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PANDENOMICS

■ MARCH 2021

THE NEW DIGITAL CONSUMER

**HOW THE PANDEMIC HAS RESHAPED CONSUMERS'
SHOPPING BEHAVIORS**



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PANDENOMICS

This study series measures the impact of the COVID-19 pandemic on consumer and merchant behavior and explores the accelerated shift to a digital-first world. Pandenomics is a proprietary research and analytic framework and series of insights that measures the shift away from a primarily physical world toward a digital-first counterpart. This framework makes it possible to accurately profile the characteristics of these digital shifters as consumers prioritize preserving their personal and familial health and safety as they make decisions about doing business in the world.

INTRODUCTION

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The first wave of shutdowns and restrictions in the United States began one year ago today. They had an immediate, far-reaching impact on consumers' daily lives, and no one knew how long they would last at the time. The traditional nine-to-five work week vanished into thin air as millions of nonessential workers lost their jobs and millions more shifted to working from home. One year later, home has become consumers' preferred workplace: 79 percent of workers who are mostly working from home like it so much that they never want to go back to the office.

Working from home is not the only aspect of consumers' lives that has gone digital during the year of restrictions, either. Nearly a quarter of consumers are ordering more of their food from aggregators like Uber Eats and Grubhub, and nearly as many have taken to buying more of their groceries on digital marketplaces like Amazon. Digital approaches have become an integral part of consumers' new routines, with consumers using desktops, mobile phones, voice assistants and other connected devices to manage their new lives online.

PYMNTS has spent the last year conducting real-time research on the pandemic's continuing impact on consumer behavior, having surveyed a total of more than 21,600 U.S. consumers to date and published our findings in 18 previous editions of our ongoing Pandenomics series. Our research has provided firsthand insight into how consumers are reorganizing their lives in response to the pandemic, how their shopping and payment preferences are changing along with their attitudes and how their vision for the post-pandemic future continues to evolve.

On Feb. 26, 2021 — nearly one year after fielding our very first consumer survey — we went back into the field to find out how consumers' experiences have changed their routines and analyze what it means for the post-pandemic economy. We surveyed a census-balanced sample of 1,994 U.S. adults about digital commerce, the availability of new vaccines and the prospect of life after the COVID-19 pandemic to discover how the trends of the last year stand to impact the lives of the new digital consumers until the end of the pandemic and beyond.

This is what we learned.

PART I: STICKING WITH THE DIGITAL SHIFT

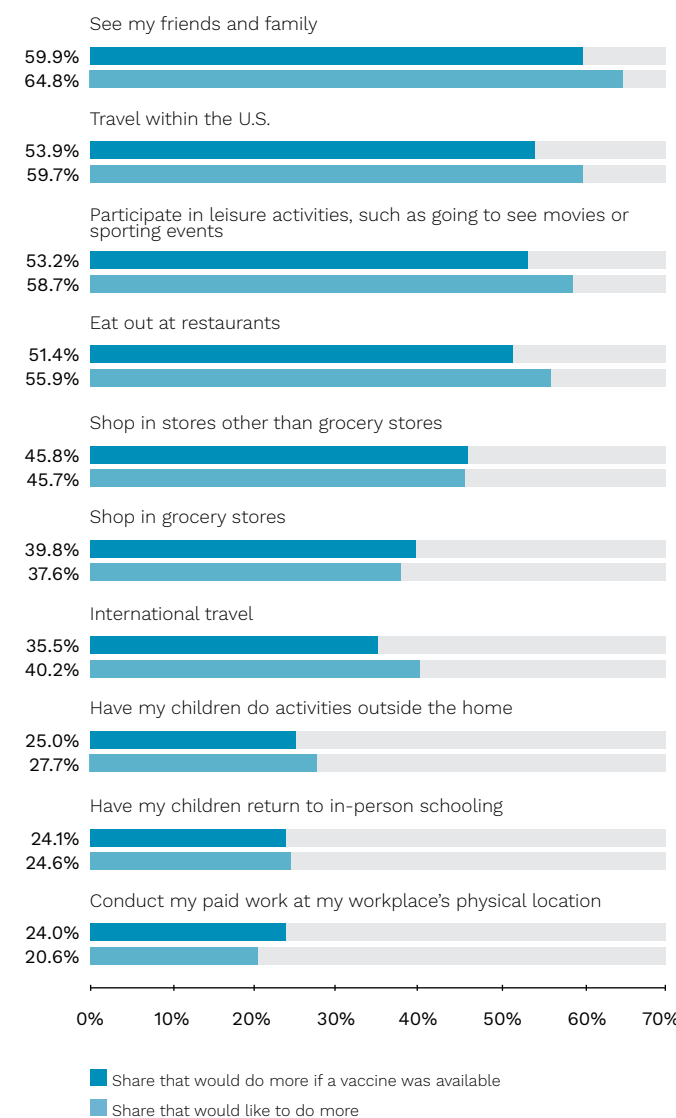
The shift to digital is here to stay, especially for essential activities like work and grocery shopping, but consumers want to reengage in the physical world for fun and leisure activities. Sixty percent are eager to pursue activities such as seeing friends and family and attending sporting events and concerts.

