

The great consumer reset: COVID-19 and the consumer products and retail consumer

Consumer behavior tracker:
April 2020 vs November 2020

The pandemic has significantly disrupted and transformed traditional shopping behavior. Driven by economic uncertainty and the desire to avoid physical stores for safety reasons, it has led to a surge in the use of online channels. In this fast-changing and volatile environment, how can consumer products and retail (CPR) organizations drive operational resilience and strengthen customer relationships and engagement?

We examined these issues for the sector in April 2020 and found that appetite for online shopping and convenience was growing, and when consumers did go to stores, safety was a major priority.¹ Six months on, we are following up with this latest research to understand whether these changes have persisted. We surveyed more than 11,000 consumers around the world at the end of October and beginning of November 2020. We reached out to consumers across the United States, the United Kingdom, Germany, France, the Netherlands, Sweden, Norway, Italy, Spain, India, and China. The parameters of the current research are the same as they were for the research we conducted in April, allowing us to compare and contrast the data.

In this report, we focus on four key trends:

1. Online shopping continues to accelerate and the pivot to online is expected to persist in the long term, even when consumers feel that the pandemic is over.
2. The use of technologies to aid contactless shopping is now a mainstream in-store practice, with retailers using technology to reassure consumers about safety, which is still a major concern.
3. Health and wellness categories are witnessing a spike as consumers increasingly prioritize their health and prefer healthier goods.
4. Purpose and sustainability continue to be high on the consumer's agenda and will remain so in a post-pandemic environment

Online shopping continues to accelerate

Online shopping accelerates amidst the pandemic

The COVID-19 pandemic has turbo-charged online channels. US ecommerce is expected to grow by 32% in 2020, revised from earlier forecasts of 18%, and driven by the increase in pandemic-era online shopping.² Similarly, in the UK, online sales are expected to grow from initial predictions of 11% to 19% in 2020.³

In April 2020, 37% of consumers said they had significant interactions with retailers' online channels. Today, this has already jumped 9% points to 46%. Looking even further back, before the pandemic, only 30% said they had significant online interactions (see Figure 1).

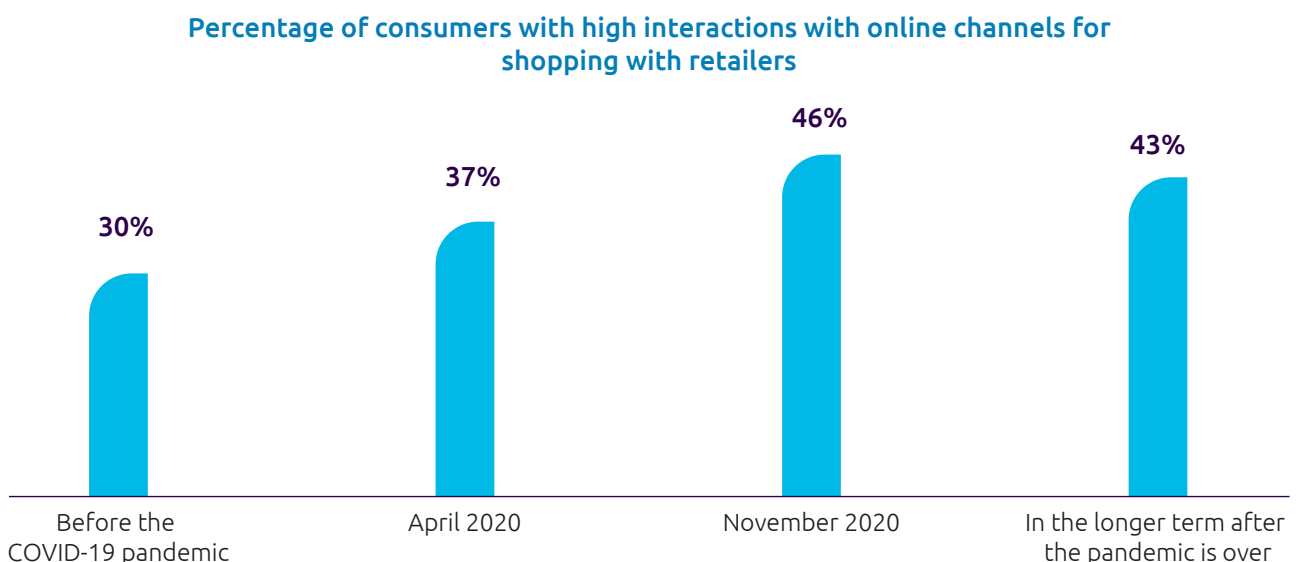
In the longer term, consumers will maintain a high level of interaction with online channels (43% of all respondents, in the longer term, consumers will maintain a high level of

interaction with online channels (43% of all respondents, increasing to 57% for consumers aged 25 to 35). However, they will also see physical stores as an important part of the retail experience, with 57% of all respondents saying they will also have significant interaction with physical stores post-pandemic (see Figure 2).

There are a number of reasons why online interaction is growing and will persist in the long term, even in a post-pandemic world:

- Consumers sticking to new routines created during pandemic:** The pandemic saw many new consumers enter online channels. For example, in urban cities in India, the share of online shoppers among active internet users nearly doubled, from 22% before the pandemic to 42% during the pandemic.⁴ Likewise, in Japan, analysis of around 10 million users estimates that people mainly used their credit cards for ecommerce purchases during the pandemic, especially those aged 60+.⁵ Consumers are likely to stick to some of these new digital habits in the long run, driven by the ease and convenience of the online world.

Figure 1: Consumer preference for online shopping has increased since April 2020



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

- Category shifts created during pandemic:** The online sales of groceries, a category that is traditionally purchased in-person because shoppers can touch, feel, and smell products, increased significantly during the pandemic. For example, 54% of internet users in Brazil shopped for food and food products online in 2020, as compared to 22% in 2018.⁶ Household supplies is another category that has seen increased online sales. For example, there was a 45% increase in customers purchasing over-the-counter medicines online in August 2020 in the US.⁷
- Companies strengthening online capacity and capabilities:** From the supply side, many companies are strengthening online capabilities. For example, in August 2020, UK-based grocery retailers Asda and Morrisons – as

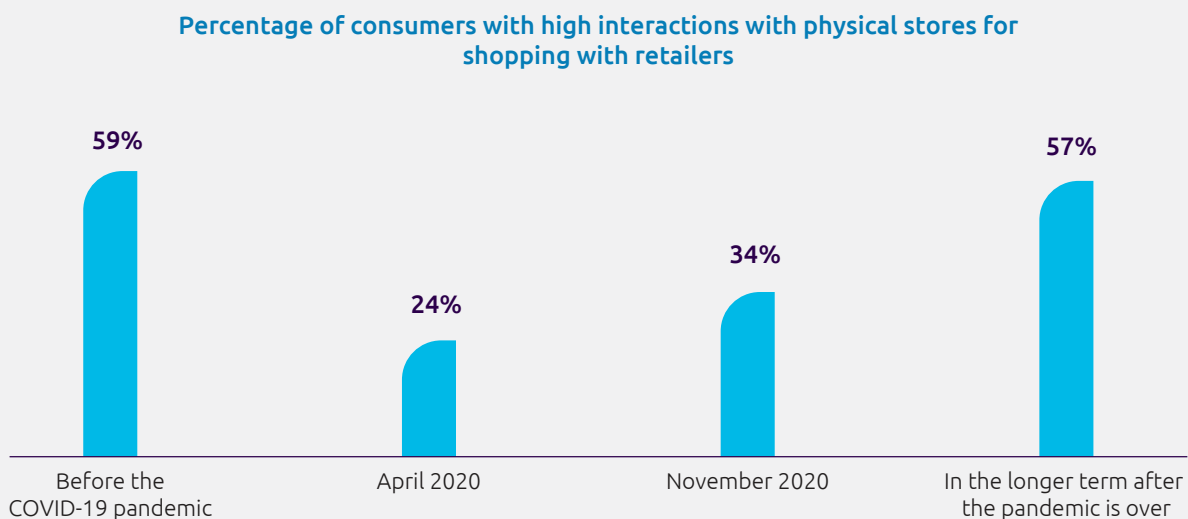
well as apparel retailer H&M – announced that they were strengthening online shopping channels, adding new capacity such as delivery vans and additional click-and-collect points.⁸ Kroger and Whole Foods also recently announced the opening of dark stores – distribution centers dedicated solely to the fulfillment of online orders.⁹ In addition, new online fulfillment capabilities are entering the market. For example, Dutch online-only supermarket startup, which features a high-tech robotic fulfillment center, was the fastest growing company in the Netherlands in 2019 before the pandemic and witnessed even faster growth during the pandemic.¹⁰

Physical stores continue to play role in post-pandemic world

As Figure 2 shows, 57% of consumers expect to have significant interactions with physical stores in the longer term after the pandemic subsides – close to the level before the pandemic (59%). This preference increases with age. While 53% of consumers aged 18 to 35 look to significant post-pandemic interaction, this increases to 64% of the 60+ segment.

