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A look back on the year that was

How the unprecedented events of 2020 have shaped consumer behaviour

Premise

The unprecedented events of 2020 have fundamentally changed the needs and demands of consumers. Existing trends have accelerated and priorities have shifted voluntarily and involuntarily.

We evaluate trends and research to look into why these changes have occurred and predict priorities for businesses to focus on.

Next year, we anticipate that consumers will enjoy steering away from online consumption for real life experiences. Demand for transparency from businesses will increase continuing the shift to support local plus a greater focus on value for consumers.



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Introducing JOGO

It's 2019, and a blissfully unaware consumer continues to contribute to the ever-growing global trend of e-commerce, loner living^[1] and purchases that cement social status.

Visits to brick and mortar stores are down 10% and the proportion of consumers shopping online hits 82%, doubling from 2008.^[2] Living in a world filled with copious choice, our consumer has an **overwhelming need for convenience** within their busy life.

The concept of **JOMO** (joy of missing out) came into existence as a stark response to **FOMO** (fear of missing out) in early 2019.

JOMO encouraged individuals to change their outlook to start focusing on fewer, more important invitations.

But in the first quarter of 2020, the global Coronavirus pandemic would change consumer trends without warning and without choice. Consumers no longer had the option to enjoy or fear missing out as much of daily life was put on hold or limited greatly through lockdown. In their place, a new trend developed, one that we're calling **JOGO** (joy of going out).



10%

Decrease in visits to brick and mortar stores



Proportion of consumers shopping online since 2008

By April 2020, online shopping increased by 129% week on week[3] across the UK and Europe. As summer set in, Zoom fatigue grew as quickly as its share price and in August, consumers were thrilled by the UK Government's 'Eat Out To Help Out Scheme'.

All signs pointed to consumers experiencing a huge change of perspective and a deliberate shunning of online retail in favour of real-life high street experiences.

As the old saying goes,
"You don't know what you got till it's gone".

129%

Online shopping increase
across UK and Europe by
April 2020

80%

Consumers more
connected to communities
as a result of COVID-19

The pandemic has resulted in a culture shift towards community with consumers rallying together - a far cry from the JOMO notion. A recent survey noted that 80% of consumers feel more or as connected to their communities as a result of COVID-19, with 88% of those expecting these connections to stay intact long after the virus.[4]

With this shift marketers anticipate a **change in consumer purchasing behaviour**, with motivations for personal gain switching to experiences that can be shared with others.[5]

Brands should observe the growing desire for brick and mortar, with consumers looking to see products in person, experience the social benefits of browsing and bask in the curtail of curfews and time limits. The evidence during this pandemic shows e-commerce stands strong and should still be a priority for businesses big or small, but will consumers continue with JOGO once the world returns to normal (whatever that new normal may be)?



The whole truth and nothing but the truth



Increase in news consumption in 2020

Consumers changing their shopping habits in relation to businesses' response to COVID-19

There has been a staggering 67% increase in news consumption this year^[6], consumers are more informed than ever and forming opinions on companies who participate in brand activism and social practices. New research shows that such an increase in awareness of 'fake news' has inspired consumers to be more demanding of corrective actions and visibility.^[7]

It has been found that almost two thirds of consumers (65%) are actively changing their shopping habits specifically in relation to how businesses respond to COVID-19.^[8] A recent poll discovered that 89% of people believe that brands should shift to producing items that help people meet the new challenges faced by the virus, with 90% saying they want brands to keep them fully informed about any changes they are, as a result, making.^[9]

The conscious consumer entered the retailing world at pace last year, demanding more from brands beyond just fundamental insight to the inner workings of their business.

Throw in a global pandemic, political and social movement and continued commitment to protecting earth, the demand for cause marketing has only skyrocketed. As such, **we're seeing a stark shift for consumers supporting local businesses.**



According to one Swippi user:

“Where I live there are lots of local businesses that are really struggling at the moment, we prefer them to big names. We’re coming together as a community to keep these businesses running so they’re there on the other side of 2020.”