U.S. consumers have spent the bulk of the last year at home, and most are eager to have a chance to go back out into the physical world, though not all for the same reasons. Fun is at the very top of most respondents' to-do lists for when they get the chance to leave their homes without fear of contagion, and work is at the very bottom.

The most common reasons that consumers say they want to reengage with the physical world are all about leisure, including seeing friends, traveling and going to events. Sixty-five percent of all consumers who are looking forward to going back out into the physical world say they are looking forward because they would like to see their friends and family again, for example, and 60 percent say they are positive because they want to be able to travel within the U.S. again. We found that 59 percent want to participate in leisure activities, like playing sports, seeing movies and attending concerts and other events.

Far fewer consumers today want to reengage with the physical world for performing essential activities like work and grocery shopping, by contrast. Sixty-two percent of consumers who are grocery shopping in stores less often than they did before the pandemic say they do not want to do so as much as they did before the pandemic began, for example. Even fewer consumers who have made the digital leap to working remotely from home say they want to go back to the office. Seventy-nine percent of these remote workers say they do not want to go back to working at their physical workplaces, apparently preferring the company of family, roommates and pets to commuting to work every day. It is thus clear that this digital shift that has taken hold during the pandemic will continue long after consumers are free to reengage in the physical world.

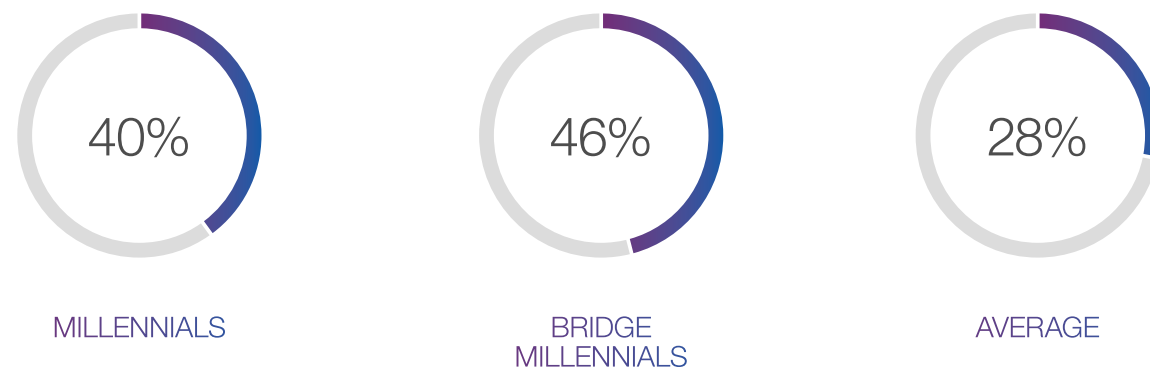
FIGURE 1:
WHY SOME CONSUMERS ARE EAGER TO REENGAGE WITH THE PHYSICAL WORLD
Share who want to do select activities more versus share who would do more if a vaccine were available