Our research also shows that 31% of consumers prefer high interaction with click-and-collect orders (i.e., order online and pick up in-store or curbside) in the long term after the pandemic is over, indicating continued interaction with physical stores.

Figure 2: Consumers expect their interactions with physical stores to return to the pre-pandemic level in the longer term



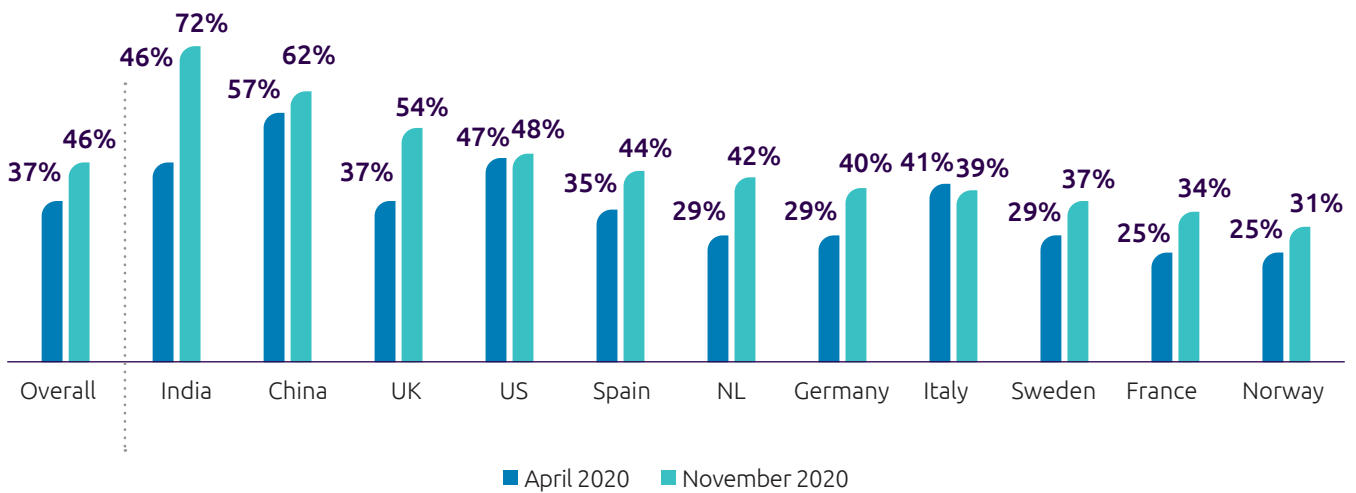
Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

By geography, India (+26%), the UK (+17%), Netherlands (+13%), and Germany (+11%) are the countries that have shown the greatest increases of consumers preferring online channels (see Figure 3). These trends are consistent with ecommerce growth. The UK's internet retail sales from the third quarter

of 2020 increased to 27% compared to 18% during the same period in 2019.¹¹ Similarly, ecommerce in India saw 31% growth in orders in the third quarter of 2020 compared to the same period in 2019.¹²

Figure 3: India, China, and the UK lead in the share of consumers with high interactions with online channels for shopping with retailers

Percentage of consumers with high interactions with online channels for shopping with retailers by country



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Action points for CPR organizations include:

• Build responses to cater to online fulfillment

Organizations must continue to build responses and realign capabilities as more consumers turn to online shopping. CPR organizations have to make strategic decisions about where to strengthen and at the same time reset capital expenditure to meet the new channel mix. For example, UK-based M&S announced a new hiring initiative for its online distribution centers given increasing online orders while reducing the number of employees in central support centers and stores.¹³ India's chain of hypermarkets – DMart – converted some of its stores to dark stores and fulfillment centers to meet ecommerce orders.¹⁴

• Leverage stores to strengthen ecommerce

Stores acting as distribution centers and as mini warehouses have gained more prominence during the pandemic. IKEA, for instance, has said that many of their stores will continue to function as fulfillment stores beyond the pandemic, reflecting the need to cater to online channels.¹⁵ Walmart is converting a number of stores into ecommerce testing

centers in which employees use augmented reality-based tools and new store design features to test different order pick-up and restocking methods with the overall goal of reducing order fulfillment time.¹⁶

• Build click-and-collect capabilities

Australian-based Woolworths saw a 50% jump in its click-and-collect orders in July 2020.¹⁷ Ahold plans to roll out click-and-collect capabilities to 1,100 stores in the US by the end of 2020 – up from 765 stores as of June 2020.¹⁸ Organizations are also partnering to roll out click-and-collect offerings. For example, in July 2020, UK-based department store John Lewis partnered with grocery store Co-op to roll out click-and-collect offerings for their consumers as well as doubling its collection points.¹⁹

• Simplify product and service offerings to improve agility

Organizations need to continuously reassess consumer preferences and align product categories accordingly. Simplifying offerings makes it easier not only for supply chains but also for consumers to choose products when they are not able to physically compare them in-store.

CPR firms that rationalized product categories when the pandemic started are looking to implement some of these changes for the longer term as well. Mondelez, for example, plans to reduce SKU count by 25% to drive supply chain agility.²⁰

