyprus

The best of both worlds

### Cyprus is on the verge of shifting to digital-first payments, but customer trust remains key

The pandemic has accelerated the global transition to digital payments, and Cyprus is no exception. Cypriots are increasingly choosing digital payment methods over cash and expect, or even demand, an enhanced digital experience.

At the same time, consumers in Cyprus are still reluctant to trade their personal data in exchange for a better product or service, although they express high levels of trust in technology, banking and retail. Cypriot businesses need to balance these conflicting trends and customer needs to offer the best of both worlds – an exceptional customer experience that protects personal data.

“Local companies need to respond to this ever-changing business landscape by embedding digital payments in their offering; however, in order to succeed, they should double down on data protection and security.”

#### Antonis Bargilly

Board member,  
KPMG in the Republic of Cyprus

### Cash no longer king

Our research shows there has been a drastic decrease in customers' preference for using cash to make their purchases, with only 43 percent of respondents now choosing cash as one of their first three payment methods of choice, compared to 69 percent in the period before the pandemic. In addition, the percentage of consumers who choose digital payment methods such as direct debits and electronic transfers increased significantly following March 2020, reaching 57 percent and 24 percent respectively, compared to 46 percent and 16 percent in the period leading up to the pandemic.

While the pandemic and the social restrictions that came with it have made digital payments a necessity, they can also be used as an effective tool to transform customer experience and offer a unique and competitive value proposition. Mobile app payments attract more customers, especially young people, while at the same time creating a better and more enjoyable experience.

Combined with next-generation loyalty programs, digital payments can help businesses gain a better understanding of their customers' needs and purchasing habits, enabling them to offer products and services that match their customers' preferences. This in turn leads to greater customer loyalty.

### Integrity is everything

However, there is still a way to go for Cypriots to embrace the use of their personal data for the sake of improved customer experience, with 30 percent of respondents saying they would not even consider trading their personal data, and 18 percent only willing to trade their data for better security. Similarly, as indicated by more than 55 percent of respondents, data protection emerges as the main customer expectation, followed by making transactions easier (around 25 percent of respondents).

Participants also ranked the pillars of Resolution and Integrity as the most important attributes of a customer service offering, with rates exceeding 55 percent and 39 percent respectively. Cypriot consumers value these more than Empathy and Personalization; thus, any value proposition that aims to earn their loyalty should maintain a strong focus on them.

30%

of respondents said they would not even consider trading their personal data.

18%

of consumers are only willing to trade their data for better security.

55%

of consumers indicated that data protection is their main customer expectation.

43%

of consumers now choose cash as one of their first three payment methods of choice, compared to 69 percent in the period before the pandemic.

