Covid-19 aftermath: Europeans bond with online consumption and reinvent summer holidays

The pandemic has undoubtedly changed online consumer behaviour. But is this a temporary phenomenon or something more long-lasting? Based on our latest survey, we see that the digitalisation of consumption is likely to stick in the post-pandemic new world. The survey also reveals that many people are still keen on more sustainable and local consumption

Covid-19 is permanently shaping the 'new normal' ways of working, learning, shopping, entertaining, and socialising with others. Digital technologies have been key in the acceleration of these societal trends coming out of the crisis. During the second half of July, we conducted a short survey of 5,000 people across five European countries (Germany, Romania, Poland, Spain, and Turkey) to learn more about how consumer behaviour is evolving after the lockdowns.

Digitalisation of consumption: Online surge remains

The pandemic lockdowns definitely accelerated the shift towards online consumption. By now, with economies mostly reopened and many restrictions eased in Europe, we see a clear trend towards higher usage of online and digital channels across different categories. On average, we find a striking 35% of consumers still reporting that they are using online services more often than before the pandemic. Although this surge has been mostly driven by the younger population (those below 45 years old), it's very interesting to find that among one quarter of the older generation, digital usage is also picking up, especially in shopping for food/groceries and electronic/technology items, as well as in the consumption of social and leisure content. It's also worth noting that neither income, gender nor employment status seem to make a difference for digitalisation to thrive.

Fig 1: Change in usage of online channels relative to pre-pandemic levels

	Total (%)					Net increase (%)				
Change in frequency use of Online...	Less	Same	More/ started	Never use(d)	Net increase	Germany	Poland	Romania	Spain	Turkey
Shopping for food and groceries	6	34	30	30	24	9	25	23	22	38
Shopping for apparel and personal care items	9	44	36	11	27	6	29	22	17	40
Shopping for electronic and technology items	9	47	32	12	23	9	34	25	23	44
Shopping for household appliances, furniture, DIY, tools, etc.	10	46	27	17	17	6	21	15	10	36
Shopping for leisure items (sports, gaming, toys, puzzles, etc.)	8	41	33	18	25	5	6	8	3	27
Leisure content (streaming, movies, music, TV, reading, etc.)	6	39	44	11	38	9	32	20	22	46
Socials (social media, chatting, calling, games, etc.)	6	41	45	8	39	20	41	33	44	57
Education, learning, and training	6	33	37	24	31	17	41	36	44	59
News	5	42	45	8	40	10	33	35	27	53
Investments (stock market, mutual funds, real estate, other)	8	33	18	41	10	8	33	34	28	50
Banking (financial transactions, payments, budgeting, etc.)	5	49	37	9	32	30	48	36	30	57
Average	7	41	35	17	28	12	31	26	25	46

Source: ING

The question asked was: How frequently are you now using the following online channels compared to what you used to do before COVID-19 started? Net increase is calculated subtracting the percentage of respondents stating less usage from the percentage of respondents who started to use or are using more often online channels for each activity.

In fact, even after lockdown, the net increase in online activity remains significant, at 28% on average. This begs the question, which digital categories are benefiting the most? We see the greatest net growth in online consumption of news (40%), social (39%) and leisure content (38%), followed by the use of online banking/payments (32%) and, of course, the boom of online education and learning (31%). Certainly this digitalisation lift has been more strongly felt in those countries where consumers and industries were used to more offline, traditional models prior to the pandemic.

Are these changes still temporary? Consumer preferences have been shifting towards online channels for over a decade, so we think that for those who used online more during the crisis, a long-lasting effect can be expected. Because of convenience, time saving and more choice alongside health concerns, social distancing and the risk of a pandemic blowback, we think new digital consumption will likely remain and flourish after the crisis. In the end, Covid-19 has defined better than anyone what 'digital transformation' actually means. The crisis could be the force accelerating online innovation and reinforcing consumer behaviour into new habits. And best of all, if industries develop digital architectures that adapt to changing consumer needs, it could contribute to more inclusive access.