• Strengthen brand trust and loyalty

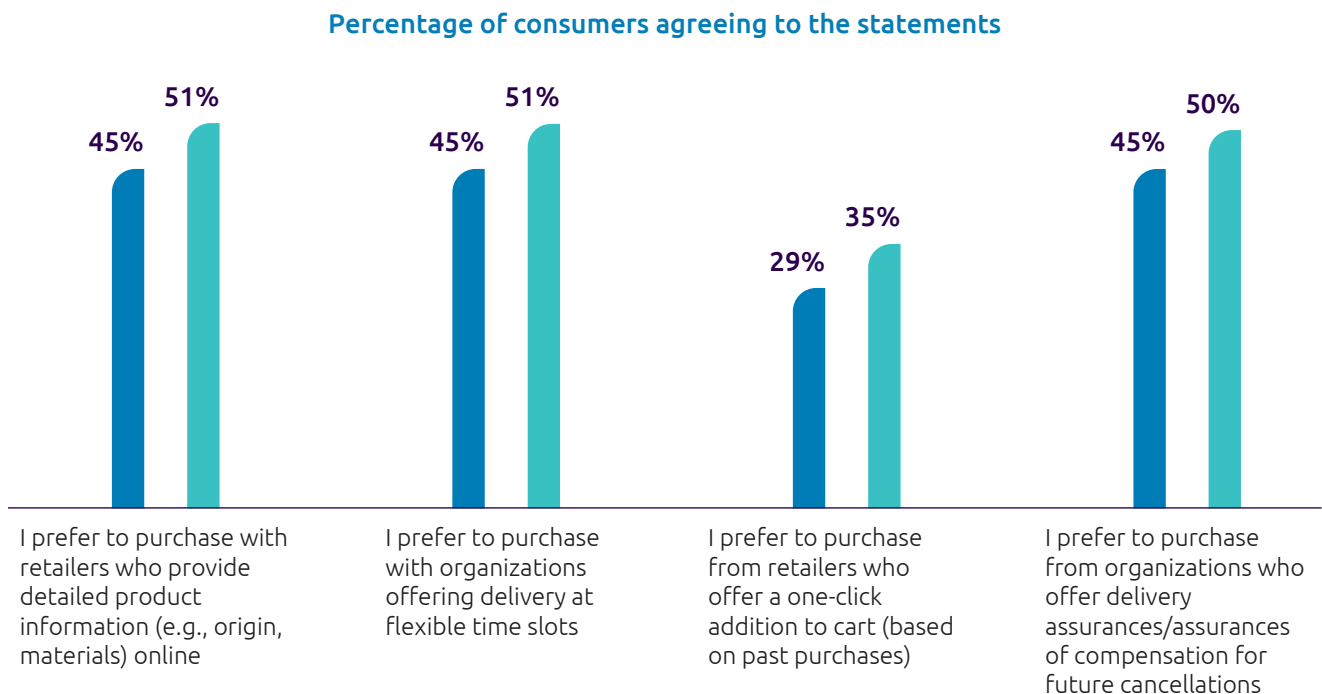
With many consumers not going to, or limiting, their trips to physical stores, retailers must strengthen their brand value to ensure customers purchase online instead. Building consumer trust in online channels requires clear communication, transparency, and prioritizing customer preferences. Chipotle, a US-based quick service restaurant added three million more members to its loyalty program in April 2020, an increase of 65%, through an improved digital experience including seamless ordering between the website and mobile app, customized menu choices, and promotions and incentives.^{21,22}

Consumer preference for a convenient online experience grows over the course of the shopping journey

Consumers increasingly prefer retailers that offer convenient online experiences across different stages of the online journey. For example, the share of consumers who prefer retailers that offer flexible time slots for delivery increased to 51% in November 2020 versus 45% in April 2020. Likewise, consumers prefer hassle-free checkout when shopping online – 35% prefer retailers who offer a one-click addition to their cart, up from 29% in April 2020 (see Figure 4).

Retailers are introducing initiatives to make online shopping more convenient. Kohl's, the American retail chain, collaborated with Snapchat to give its customers an enhanced digital experience using augmented reality to provide product information.²³

Figure 4: Consumer preference for convenience increases across different stages of online shopping



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Action points for CPR organizations include:

- **Bring in-store experiences to the online channel**

As online retail continues to gain significance across categories, consumer engagement becomes the key differentiator in the longer term. It is important for organizations to bring the in-store experience to the online channels to strengthen engagement. Retailers, including Kohl’s, IKEA, and Sephora, have been leveraging AR/VR technologies to add “try before you buy” features to online channels.²⁴

- **Strengthen the frictionless experience**

A well-designed website and app that are easy to use with clearly specified product information, delivery, and payment terms will augment online engagement. A UK-based specialty foods company provides a one-page checkout system where customers can pay directly on the product page. They do not have to go through the multi-step process of adding product to their cart and checking out.²⁵

- **Strengthen customer engagement**

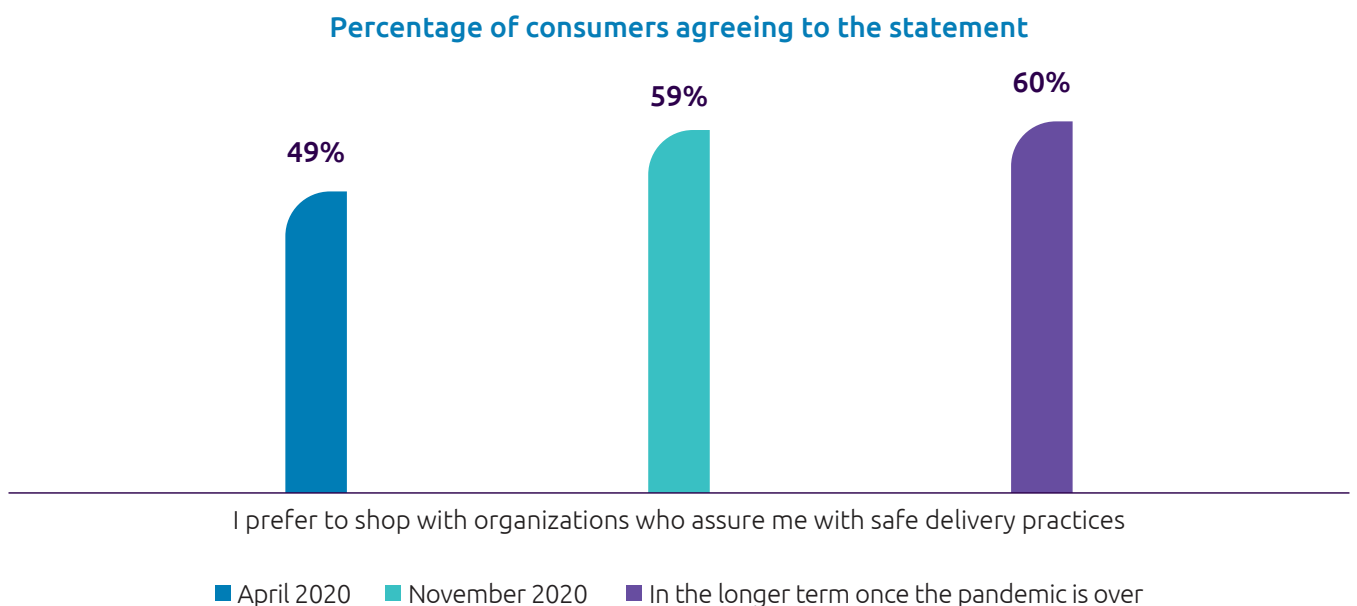
Increasing online commerce strengthens digital customer engagement and creates closer ties with consumers. Nike, for example, saw an acceleration in digital engagement during the pandemic and repurposed their 35,000 store

employees to answer consumer queries when they shop through Nike’s app. Likewise, Estee Lauder has hosted more than one million virtual try-on sessions during the pandemic, where consumers spend close to 30 minutes on each session.²⁷

Uptick in consumer preference for safer last-mile practices

Consumers expect safer last-mile deliveries from retailers (e.g., minimal human contact, sanitization of the packaging). The share of consumers preferring to shop with retailers who offer safe delivery practices increased to 59% in November 2020, up from 49% in April 2020. This number will remain unchanged in the long term, once consumers feel that the pandemic is over (see Figure 5). Apart from non-touch practices by delivery agents, retailers are also testing the possibilities of autonomous delivery solutions to drive contactless options. Walmart announced that it was piloting the use of drones to deliver household essentials and health and wellness products to homes within a one mile radius of a store.²⁸ Carrefour in Dubai is now offering automated click-and-collect services – to avoid human contact, customers can place an order through an app and collect it from a robot outside the store.²⁹

Figure 5: Consumers prefer retailers that offer safer delivery experiences



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Action points for CPR organizations include:

- Build safer and seamless delivery experiences**
 During the months following the first major wave of lockdowns, many firms implemented contactless deliveries, from curbside deliveries to eliminating the requirement to provide a signature. As contactless deliveries are here to stay, organizations should build a seamless and connected last-mile experience. For example, to minimize contact, consumers can use Target’s app to let a store associate now they are about to arrive curbside to pick up their order. Likewise, Nordstrom’s app sends a notification to consumers when their orders are ready for pick up.³⁰