83%

Millennials who value smaller brands' transparency about supply chain and sustainability

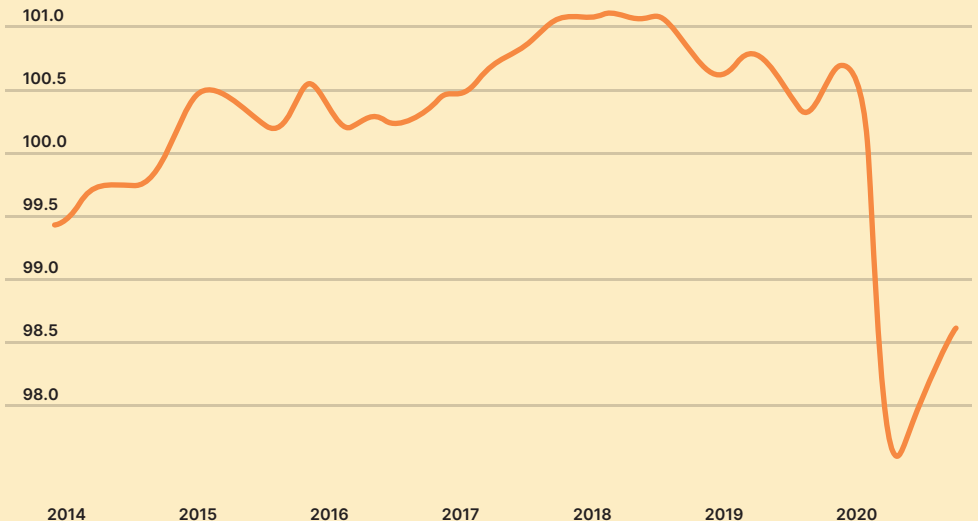


Smaller brands have the ability to be transparent about their supply chain and sustainable sourcing which means consumers can be confident that a brand aligns with their values (which 83% of millennials see as important^[10]). More than half of respondents of a recent Barclay Card survey said they intended to support local businesses in order to drive their local economy echoing the shift to prioritising community discussed earlier.^[11]

Consumers now have a distinct **desire to see the impact of their own contribution** and brands, big or small, must adapt to this customer desire in order to prioritise their place in the consumer's everyday values.

Consumption ROI

In the wake of one of the biggest recessions since the Second World War, consumers are prioritising value over anything else in our new world.^[12] The Consumer Confidence Index provides indication of consumer spending behaviour based on macroeconomic situations.^[13] A score below 100 indicates a pessimistic outlook to the future and thus a negative impact on personal finances resulting in consumers spending less and saving more. As of January 2020 the index was 100 and currently stands at 98.62, up from 97.62 in May having most recently only been below 100 in 2014.





Since 1943 we have identified Maslow's Hierarchy of Needs as prioritising physiological needs and safety before ultimately achieving esteem and self-actualisation. For the first time, in some time, we witnessed our buying behaviour shift back to the very early stages of this concept. Panic buying saw shelves cleared of basic human essentials such as loo roll and water, with a fear for our safety now front of mind as hand sanitizer sales are expected to grow 244% year on year compared to 2019.^[14]

With an economic need for value and our society's shift to prioritise community, consumers will no longer seek the social status that comes with certain purchases. The focus will turn to consumer ROI and we'll find ourselves nestled in the lower half of the infamous triangle.

With a new focus for value, companies can anticipate that brand loyalty will come into play. McKinsey & Company carried out research to better understand the impact of the virus across countries. They note that since the pandemic began 63% of consumers in the UK tried new shopping behaviours with over 80% of those intending to continue.^[15]



During lockdown people noted an impact on their household income (8% lower^[16]), priorities have changed and emphasised a desire for compassion, support and belonging, consumers will seek to understand personal gains from purchases and the long term impact this can have on them which may change where they spend their money, and who with, entirely.

Swipii 2021 predictions



A surge to brands that promote shared experiences

A focus on value proposition to target the 'new' consumer

A desire for transparency will shift shoppers local

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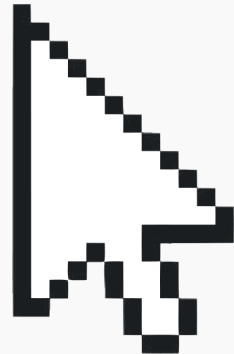
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