55%

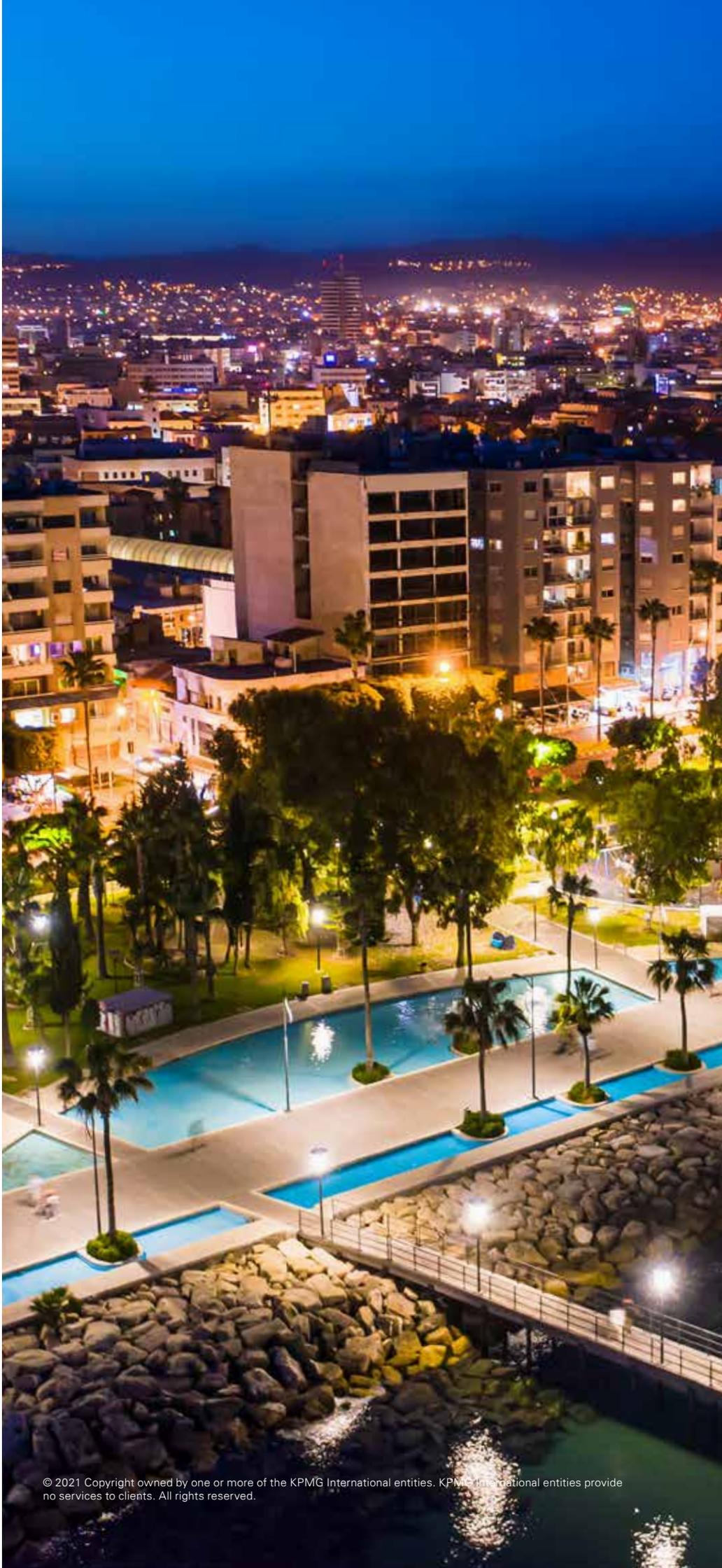
of consumers consider resolution as the most important attributes of a customer service offering.