59% OF CONSUMERS PREFER TO SHOP WITH COMPANIES WHO ASSURE THEM WITH SAFE DELIVERY PRACTICES

The use of in-store technologies goes mainstream as retailers focus on safety

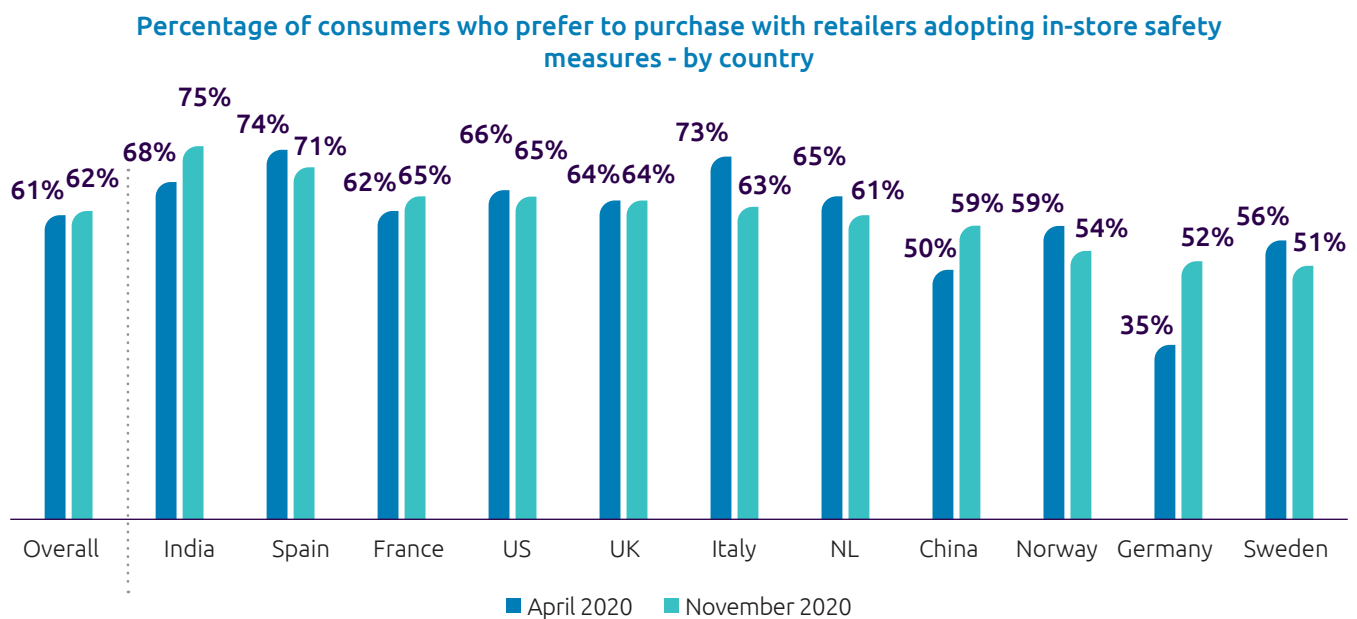
Preferences for safer in-store practices remain unchanged

Among consumers who have visited a physical store since it reopened, 76% are satisfied with the safety measures in place to protect against COVID-19 (e.g., mandatory face coverings, hand sanitizer, social distancing). Safety measures remain top of mind for consumers:

- 62% of consumers prefer to purchase with retailers adopting in-store safety measures (in line with April’s 61%).
- 52% prefer to purchase with retailers that have reorganized their store layout in light of the pandemic (in line with 51% in April).

While overall preference for safer in-store practices remains the same, it has increased most in India (+7%), China (+9%), and Germany (+17%) from April to November 2020 (see Figure 6).

Figure 6: India, China, and Germany lead in the increased share of consumers who prefer to purchase with retailers adopting in-store safety measures



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Consumers are comfortable using in-store technologies

Globally, 79% of consumers say they have visited a physical store after it reopened. We took a closer look at those consumers to understand the extent to which they are using the various digital technologies that many retailers have implemented because of the pandemic:

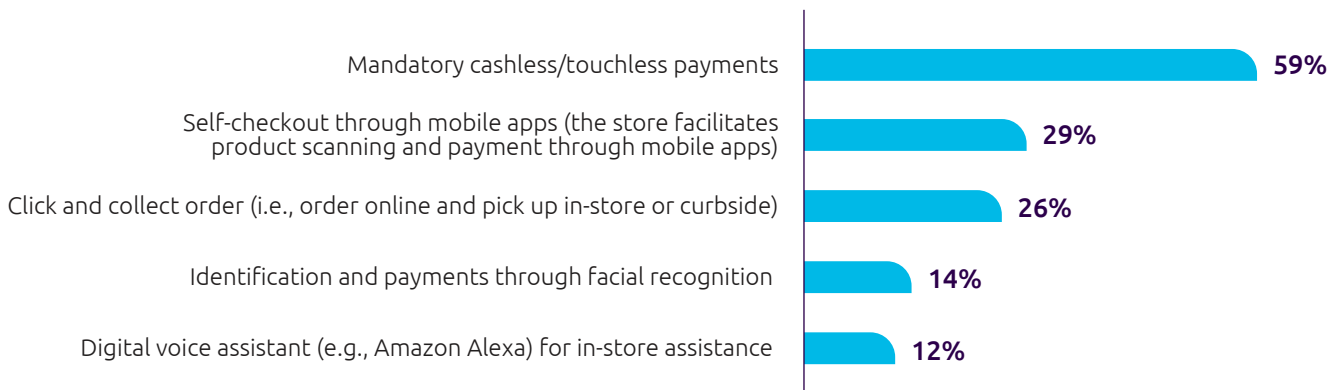
- Close to 60% have used cashless or touchless payments in stores.
 - By country, use is highest in France, India, and the Netherlands (70% each) and lowest in the US (36%).
- Nearly a third (29%) have used self-checkout through their mobile apps (see Figure 7).

Key trends that emerge include:

- **Retailers are adopting in-store technology to provide reassurance on safety:** Before the pandemic, US-based grocer Wegmans introduced mobile app-based checkout to just three of its stores, but during the pandemic, it rolled out a self-checkout app to 80 of its 100 stores to drive contactless shopping.³¹ Retailers see in-store technology as key to reassuring consumers about safety. *“Handing someone your credit card is going away and touchless will become the norm. We want to keep everybody safe and give shoppers a high level of confidence when they walk in,”* says Brad Lenz, senior vice president, design, facilities, and store development at Hudson Group, a North America travel retailer.³²

Figure 7: Nearly 60% of consumers have used in-store touchless payments

Percentage of consumers using varied technologies when visiting their retailer in-person since they reopened (November 2020)



Source: Capgemini Research Institute, Consumer Behavior Survey, October 27–November 5, 2020, N=8,754 consumers who visited a retail store in-person after they reopened.

- **Consumers are pivoting to retailers with in-store technologies and increasingly willing to use the solutions:** Our previous research showed that 59% of consumers are willing to shift their in-store purchases from stores with no automation technologies to stores that use automation technologies.³³ This acceptance of technology has driven use during the pandemic. For example, at US-based Fairway and Westside supermarkets, consumer adoption of in-store navigation GPS and mobile-based checkouts increased from about 10% before the pandemic to 30% during the pandemic as shoppers increasingly used these tools to ensure contactless shopping.³⁴

- **Consumers prefer retailers with in-store technologies:** Our research also shows that 41% of consumers prefer retailers who offers touchless self-checkout systems, unchanged from April 2020 levels. Likewise, close to one-third (31%) of consumers prefer to purchase with retailers who are fully autonomous (e.g., Amazon Go). This shift to in-store technology will persist once the pandemic subsides. Forty-three percent of consumers that used cashless/touchless payments in-store want their retailers to continue offering this technology in the longer term and 22% want self-checkout for mobile apps to continue.