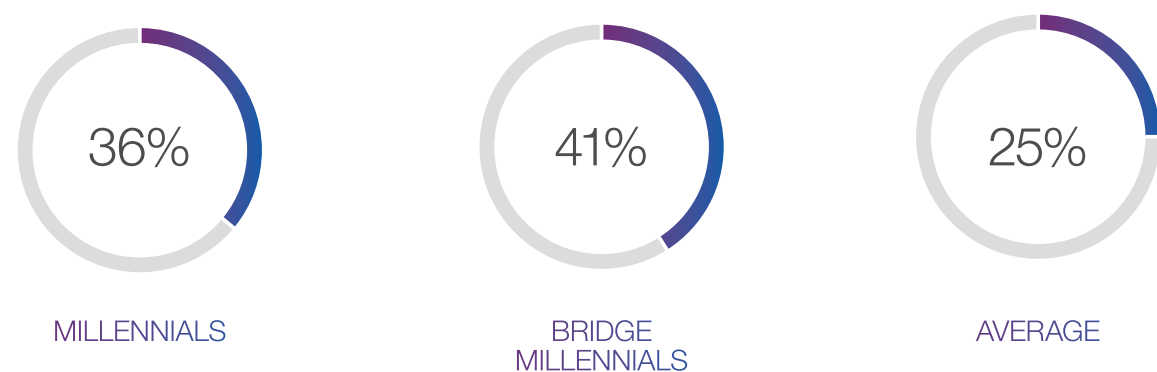
Source: PYMNTS.com

MILLENNIALS AND BRIDGE MILLENNIALS WANT THEIR CHILDREN OUT OF THE HOUSE – REGARDLESS OF WHETHER THAT MEANS SENDING THEM TO SCHOOL OR SOMEWHERE ELSE.

SHARE WHO WANT THEIR CHILDREN TO PARTICIPATE IN ACTIVITIES OUTSIDE THE HOME:



SHARE WHO WANT THEIR CHILDREN TO GO BACK TO SCHOOL:



Consumers want to keep delegating their essential tasks online, including everything from work to grocery shopping to ordering food – even after the pandemic has subsided. Eighty percent of consumers who have shifted to working and grocery shopping online plan to keep doing so long into the future.

Consumers have come to appreciate the ease and convenience of being able to work from home and buy household essentials online, and most plan to retain their digital habits even after the pandemic has subsided. Thirty-nine percent of all consumers have shifted to working from home instead of in an office, and 83 percent of them intend to keep working from home at least somewhat as often as they do now, even after they are given the green light to go back to the office. This is far more than the 33 percent of employed consumers who had shifted and the 76 percent that planned to keep working from home in November 2020, demonstrating that the digital shift is growing stronger as the pandemic progresses.

The pandemic has also changed the way that consumers eat, triggering a massive increase in the share ordering via mobile app or aggregator. Our research shows that 38 percent of all consumers have shifted from dining in restaurants to ordering food on their mobile phones for pickup later on. Seventy-seven percent of consumers who have made this shift to using mobile order-ahead apps plan to keep doing so even after the pandemic has subsided. Mobile order-ahead has also become more common. Our prior research shows that 38 percent of consumers were ordering more via mobile order-ahead back in November 2020, when 72 percent planned to keep ordering with such features after the pandemic subsided.

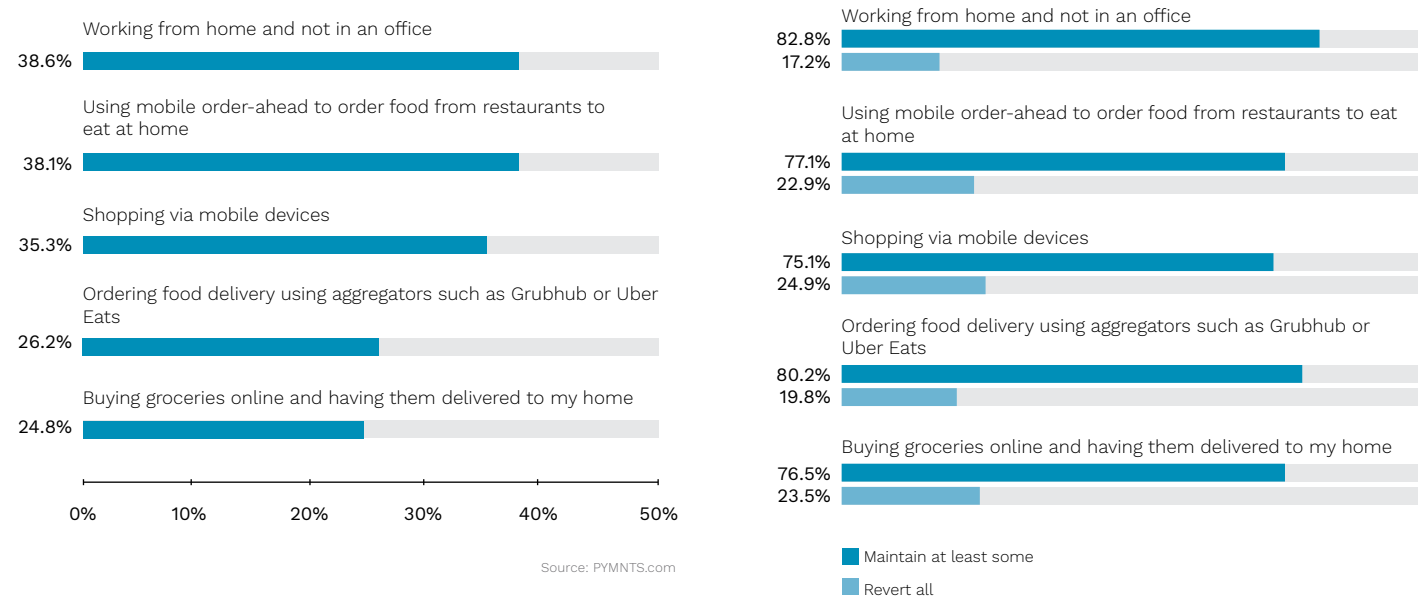
Data shows that 26 percent of consumers report using aggregators like Uber Eats, Grubhub and DoorDash more now than they did before the pandemic began. Eighty percent of them say they intend to keep using aggregators at least as often as they do now even after the pandemic has subsided. Back in November 2020, 38 percent had shifted to ordering via aggregator, but only 72 percent planned to keep doing so after the pandemic subsided. Consumers' increasing demand for ordering via aggregators signals that apps will continue to play a prominent role in the post-pandemic restaurant industry.