## Moving forward

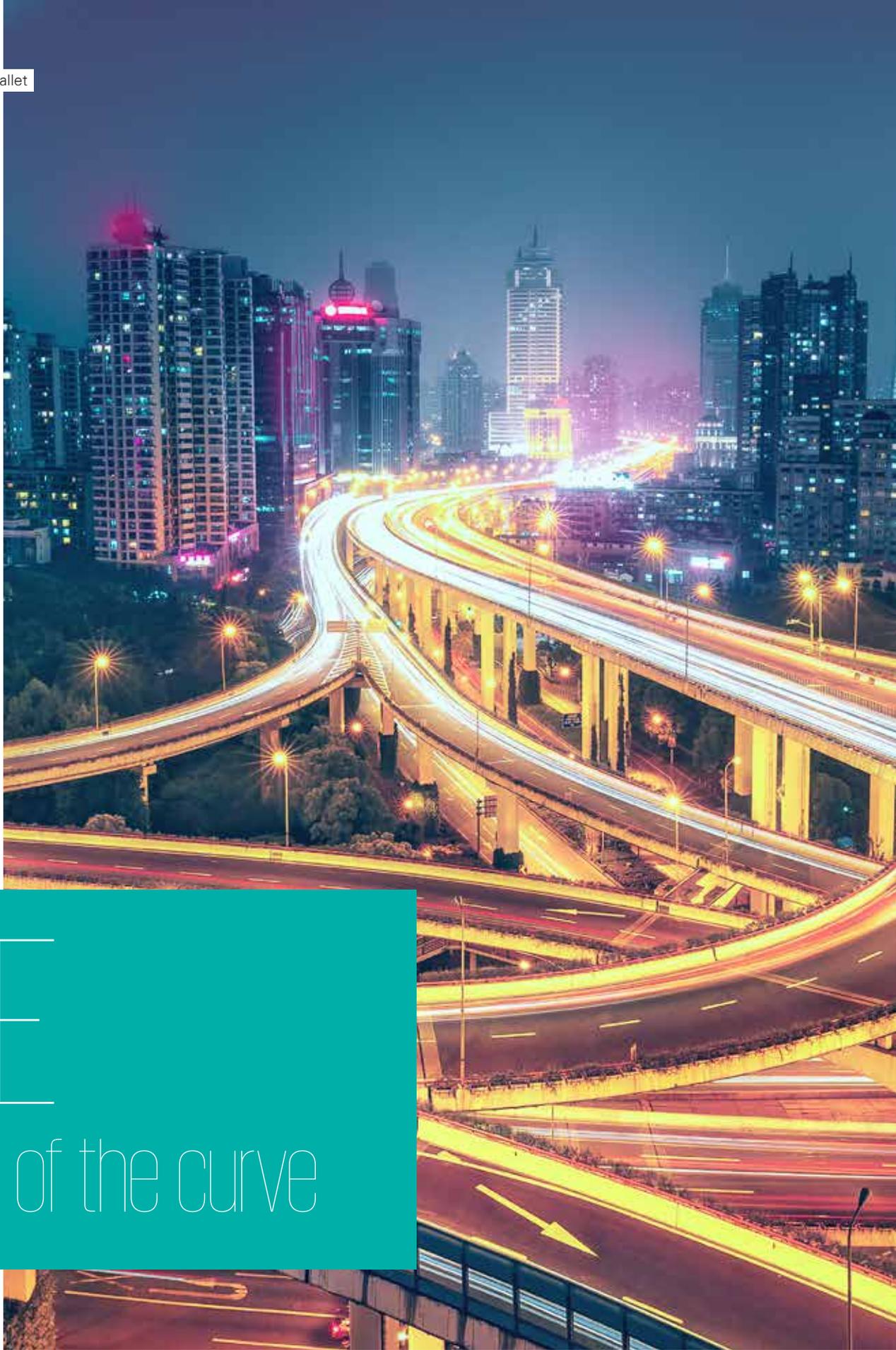
It is clear that to earn customers' trust and ultimately their loyalty, organizations need to instill integrity into every interaction and set professional and ethical behavior as the cornerstone of their customer strategy. It is also vitally important that the introduction of digital payments, combined with an attractive loyalty program, is always coupled with consistent internal processes and transparent communication with customers.

This all goes to show that while Cypriots are shifting their purchasing and payment behavior towards digital channels, their attitude towards data use, protection and security points to a more traditional, reluctant customer base that needs to be convinced and supported to make the leap to the cashless economy.

The challenge facing Cypriot businesses now is how to address these competing concerns to capitalize on recent shifts in attitude, as the country moves forward beyond the pandemic.







# UAE

Ahead of the curve

## From the rapid rise of online shopping to the move to a cashless society, consumers in the United Arab Emirates (UAE) remain progressive

With a population of more than 9.5 million people<sup>1</sup>— of which 86 percent are concentrated in urban areas – the United Arab Emirates (UAE) remains a potentially lucrative consumer market. Rising levels of disposable income, growth in GDP per capita, and a young population (42 percent<sup>2</sup> are aged 20-34) act as positive economic levers. Resident demographics are also bolstered by a high volume of tourists (though naturally this has been affected by the pandemic)<sup>3</sup>.