Action points for CPR organizations include:

- Empower employees with in-store technology**
 Technologies can empower in-store employees to manage queues and maintain social distancing within stores and employees must be educated about their new roles and responsibilities. US-based home improvement retailer Lowe’s, and UK-based supermarket Asda, use employee apps to check in-store customer numbers to maintain social distancing.³⁵
- Pilot adoption of in-store technology to strengthen overall experience**
 Touchless technologies – including digital signage or QR scanners for scan-pay-and go – facilitate the in-store contactless experience. For example, since March 2020, US-based convenience stores Circle K and Quickeats launched autonomous self-checkout solutions to enable touchless options.³⁶ Beyond the safety aspect through touchless interactions, in-store technologies help enhance the convenience aspect. Our previous research on smart stores found that 66% of consumers believe that automation can improve their in-store shopping experience by solving the challenges, such as long queues.³⁷
- Continue with the safe-shopping practices initiated during the pandemic**
 The preference for in-store safety precautions (e.g., mandatory face coverings, hand sanitizer, social distancing) remains high among consumers and will likely to persist in the longer term. In October 2020, Lidl stores in the US announced that their store ventilation systems would be

upgraded with a protection layer against COVID-19, which would filter out air-borne particles that could potentially spread the virus.³⁸

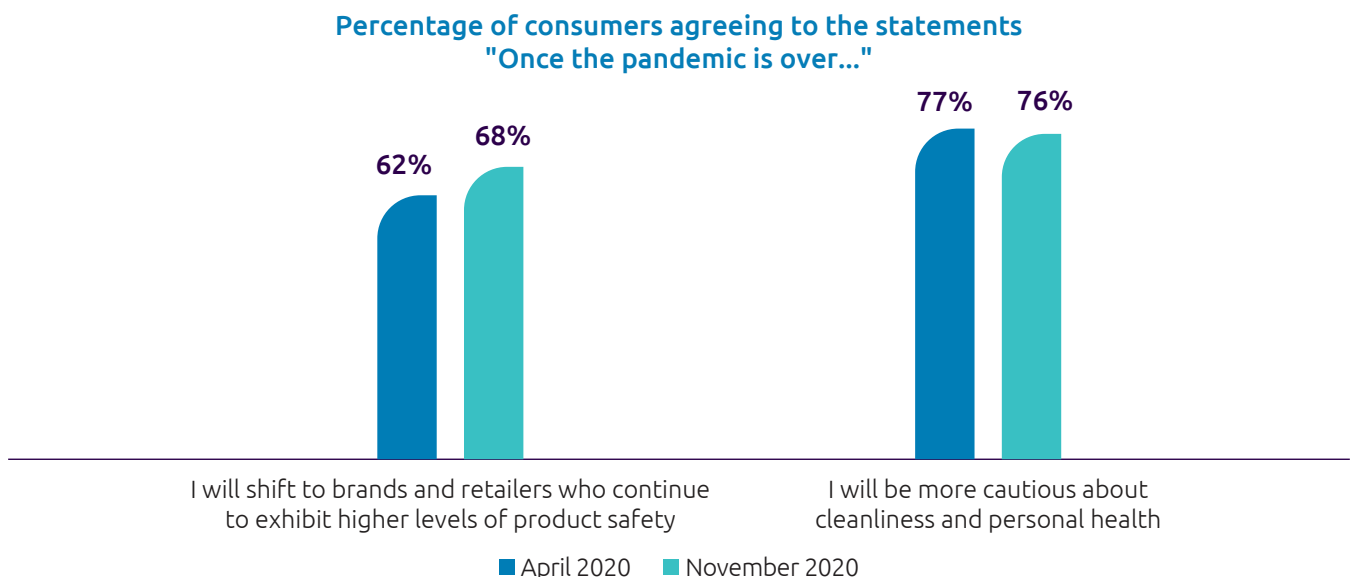
Health and wellness categories are seeing a spike as consumers prioritize their health

Consumers remain concerned about their health and safety

The pandemic has changed consumer views on their own health. In our July 2020 research on consumer health behaviors, we found that 47% of consumers are worried about their physical health deteriorating today, up from 35% before the pandemic. The same goes for mental health, with over one-third (35%) of consumers saying they are concerned that their mental health will deteriorate today, up from 26% before the pandemic.³⁹

Given this significant consumer anxiety today, it is not surprising that the majority (76%) will be more cautious about cleanliness and personal health once the pandemic is over. In addition, more consumers will shift to brands with higher levels of product safety – 68% today up from 62% in April 2020 (see Figure 8).

Figure 8: Product safety, cleanliness, and health continue to be priorities for consumers



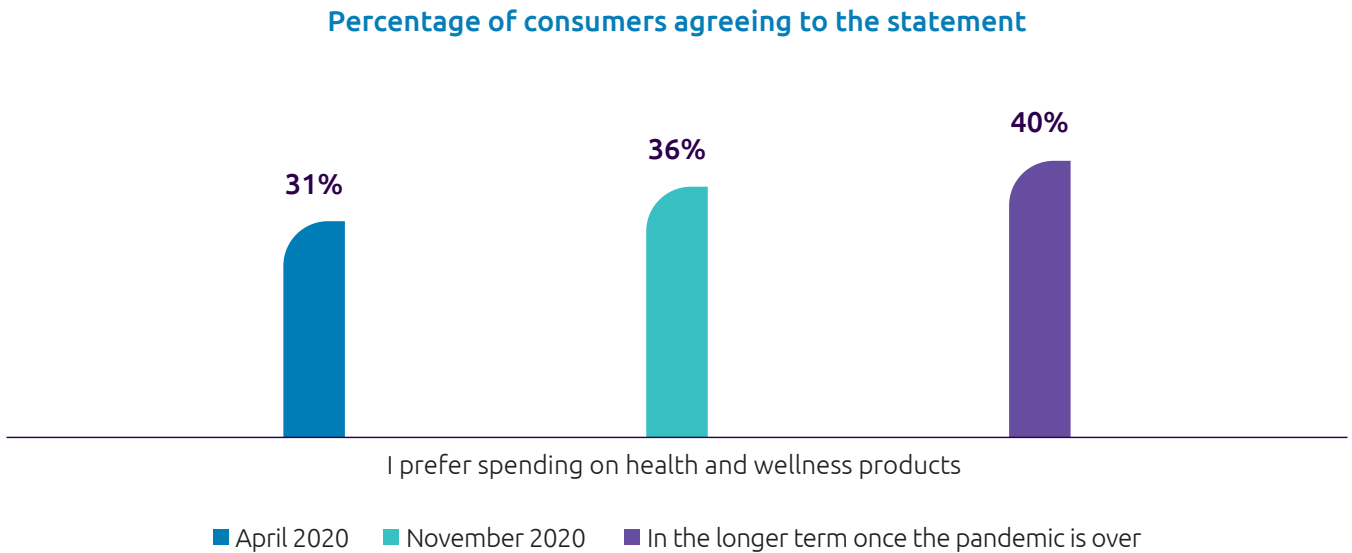
Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Consumers want healthier baskets

In our earlier consumer health research, about half of consumers said they would improve their health behaviors moving forward. Fifty-one percent said they plan to exercise more and 49% said they will maintain a healthier diet once the pandemic is over.⁴⁰ This trend holds true in our current research. The survey revealed consumer purchase preferences for health and wellness products has continued to grow,

increasing five percentage points from 31% in April 2020 to 36% in the longer term (see Figure 9). The preference to spend on health and wellness products in the long term increases to 45% for consumers aged 18 to 24 and further to 49% for those 25 to 35 years old. Indian conglomerate Dabur witnessed a 700% growth in sales (Q1 2020) for their immunity-boosting flagship product “Chyawanprash.”⁴¹ UK’s healthy subscription recipe box provider Gousto saw 115% increase in sales from 2019.⁴²

Figure 9: Preference for health and wellness spending is trending upward from April 2020