Focusing on healthcare and more sustainable consumption

There is a large movement to 'build back better' from the pandemic in relation to the climate crisis. Although much effort is still required by industry and governments, attitudes and behavioural change at the individual level are also necessary. Has the biggest carbon crash wrought by Covid-19 (mainly by mobility and transport constraints) helped consumers to reassess the changes needed to tackle the environmental crisis? Our survey results suggest that around a third of consumers are not only demanding more sustainable retail but are also considering more seriously health, energy use, sustainability, and local origin, a consumption priority. We find higher net increases in these pro-environmental attitudes in countries with bigger climate problems in the past and, therefore, where individual behaviour – along with industry and policies – has more room to improve.

Fig 2: Change in attitudes/behaviours toward more sustainable consumption

	Total (%)				Net increase (%)				
	Less	Same	More/ started	Net increase	Germany	Poland	Romania	Spain	Turkey
Considering the **health impact** of my shopping and consumption choices	8	41	51	43	22	50	44	48	57
Considering the **environmental impact** of my shopping and consumption choices	8	48	44	36	17	38	35	37	49
Focusing on **limiting** food **waste**, optimising **energy** use and/or recycling	8	45	47	39	21	45	39	42	46
Focusing on **buying organic** products from **local** farmers or local shops	9	50	41	32	17	33	27	36	47
Making more environmental **sustainable** choices for **travel and transportation**	11	50	39	28	14	31	22	36	42
Interested in **banking products** that support a greener and **sustainable future**	12	53	35	23	6	21	20	29	40

Source: ING

The question asked was: Has anything changed in the following areas relating to your personal and social behaviours after COVID-19 started? Net increase is calculated subtracting the percentage of respondents stating to do less of each item from the percentage of respondents stating to do more.

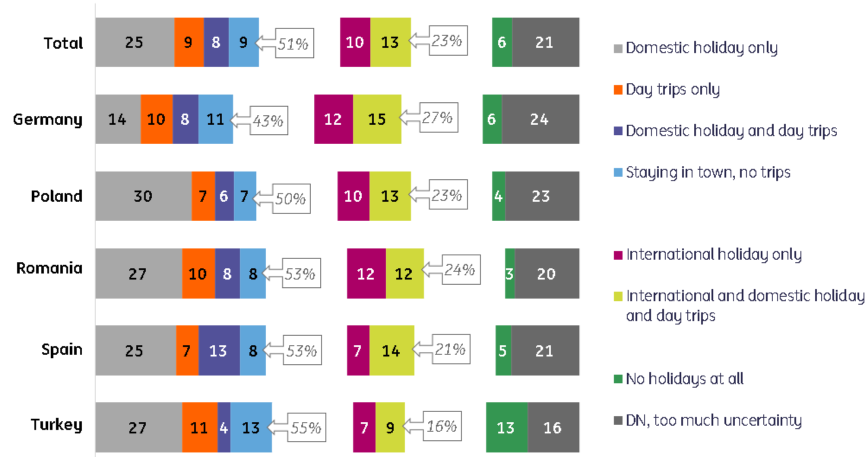
For all six sustainability-related statements that we asked, we find that positive behaviour has risen slightly more among the older groups, although a growing number of younger consumers is developing in the same direction. For most respondents, health concerns and the support of local economy are the two dominant reasons for improving their behaviour. Finally, it is no surprising that even though financial reasons now seem to be of subordinate importance for our respondents, we find that healthier, sustainable and local consumption attitudes do increase with rising incomes.

Of course, the unexpected positive environmental impact of Covid-19 is unlikely to continue once the economies, life and travelling revert to their former pace. However, the massive disruption to our routines caused by the pandemic may be an opportunity for us to move to a more sustainable lifestyle, including travel, transport, shopping, energy choices, etc. At least temporarily, as we show in the next section, it seems to be happening in the holiday domain, where preferences for natural relaxing places may also positively change our attitudes toward the environment.

Reinventing summer holidays towards local and natural places

With the reopening of the European borders, many were expecting international summer tourism to recover. But travelling in (post-)pandemic times would require precision planning, lots of research, and of course a willingness to play by changing and stricter rules in destination and home countries. So, all in all, uncertainty definitely held back the usual holiday plans of most households.