Despite the impact of COVID-19, personal disposable income in the UAE is still expected to grow by 16 percent over the next three years to 2023<sup>4</sup>. On average, UAE consumers tend to spend nearly three-quarters of what they earn. However, financial priorities have shifted. While prior to the pandemic, in our latest study we found 29 percent of residents were focused on their current rather than future finances, during the pandemic the ‘here and now’ became a priority for 37 percent. Underscoring this shift, the research shows 44 percent plan to make savings a priority over spending in the COVID-19 era, potentially indicating a longer-term impact on consumer spending.

### Trying something new

Across the Emirates, malls have been a central part of life in recent years, offering a variety of shopping and leisure options – from luxury retail and fine dining to immersive virtual reality (VR) displays. Destination centers such as Dubai Mall, which houses an indoor aquarium, ice rink and cinemas, and Abu Dhabi’s Yas Mall are well-known landmarks. However, COVID-19 put a stop to most of these activities for several months, prompting operators and consumers to reevaluate what ‘customer experience’ looks like.

Interestingly, during this period of uncertainty 27 percent of UAE consumers have increased the frequency of how often they try new brands. This may be an extension of changing customer experience and brands’ abilities to meet altered expectations and needs. At the same time, consumers’ collective moral compass appears to be pointing true north. The majority (approximately nine out of ten) said they would be willing to pay more to an ethical brand.

The pandemic has had a seismic impact on the UAE economy. Organizations and individuals have witnessed the rapid rise of e-commerce, a move away from cash, widespread adoption of new technologies, and a multitude of changes to their ways of working. These trends are likely to remain long after the spread of COVID-19 has been curbed, signaling the beginning of an era of hyper-connectivity and augmented technological reliance.

### Early adopters

The digital economy accounts for almost 4.3 percent of overall GDP<sup>5</sup>, supported by a 96.4 percent<sup>6</sup> internet penetration rate. The virus outbreak has fast-tracked the adoption of digital channels by companies and consumers, a trend we believe will continue and will boost the digital economy’s contribution to GDP. Given UAE consumers’ appreciation of technology (more than one-third describe themselves as ‘early adopters’), digital or omni-channel consumerism, prompted by COVID-19, may be an easier transition for the UAE compared to other markets.

The UAE’s public and private sectors have been proactive in enabling digitalized services. For example, in the Emirate of Abu Dhabi, the Abu Dhabi Government services platform provides customers direct access to government services and information through safe

and integrated digital platforms<sup>7</sup>. In a similar vein, the neighboring Government of Dubai aims to ensure 100 percent paperless transactions by 2021<sup>8</sup>.

Efforts across the healthcare, government and financial services sectors seem to have paid dividends, as the three rank as the most trusted industries among UAE-based consumers.

29%

of residents were focused on their current rather than future finances.

44%

plan to make savings a priority over spending in the COVID-19 era.

27%

of UAE consumers have increased the frequency of how often they try new brands.

25%

of pre-pandemic respondents said they would be willing to share their data for better customer experience and personalization.

<sup>1</sup> <https://www.worldometers.info/demographics/united-arab-emirates-demographics/#median-age>

<sup>2</sup> <https://www.dsc.gov.ae/en-us/Themes/Pages/Population-and-Vital-Statistics.aspx?Theme=42>

<sup>3</sup> As of 2019, the Emirate of Dubai welcomed 16.7 million tourists.

<sup>4</sup> EIU database

## Drop in data sharing

Throughout the lockdown period and subsequent months, UAE consumers inevitably turned to e-commerce and digital platforms to fulfill their needs. In fact, 69 percent increased their online shopping and 41 percent used related technologies, such as mobile apps and voice activated devices, more often. This is demonstrated by the grocery retail segment, which witnessed the greatest growth during this period – one delivery platform recorded a 70 percent increase in app downloads and a 50 percent increase in daily orders<sup>9</sup>.