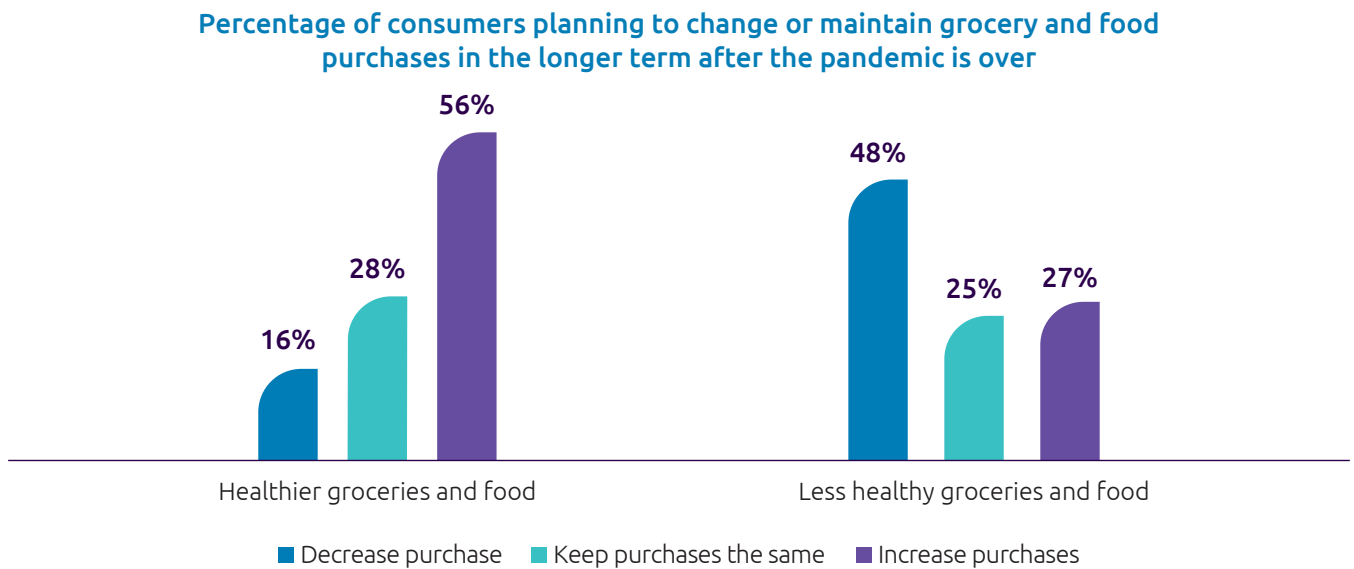
Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

40% OF CONSUMERS WILL PREFER SPENDING ON HEALTH AND WELLNESS PRODUCTS AFTER THE PANDEMIC IS OVER, AN INCREASE FROM 31% IN APRIL 2020

Over half (56%) of consumers also say they are planning to increase their purchase of healthier groceries and food such as fresh produce, whole grains, and lean protein once the

pandemic is over. Only 27% of consumers say the same about less-healthy foods, such as junk food (see Figure 10).

Figure 10: Over half of consumers plan to increase purchases of healthier foods



Source: Caggemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Action points for CPR organizations include:

• **Empower consumers to make healthier choices**

While many consumers want to be healthy, their good intentions are often undermined by poor choices. CPR organizations can help consumers make healthier purchases in their shopping journeys. For example, encouraging consumers to incorporate fresh ingredients into their meals by providing healthy recipe options, color-coding products by nutritional value and health impact, or strategically placing products to increase their purchase appeal. The Collaboration for Healthier Lives is an initiative led by the Consumer Goods Forum in partnership with manufacturers and retailers with the aim to “inspire healthier behavior in stores, online, and throughout communities around the world.”⁴³ As part of this initiative, France’s Carrefour simplified the shopping experience on e-commerce channels, enabling customers to improve the nutritional value of their order without spending time or energy on product research. The program resulted in a 20% increase in fresh produce sales.⁴⁴

• **Provide personalized recommendations**

Across the shopping journey, organizations can provide

customized recommendations based upon consumers’ unique preferences, past purchases, and personalized health and wellness goals. The personalized suggestions can also be accompanied with incentives to buy products with greater health benefits. For example, Migros Ticaret A.S., the Turkish supermarket chain, has a mobile app that compares the food purchases of consumers with the benchmark nutrition food groups recommended by the Turkish Ministry of Health. It goes on to provide personalized messages on those nutritional food groups that are missing from shoppers’ baskets.⁴⁵

• **Balance “healthy” positioning and price premium**

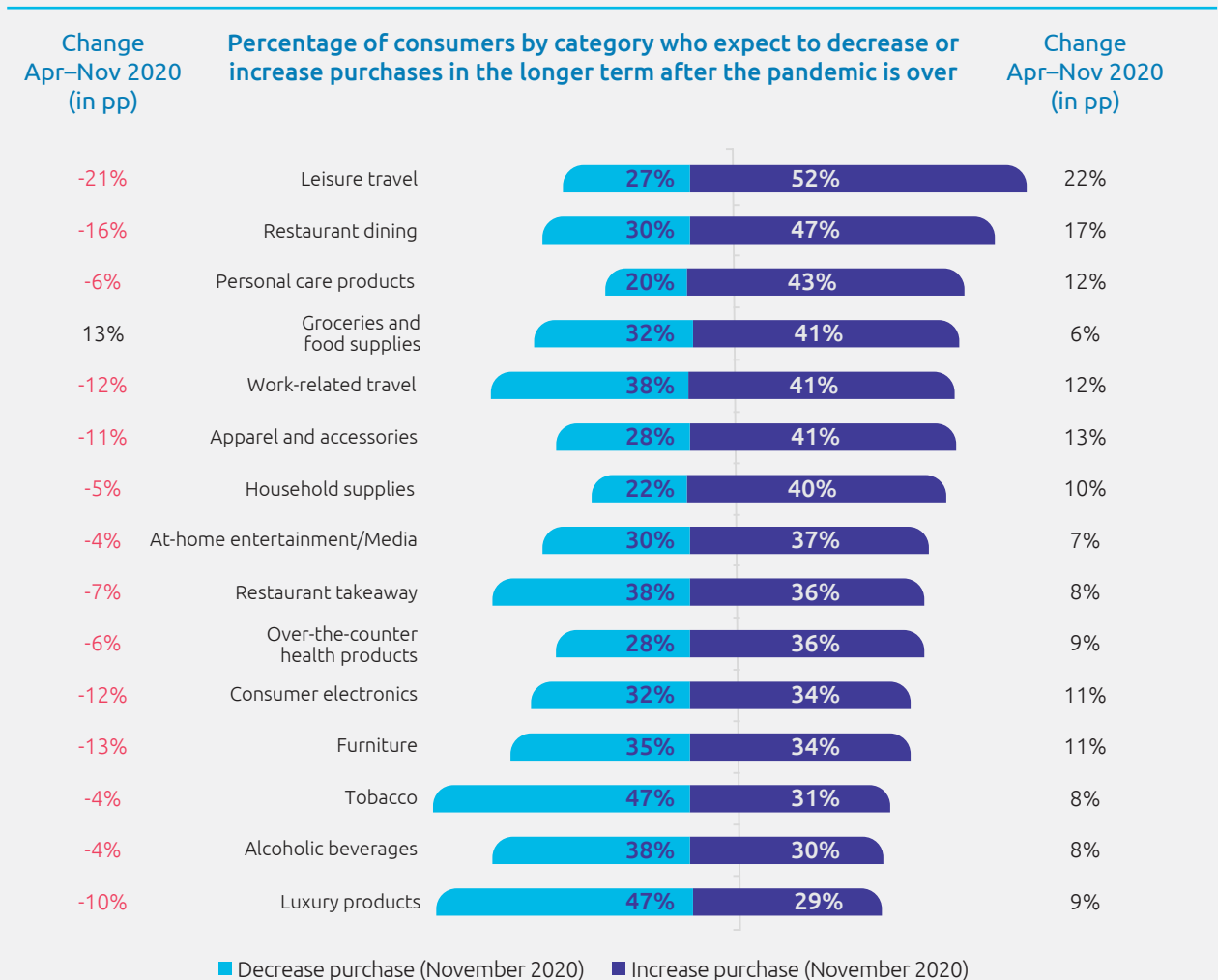
CPR organizations must balance the premium price perceptions of healthier products with consumers’ affordability concerns. This is especially important today where one-third of consumers said their income level decreased in the past six months as a result of the pandemic. For example, Migros has a mobile app that offers discounts based upon previous purchases and consumer profiles to encourage a balanced diet.⁴⁶

Consumers anticipate spending more on discretionary items such as leisure travel in the longer term

In April, we found that consumer spending patterns were shifting, with a pivot to essentials over discretionary items. In November, we see these patterns shifting back to discretionary items in the longer term. Consumers intend to spend more on discretionary items – such as leisure travel and casual dining – once they feel that the pandemic is over. The share of consumers who plan to increase spending on leisure travel in the longer term increased by 22% (52% in November, up from 30% in April). For restaurant dining, it increased about 17% (47% in November versus 29% in April). Figure 11 provides more detail.