FIGURE 2:

HOW MANY CONSUMERS HAVE SHIFTED BEHAVIORS AND PLAN TO MAINTAIN THESE SHIFTS

2A: Share that are performing select activities more often now than before the pandemic began

2B: Share that plan to maintain or revert select channel use changes to their pre-pandemic levels



PART I: STICKING WITH THE DIGITAL SHIFT

Consumers are doing more essential activities online, but they no longer have a preference for shopping in stores rather than online for retail products. They now shop for retail products using whichever purchasing channel suits their schedules.

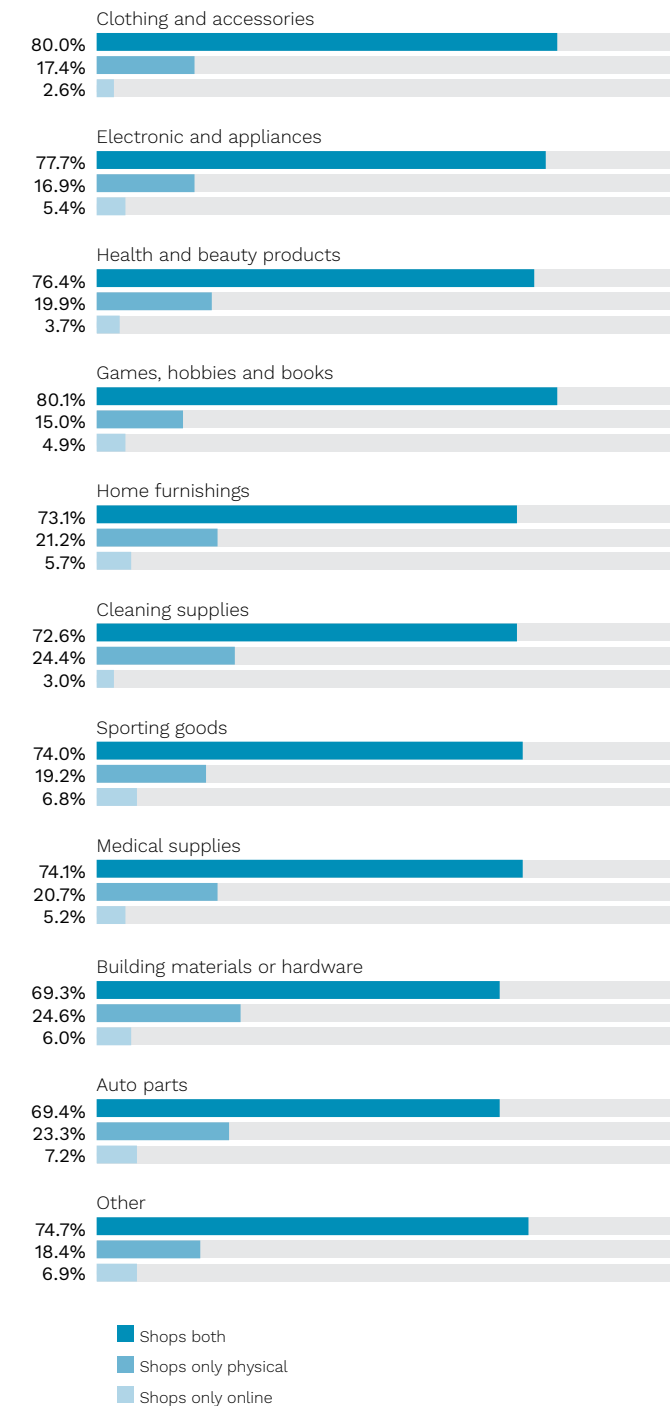
One of the reasons that digital channels have helped consumers clear their schedules is that they enable them to place purchases anytime, and such shoppers can use a mix of digital and brick-and-mortar channels for nearly all of the products they purchase. The extent to which they use physical channels, digital channels or both nevertheless depends on the type of products they are buying at any given time.