The shift to digital is naturally accompanied by an accelerated move to a cashless society. The proportion of consumers who preferred to pay with cash dipped from 68 percent to 27 percent following the onset of the pandemic. Even with this massive shift, two thirds of consumers professed they would rather lose their mobile phone than their wallet.

Despite increased use of technology in the personal and professional spheres, consumers have become increasingly wary of sharing personal data, even in exchange for benefits. While 25 percent of pre-pandemic respondents said they would be willing to share their data for better customer experience and personalization, this dropped to 14 percent during the pandemic. Concerns about data protection have remained stable, ranking number one among consumers' expectations of a company.

This goes to show that if businesses are to keep up with UAE consumers' rapid adoption of new technology and win their loyalty, they must continue to be attuned to the preferences of their customers and not rely solely on their enthusiasm for digitization. They should be wary of their audience's increasing preference for ethical brands, and ensure they factor their social and environmental responsibility into their strategy as they move ahead.

“ In a post-COVID-19 world, consumers increasingly expect the brands they interact with – digitally or physically – to deliver better, safer and more seamless interactions. While malls play a significant role in UAE residents' lives, the pandemic has prompted consumers and industry stakeholders alike to reevaluate what the customer experience looks like, resulting in an increasingly omni-channel approach. In a market where the government has been leading such initiatives from the front, we anticipate seeing a significant shift in how residents work and play in the UAE. ”

### Pilar De Miguel Veira

Partner, Head of Experience Design and Innovation  
KPMG in the Lower Gulf

<sup>5</sup> <https://u.ae/en/about-the-uae/economy>

<sup>6</sup> <https://www.internetworldstats.com/stats5.htm>

<sup>7</sup> <https://www.tamm.abudhabi/en/about-tamm>

<sup>8</sup> <https://www.gulftoday.ae/business/2020/03/16/smart-dubai-department-launches-100-per-cent-paperless-stamp#:~:text=The%20Smart%20Dubai%20Department%20has,Bin%20Rashid%20Al%20Maktoum%2C%20Vice>

<sup>9</sup> <https://www.khaleejtimes.com/uae/how-COVID-19-impacts-consumer-behavior-leading-to-a-53-percentage-growth-of-InstaShop>





UK

A new era of customer engagement

## Consumer engagement strategies must shift to match new market priorities

Structural change in household composition, radical changes in customer behavior and new criteria for brand choice are rewriting the rules of customer engagement in the UK.

The boundaries between demographic cohorts are being eroded as new groupings of customers, with values-based belief systems forged through the pandemic, are emerging. Digitization now spans all age groups – the over-75s are becoming as technically enabled as the younger demographics.

These factors have significant implications for UK businesses looking to attract and keep customers. The implications for the traditional techniques of marketing are also critical. Post COVID-19 marketing will need to look very different to what has gone before.

## Customer segments are changing

For customer professionals in the UK, one of the most crucial tasks going forward will be recognizing that the traditional rules of segmentation have changed. COVID-19 has accelerated societal change and, in the process, challenged many conventions. Consequently, many of the old models that marketers and customer professionals have relied on can no longer be entirely trusted.

In the UK, remarkably, 21 percent of Millennials see their next major life event as caring for elderly parents or relatives, whilst 26 percent are planning to get married in the next two years. For the over-75s, while 54 percent are looking to retirement as their next milestone, 21 percent are considering semi-retirement or a second career – reflective of a longer working life. Meanwhile, 15 percent of over-75s are also considering buying their first home.

We are seeing more social and peer groups influencing and shaping purchasing decisions in the UK. Some 87 percent of people now say they are influenced by others before making a major purchase, often over and above brand loyalty.

## New beliefs, new values

UK consumers, unsurprisingly, have many concerns right now. In a world driven by uncertainty and risk, the most crucial driver of all is trust. The top three worries expressed in 2020 are about their children's futures, climate change and personal health. In addition, Millennials are also particularly apprehensive about their own future employment prospects and ultimately paying their bills.