More consumers are planning to reduce spending in groceries and food supplies in the longer term (32% in November, up from 19% in April). But the number of consumers who plan to increase spending on tobacco and alcohol is among the lowest, reflecting the consumer trend to prioritize health.

Figure 11: Expected consumer purchase changes by category in the longer term after the pandemic is over



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

*In pp= in percentage points.

Purpose and sustainability continue to be high on the consumer agenda

Consumers are mindful of what they purchase

COVID-19 has shifted the consumer mindset towards more mindful consumption and they remain focused on organizations that display a strong sense of purpose:

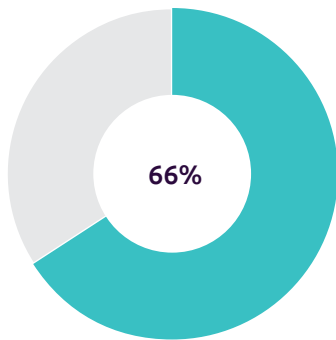
- Today, 49% say that they prefer their retailer to showcase a sense of purpose and give back to society and community (50% in April).

- 68% today say they will be more mindful of their purchase habits after the pandemic (up 3%).

Purchasing local products and supporting local communities is also important. Sixty-eight percent of consumers favor local stores' products over online marketplaces such as Amazon or Alibaba (see Figure 12). German super market Lidl – in response to high demand from its customers for locally sourced products – established partnerships with local suppliers.⁴⁷

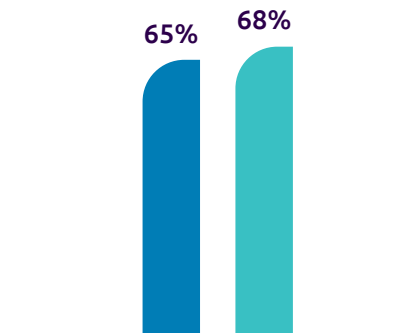
Figure 12: Consumers are more mindful in their purchase habits and prefer supporting local communities

Share of consumers agreeing to the following "Once the pandemic is over..."



■ November 2020

Share of consumers agreeing to the following "Once the pandemic is over..."



I will be more mindful in my purchase habits (e.g., purchase only essential items, no extravagant buying)

■ April 2020 ■ November 2020

Source: Caggemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers

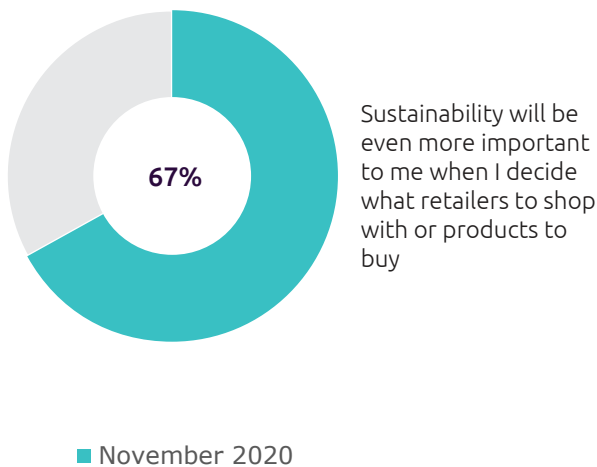
Consumers prioritize sustainability

Today, while 39% of consumers still prefer disposable product packaging because of safety factors (40% in April), sustainability remains top of mind for many. Nearly 70% of consumers say that sustainability will be more important to them when deciding on retailers and products. And, as Figure

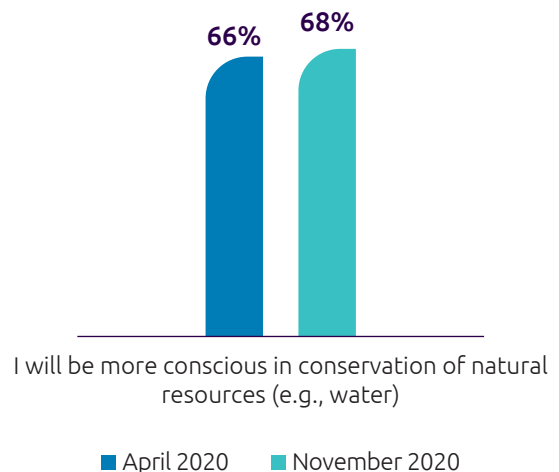
13 also shows, many will also be more conscious of conserving national resources (68%, up from 66% in April). Amazon for example, added a new section on its website which lists all climate-friendly products. It has also started labeling products with a sustainability badge.⁴⁸

Figure 13: The vast majority of consumers will be more sustainability-focused and conscious of natural resource conservation

Share of consumers agreeing to the following "Once the pandemic is over..."



Share of consumers agreeing to the following "Once the pandemic is over..."



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

67% OF CONSUMERS SAY THAT ONCE THE PANDEMIC IS OVER SUSTAINABILITY WILL BE EVEN MORE IMPORTANT TO THEM WHEN THEY DECIDE WHAT RETAILERS TO SHOP WITH OR PRODUCTS TO BUY

Action points for CPR organizations include:

- **Communicate your contribution to society and sustainability to drive an emotional connection**

Clear, fact-based communications of the contribution that organizations make to society and sustainability are critical. By demonstrating that the organization contributes to causes that consumers deem important (e.g., fighting the climate crisis, supporting local products), an emotional connection is fostered. For example, Unilever plans to show how much greenhouse gas is emitted in the process of manufacturing and shipping their products to consumers. Our research on sustainability in the CPR sector found that more than half (52%) of consumers say that they share an emotional connection with products or organizations that they perceive as sustainable.⁵⁰ And our previous research on customer loyalty found that emotions have the

strongest impact on loyalty, surpassing factors such as price, promotions, and reward points.⁵¹

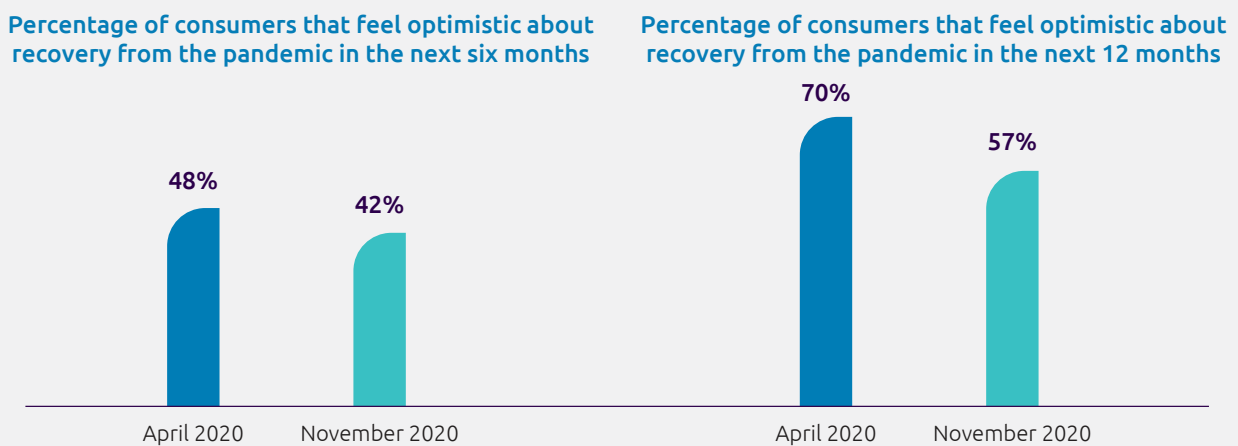
- **Strengthen your sustainability initiatives across the value chain**