Fig 3: Realised and future plans for summer holidays (Jun-Sep 2020)



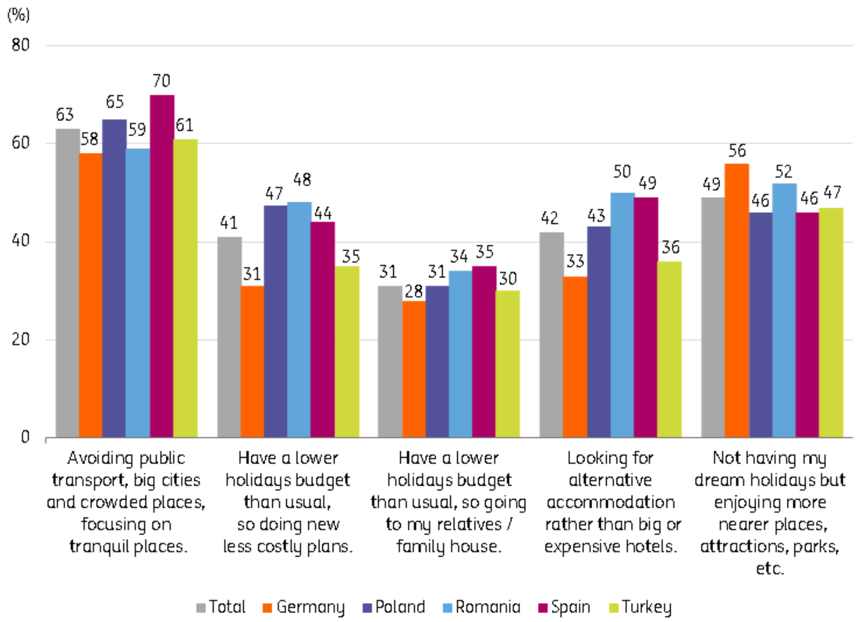
Source: ING

The question asked was: What does it describe best your realised and future plans and expectations for this summer holidays (Jun – Sep)? Respondents could choose all option that applied from seven options. The figure shows net recalculations for people with more than one option chosen, therefore, the distributions per country sum up to 100%.

We followed up with our respondents on their realised and/or planned holidays for this summer and unsurprisingly, we found that the vast majority (51%) are holidaymakers reinventing their summer holidays by combining domestic travelling, day trips and 'staycations'. This has been more pronounced among married and cohabitating couples, families with children, and those in younger consumer groups. Also unsurprisingly, we see a big group of consumers (27%) who were overwhelmed by uncertainty and either didn't know how to spend their holidays or ultimately decided to postpone and not take any days off at all this summer. A smaller group of respondents (23%) told us their plans included an international trip, mostly those in the older groups of the population. Nonetheless, half of them were not really sure whether they would make it abroad, and had other domestic holidays and day trips planned anyway.

Most interestingly, this holiday-abroad gloom seemed to have motivated many families to explore their home country in a particular way: around 60% of holidaymakers are spending their summer time locally, especially focusing on natural and uncrowded places such as the countryside, the local mountains and the coast. Although this trend is not totally new, we observe that travellers are becoming more conscious about their spending and environmental footprint because of Covid-19, in particular those in the younger consumer groups.

Fig 4: Agreed with statements relating to summer holidays (Jun-Sep 2020)



Source: ING

The question asked was: To what extent do you agree or disagree with the following statements relating to your summer holidays? The bars represent the total percentage of respondents that agreed or strongly agreed with each statement (in a 5-point Likert scale). The statements text in the figure are shortened for graphical convenience.

Looking into the underlying reasons for not travelling internationally, besides the most relevant one of avoiding health and security risks, supporting the local economy and financial concerns also appear to play a role. Specifically, lower income consumers and those in more unstable employment situations show a preference for staying in town or travelling domestically while looking for alternative cheaper accommodation and for wallet-friendly plans. The principal reason for the 20% of travellers still willing to visit European and long-distance destinations was their desire to catch up on a trip that they couldn't take during the crisis.

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