Consumers are looking for reassurance from the brands they interact with. Given the impact of COVID-19 and the UK's gratitude to the NHS, unsurprisingly, the healthcare sector is significantly more trusted than any other industry at present. Advertising, wealth management and government generate the lowest levels of trust.

With confidence in some sectors under challenge, UK consumers increasingly want to use brands which reflect their own values and priorities (84 percent say they prefer to buy from brands whose actions align with their own values and beliefs). Put simply, they want to demonstrate social purpose and integrity. This is a generation-wide shift in perspective. Some 83 percent of consumers say the integrity of a company is important to them. Furthermore, 89 percent are now willing to pay more for ethical retailers or a brand that gives back to society, particularly the younger generations.

Likewise, some 71 percent<sup>1</sup> of UK consumers say they wouldn't put their trust in a brand which prioritizes profit over people. Environmental, social and

governance issues are towards the top of the customer agenda, although price (65 percent) and quality (51 percent)<sup>2</sup> remain key influencers in the purchase decision overall.

To engage with this changed UK consumer, companies will need to revisit their internal and brand values and be clear how these resonate with their current and future customers. Vitally, these values need to be part of the core of the organization, not just posters on a wall but transmitted through every touchpoint, and pervading employee behavior. Customers that share them will self-select and buy into these brands, rather than just buying from them.

83%

of consumers say the integrity of a company is important to them.

89%

are now willing to pay more for ethical retailers or a brand that gives back to society.

71%

of UK consumers say they wouldn't put their trust in a brand which prioritizes profit over people.

<sup>1</sup> Edelman Trust Index

<sup>2</sup> KPMG Global Insights Sept 2020

## Dialing up the digital

After months of lockdowns and restrictions and limited access to face-to-face shopping opportunities, the UK has inevitably seen a spike in customers' engagement with a range of digital channels. People who may previously have lacked confidence in buying products and services online have become increasingly sophisticated in their use of the technology across multiple platforms.

55 percent<sup>3</sup> of UK consumers view digital channels as their main way of contacting brands in the future. 58 percent<sup>4</sup> have become multimodal, equally happy shopping on their iPhone, laptop or PCs, and using digital payments. That trend reaches right up to the older generations, with 74 percent<sup>5</sup> reporting they have ordered products or services online. Some 80 percent<sup>6</sup> of customers intend to stay with the new channels they trust.

Customers' expectations of brands have matured alongside their digital skills. Speed is of the essence and demand for efficient, safe, same-day delivery services has never been greater.

Many customers also now take for granted that the brand they're using will know everything about their purchasing habits, taking the burden of choice off their shoulders. However, they want that interaction to be streamlined so their inbox isn't bombarded with sales messaging 24/7. Some 52 percent of consumers want apps to filter relevant information to them automatically.

Artificial intelligence and machine learning have a vital role here in helping to define, refine and respond to these individual expectations.

<sup>3</sup> KPMG Global Insights Sept 2020

<sup>4</sup> KPMG Meet your New Customer report

<sup>5</sup> KPMG Meet your New Customer report

<sup>6</sup> KPMG Meet your New Customer report

<sup>7</sup> YouGov

## Business leaders need to evolve their customer strategy

COVID-19 has created some of the most powerful shifts in customer behavior in the UK in modern times. With 91 percent<sup>7</sup> of the UK population claiming they don't want the country to return to the way it was before the pandemic, those behavioral changes look set to stay.

Today's discerning, demanding and decisive customer knows what they want and where they'll go to find it. The challenge for organizations is to pinpoint what is driving those choices and then deliver products and services truly fit for our changed world.

“As the effects of COVID-19 reshape our economies, organizations will need to strategically re-engage with their customers. While behaviors and spend levels have already changed dramatically, it is the evolution of customer needs, attitudes and values that will most disrupt how businesses compete.”