Consumers are most likely to switch between digital and brick-and-mortar channels for leisurely, nonessential products like games, books and clothing, for example, and they are least likely to switch between channels when it comes to specialty products like building materials and auto parts. Eighty percent of consumers who purchase clothing, accessories, games, hobbies and books do so both online and in person. Among those who buy hardware, building material and auto parts, only 69 percent buy them using both digital and physical channels.

Consumers who buy building materials and auto parts show a stronger preference for purchasing those products either online or in store — one or the other, and not either/or — when compared to how consumers shop for other products. Twenty-three percent of consumers who purchase auto parts do so exclusively in store, and 7 percent do so online, for example. This contrasts sharply with consumers who buy games, hobbies and books, as 15 percent and 5 percent of them buy them exclusively online and in store, respectively.

There is no product that consumers are most likely to purchase exclusively online, even with the digital shift.

FIGURE 3:
HOW MANY CONSUMERS SHOP ONLINE OR HAVE SHIFTED TO SHOPPING ONLINE FOR SELECT PURCHASES
 Share who purchase select products, by purchasing channel used

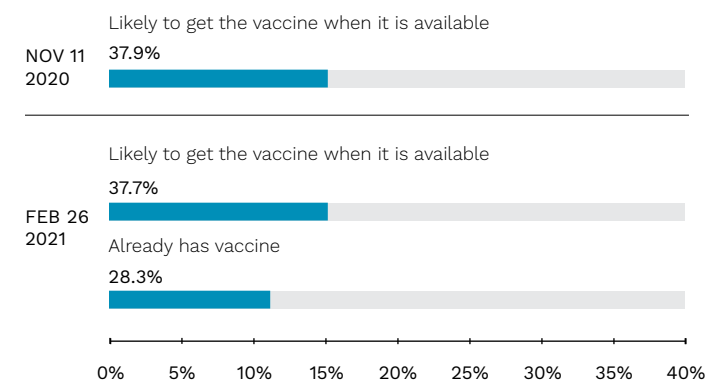


PART II: THE VACCINE EFFECT

Consumers are more interested in getting vaccinated now than in November 2020. Two-thirds of consumers have either gotten vaccinated or plan to get vaccinated when they become eligible.

Consumers see the light at the end of the tunnel now that vaccines are more widely available. Access to vaccines and interest in getting vaccinated are at an all-time high in the U.S., as 66 percent of U.S. consumers are either vaccinated or plan to get vaccinated. Twenty-eight percent of the adult population have already received at least one vaccination shot, and 53 percent are either vaccinated or likely to get vaccinated when they become eligible. This is up from just 38 percent of consumers who had already been vaccinated or planned to get vaccinated back in November, when the U.S. vaccine rollout kicked off.

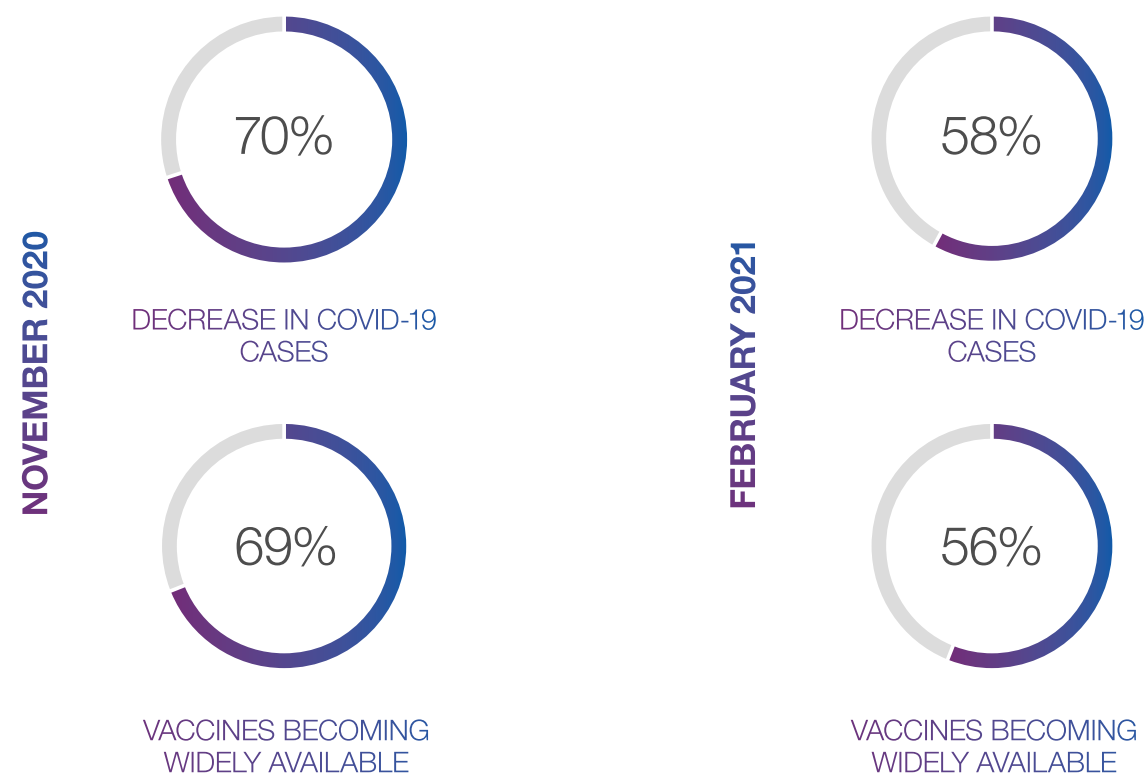
FIGURE 4:
HOW MANY CONSUMERS PLAN TO GET VACCINATED
 Share who have been vaccinated or who are very or extremely likely to get vaccinated