With consumers becoming more mindful, strengthening the organization’s sustainability actions will cultivate authentic relationships and build engagement and loyalty. Organizations should look at the entire value chain and identify opportunities for sustainable product design, responsibly-sourced raw materials, greener manufacturing processes or store operations, or eco-friendly packaging. A number of organizations have launched initiatives in the refillable/reusable packaging space. Loop, a platform that partners with multiple firms such as Unilever, Procter & Gamble, Nestlé, Coca-Cola, and PepsiCo, offers subscriptions to products such as shampoo, detergent, and ice cream in reusable packaging.⁵²

Outlook: Customer sentiment still points to recovery in a 12-month timeframe – but with less optimism than in April

We conducted our first survey from April 4–8, 2020 and followed it up with a survey conducted from October 27–November 5, 2020. Both surveys had more than 11,000 consumers across 10 countries. In April, close to half (48%) of consumers were optimistic about recovery from the pandemic in the next six months. This number fell to 42% in November. When asked about the next 12 months, positive sentiment increased to 70% in April, but declined to 57% in November (see Figure 14).

Figure 14: Consumer are less optimistic about recovery

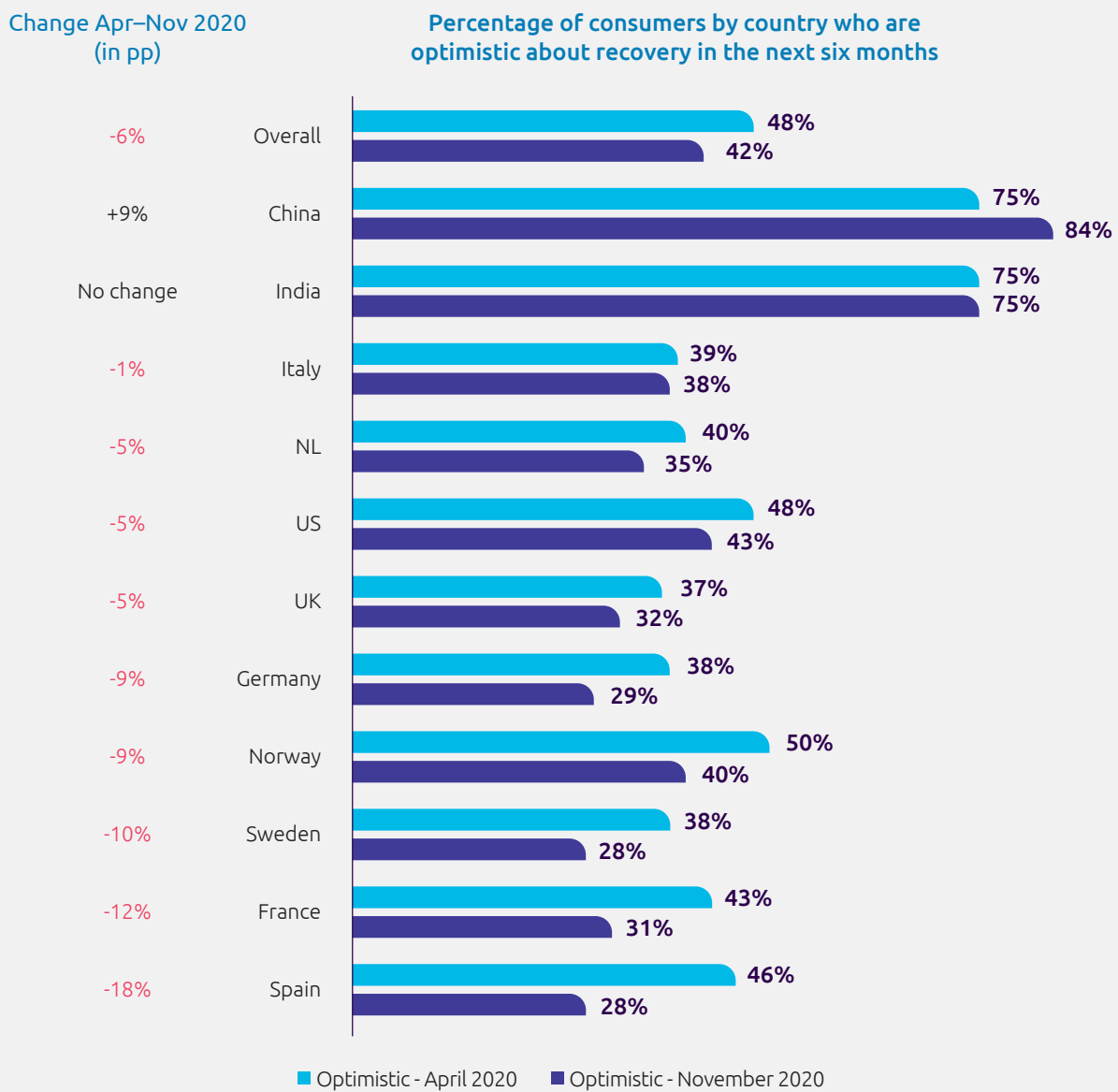


Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

Looking at sentiment over the next six months and comparing to April levels, optimism continues to be particularly high in China. China had the greatest gain since April (+9%). China’s optimism can be attributed to the economic recovery post lockdown as shown in the last two quarters ending September 2020.⁵³ Equal shares of consumers in India are optimistic about recovery in the next six months. A higher recovery rate for COVID-19 cases and significant decline in new cases might be driving the optimism level in India.⁵⁴

The lowest levels of optimism are found in continental Europe. Sweden and Spain are both at 28%, while Spain has declined by 18% from April (see Figure 15). The second wave of COVID-19 – along with daily surges and government warnings of a tough winter ahead – could be curtailing optimism in Sweden.⁵⁵ Similarly, in Spain, the record increase in cases in October – combined with strict lockdowns and emergencies in major regions such as Madrid – has contributed to decreased optimism.⁵⁶

Figure 15: Consumer sentiment about recovery in the next six months by country



Source: Capgemini Research Institute, Consumer Behavior Survey, April 4–5, 2020, N=11,281 consumers; Consumer Behavior Survey, October 27–November 5, 2020, N=11,108 consumers.

*The change from April – November 2020 corresponds to the survey question “How far are you planning to reduce/increase purchase in the next six to nine months” **In pp= in percentage points.

Conclusion

Consumer products and retail organizations have faced unprecedented change due to the COVID-19 pandemic. The pandemic has driven tremendous changes in behavior among consumers. They are embracing online shopping like never before, demanding safer and more convenient options, becoming more comfortable with using technologies, and paying more attention to sustainability and health. These shifts in the way people consume, think about consumption, and make purchase decisions have persisted since April and will remain long after the pandemic subsides. It is important for organizations to be mindful of the long-term behavior shifts that the pandemic has created and use that awareness to build their customer experience and growth strategies.

This document is part of the Capgemini Research Institute's special series of research notes on pragmatic tips to help organizations tide over the COVID-19 pandemic. You can find more such research notes and other tips and analyses at: <https://www.capgemini.com/our-company/covid-19-insights-for-today-and-tomorrow/>

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