### Torsten Fritz

Director,  
Customer Research and Analytics  
KPMG in the UK







# USA

The same yet different

## COVID-19 turns US consumer priorities on their head

The US customer has transformed substantially and continues to change faster than we have ever seen before. The COVID-19 pandemic has accelerated the merging of consumers' core concerns across generations, with concerns over social, economic and environmental factors now span all age groups. More than 80 percent of respondents want to engage with companies whose actions reflect their values. And while younger generations are worried about getting a foothold in the world, their older counterparts are preoccupied with life achievement and wellbeing.

## Blurring the boundaries

In previous years, we have observed the 'Boomer echo effect', as Millennials and Generation Z educated their elders in the use of digital, as well as sharing their concerns about the environment, social disparity and the role companies can play in making the world a better place. Now, for both Boomers and younger age groups, an organization's purpose is as important as its products and services. However, the echo is also working in the other direction – as economic constraints affect employment and career prospects, younger generations are beginning to think more like Boomers, focusing on life goals, financial security and asset creation.

These macro trends coupled with the accelerated adoption of digital have blurred the boundaries between age groups, meaning the consumer population no longer fits into demographic cohorts as easily as it once did.

The implications of these changing dynamics for US businesses is significant. While customer segmentation has always been best practice, it is now crucial. Companies must carefully place consumers into groups based on their collective belief systems, needs and behaviors, and deliver personalized tailored messages.

This means managing a multi-message marketing, sales and service strategy that speaks to a customer's core needs. Insight as to why customers choose to act in a certain way is now a formidable requirement and a competitive reality.

## Ethical credentials a high priority

Our research found that the 'why' is becoming important for all generations since the beginning of the global pandemic. They're asking what organizations stand for – both environmentally and socially – and whether they should trust them with their data, personal safety and money. More than half are now concerned about climate change, while a third have changed purchasing decisions to buy sustainable products. 80 percent of US consumers now actively seek companies whose actions are consistent with their social and environmental values, and 80 percent are willing to pay more to buy from an ethical retailer.

Life events continue to predict consumer needs and purchasing habits. However, they are less restricted to age groups than before. Cohabiting is an increasing phenomenon affecting people of all generations – whether it's Baby Boomers caring for an elderly relative, Generation X living with a partner or Millennials returning to their childhood home with 39 percent of US millennials moving back in with their parents due to implications of COVID-19. Unsurprisingly, health and wellbeing has become a concern for everyone, with worries about long-term care prevalent even among the youngest age groups.

## Concerns for the future

The balance between managing current and future priorities is shifting – future wealth, health and retirement are increasingly a preoccupation. The desire to be successful and achieve life goals is strong across all age groups, with COVID-19 bringing this to the forefront of people's minds. Parents are also increasingly concerned about the future success of our children, with 71 percent citing this as a worry.

In times of economic constraint, consumers have become more considered about their financial position. Financial security is now a priority, and protection against unforeseen circumstances is not just prudent but essential. 92 percent are worried about the economy and 44 percent of the population are now saving more. Among Millennials and Generation Z, 80 percent want to own their own home, 83 percent their own car, 50 percent are concerned about their future wealth and 92 percent about the economy.

80%

percent of respondents want to engage with companies whose actions reflect their values.

92%

are worried about the economy with 44 percent of consumers now saving more.

97%

of Boomers have a social media account and becoming as comfortable with social channels as their grandchildren.

“The American consumer is changing preferences faster than ever before, accelerated by implications of the COVID-19 pandemic and a societal re-focusing on core values.”

**Jeff Mango**  
Managing Director,  
Customer Experience  
KPMG in the US

<sup>1</sup> CNBC Aug 2020 <https://www.cnbc.com/2020/08/05/39-percent-of-younger-millennials-say-covid-19-has-them-moving-back-home.html>

### Omni-channel shopping crosses the divide

All generations are now adept at shopping using multiple channels, either online, via apps or in physical stores. The rapid digitization of the older population, sped up by COVID-19 and the need to access goods and services from home, means that technology is no longer a discriminator across age groups. Those aged 75 and over are becoming as comfortable with Whatsapp, Zoom and Teams as their grandchildren with 97 percent of Boomers have a social media account.