VACCINES ARE CENTRAL TO MAKING CONSUMERS FEEL COMFORTABLE REENTERING THE OUTSIDE WORLD, BUT MOST STILL WANT TO WAIT UNTIL CASE NUMBERS DECREASE BEFORE THEY REENTER.

A DECREASE IN COVID-19 CASES IS NOW THE MOST COMMON OCCURRENCE CONSUMERS SAY THEY NEED TO SEE BEFORE THEY FEEL COMFORTABLE REENGAGING WITH THE PHYSICAL WORLD.

SHARE WHO WANT SELECT EVENTS TO OCCUR BEFORE THEY FEEL COMFORTABLE REENGAGING WITH THE PHYSICAL WORLD:



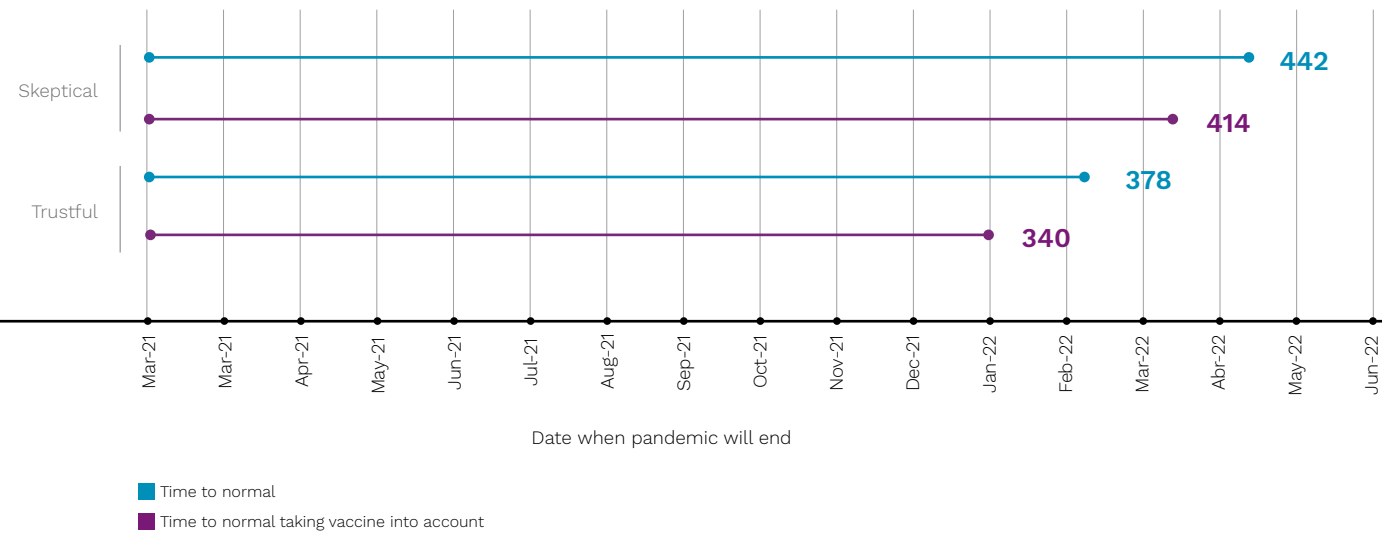
PART II: THE VACCINE EFFECT

Consumers believe the pandemic will end 37 days sooner with vaccines available than they believe it would if vaccines were not available.