The US consumer is changing because the environment around them is evolving rapidly. The beliefs they have held, often for many years, about themselves and the companies they deal with have been radically rewritten. If businesses want to effectively address the needs of the changing consumer, they must start by thinking less about demographics, and more about how their customers' emotions and values have changed as a result of COVID-19.

The new customer groups that are emerging have been shaped by changing attitudes and beliefs. Previously habitual behaviors have been modified or replaced, while new behaviors have been adopted. Our research shows that many of these changes can be grouped under 'stewardship' – a growing desire to conserve the earth's resources, for companies to do the right thing socially and economically, and for the children of all demographics to have a successful future. New customer segmentation based on consumers' changing values, desires and goals are required if companies are to fully understand how to successfully engage these new groups.

### Companies must keep up

For companies to stay abreast of these changes, monitoring traditional KPIs will not be enough. Organizations must completely rethink the way they identify targets, develop messaging, buy media, and engage customers, in an environment where marketing, sales and service are converging to support the customer across their lifecycle. To be relevant to the ever-evolving consumer, it will be critical to inform this rethink with a deep and fact-based understanding of their audience.

“ Organizations must match or exceed the pace set by their consumers, adapting experiences and their market outreach accordingly. Failing to do so will result in not only lost market share, but lasting reputational damage. ”

**Jeff Mango**

Managing Director,  
Customer Experience  
KPMG in the US



# Get in touch

## Contact the contributing authors:

### Julio Hernandez

Principal, Customer Advisory Practice Lead,  
KPMG in the US  
E: juliojhernandez@kpmg.com

### Georgina Severs

Global Operations Lead,  
Customer Center of Excellence, KPMG  
E: georginasevers@kpmg.co.uk

### Colleen Drummond

Partner in Charge, Innovation Labs at KPMG Ignition  
Growth and Strategy, KPMG in the US  
E: colleendrummond@kpmg.com

### Kes Sampantha

Managing Director, Innovation Labs at KPMG Ignition  
Growth and Strategy, KPMG in the US  
E: ksampanthar@kpmg.com

## Contact your local Customer Experience leader:

### Amanda Hicks

KPMG Australia  
E: ahicks@kpmg.com.au

### Owen Lewis

KPMG in Ireland  
E: owen.lewis@kpmg.ie

### Antonis Bargilly

KPMG in the Republic of Cyprus  
E: antonis.bargilly@kpmg.com.cy

### Werner Girth

KPMG in Austria  
E: wgirth@kpmg.at

### Takehiro Horii

KPMG in Japan  
E: takehiro.horii@jp.kpmg.com

### Pilar De Miguel Veira

KPMG in the UAE  
E: pdemiguelveira@kpmg.com

### Augusto Puliti

KPMG in Brazil  
E: augustopuliti@kpmg.com.br

### Jean-Pascal Nepper

KPMG in Luxembourg  
E: jean-pascal.nepper@kpmg.lu

### Tim Knight

KPMG in the UK  
E: tim.knight@kpmg-nunwood.co.uk

### Peter Hughes

KPMG in Canada  
E: phughes1@kpmg.ca@kpmg.com

### Manuel Hinojosa

KPMG in Mexico  
E: manuelhinojosa@kpmg.com.mx

### Jeffrey Mango

KPMG in the US  
E: jmango@kpmg.com

### Anastasios Pantos

KPMG in Greece  
E: apantos@kpmg.gr

### Edgar Molenaars

KPMG in the Netherlands  
E: molenaars.edgar@kpmg.nl

### Aditya Rath

KPMG in India  
E: adityarath@kpmg.com

### João Sousa

KPMG in Portugal  
E: joaosousa@kpmg.com

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