Knowing that three vaccines are available is also making consumers more optimistic that the pandemic will end sooner. The average U.S. consumer believes that the pandemic would end in 289 days if vaccines were not available and that widespread vaccinations will lead to the pandemic ending in 252 days — 37 days sooner than would otherwise be possible. This would mean being able to reenter the physical world without restrictions by January 2022. It is worth noting that back in March 2020, the average consumer believed that the pandemic would end by April 2020.

Not all U.S. consumers share this confidence, however. Consumers that are skeptical about getting the COVID-19 vaccine are far more pessimistic about how long they believe it will take for the pandemic to subside, projecting that it will last another 414 days even with vaccines available. In other words, vaccine skeptics do not expect to be able to rejoin the physical world as they did before the pandemic began until April 2022.

FIGURE 5:
ESTIMATED LENGTH OF THE PANDEMIC
 Average number of days consumers believe it will take for the pandemic to subside



Source: PYMNTS.com

PART III: VACCINE SKEPTICS, UNDER THE MICROSCOPE

Seventeen percent of consumers say they are skeptical about the new COVID-19 vaccines. These individuals are among the least likely to have shifted their lives online since the pandemic began.

Vaccine skeptics are not in the majority of the U.S. population, but they are not uncommon, either. Roughly 17 percent of all adult U.S. consumers feel some degree of skepticism toward the three COVID-19 vaccines approved by the Food and Drug Administration. This could mean that they do not trust the vaccines' effectiveness, that they are worried about their potential side effects or that they believe receiving them is unnecessary.

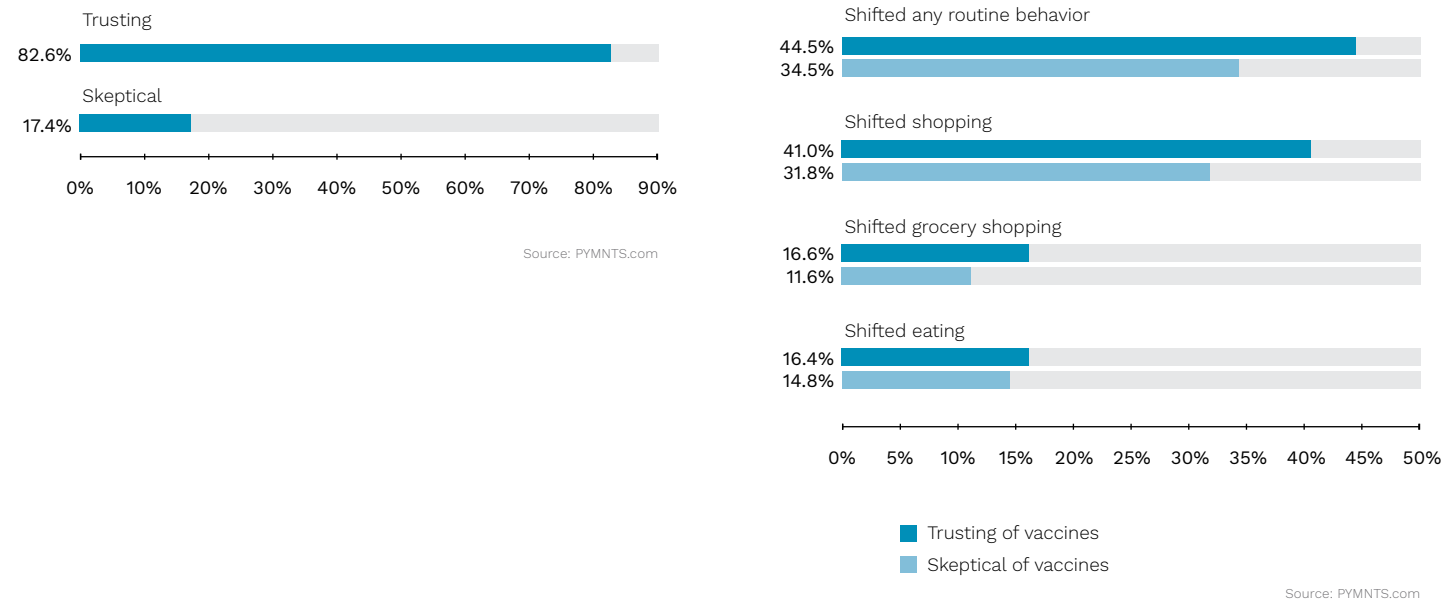
These skeptics are among the least likely consumers to have changed their daily lives since the pandemic began and shifted to performing any of their routine activities online. Sixty-five percent of vaccine skeptics have not shifted to shopping more online either for groceries or retail goods or even switched to ordering from restaurants instead of dining on-site since the pandemic began. Fifty-five percent of consumers who trust the three vaccines available in the U.S. have not made any of these changes. This not only illustrates a deep divide separating consumers who are in favor of and against vaccination but also shows that there are still many pro-vaccine consumers who continue to go about their pre-pandemic routines. It is not clear whether this results from personal choice or circumstantial necessity, however.

Vaccine skeptics exist who have shifted to shopping for groceries and retail goods online, but these shares are smaller among skeptics than among consumers who trust the vaccines. Thirty-two percent of vaccine skeptics say they are shopping for retail items less in stores and more online since the pandemic began, for example, while 41 percent of consumers who trust the vaccines say the same. Twelve percent of skeptics report shopping for groceries in stores less and online more now than before, whereas 17 percent of consumers who trust the vaccines report the same.

Ordering food is a notable exception to this rule, as both skeptics and non-skeptics are about as likely to have shifted to ordering restaurant food online: 16 percent versus 15 percent, respectively.

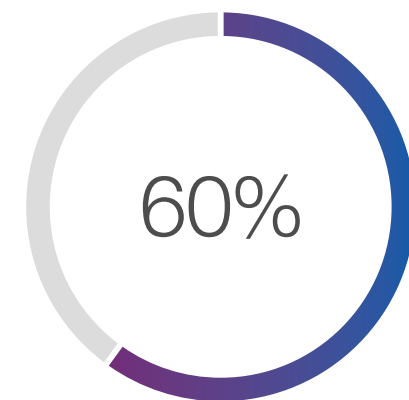
FIGURE 6:
HOW MANY CONSUMERS TRUST COVID-19 VACCINES

6A: Share who express select attitudes towards the COVID-19 vaccines
 6B: Share who express select attitudes towards the COVID-19 vaccines, by digital shift

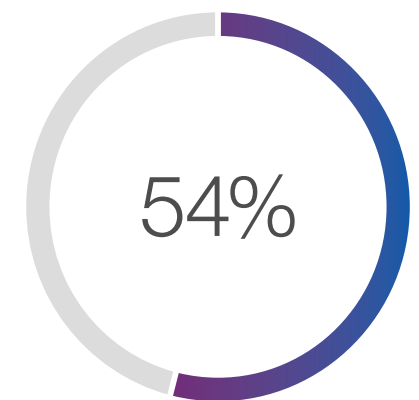


VACCINE SKEPTICS ARE LESS LIKELY TO HAVE SHIFTED THEIR ACTIVITIES ONLINE IN PART BECAUSE THEY ARE LESS CONCERNED THAN OTHERS ABOUT THE PANDEMIC.

SHARE WHO ARE CONCERNED ABOUT THE PANDEMIC'S IMPACT



CONSUMERS WHO TRUST VACCINES



VACCINE SKEPTICS

PART III: VACCINE SKEPTICS, UNDER THE MICROSCOPE

Vaccine skeptics are almost as concerned about the possibility of dying from the pandemic as those who trust vaccines, but they are also more concerned about its economic impact.

Consumers that are skeptical of getting the COVID-19 vaccine cite a variety of reasons for feeling worried about the pandemic, even if they are less concerned than most. Many worry about many of the same aspects of the pandemic as consumers who trust vaccines, but not always to the same degree. Death is the chief concern about the pandemic for both skeptics and consumers who trust COVID-19 vaccines, for example, but skeptics are slightly less likely to cite death as their biggest fear. Our research shows that 22 percent of vaccine skeptics cite dying as the biggest worry they have about the pandemic, as do 27 percent of consumers who trust vaccines.

What distinguishes skeptics from consumers who trust the COVID-19 vaccines is the concern they express about the pandemic’s economic implications. Consumers who do not trust the vaccines on the U.S. market are more likely to say they are most worried about the pandemic’s impact on the broader U.S. economy than those who do. Eighteen percent of skeptics who are concerned about the pandemic say it is because they are worried that the economy will continue to suffer as a result, for example. Only 12 percent of consumers who trust the vaccines say the same.

Vaccine skeptics are also more concerned with their own personal job security and the job security of their significant others. This is true for every factor that might impact consumers’ employment or their ability to perform their job. Skeptics are more likely to cite losing their job, their partner losing their job, losing work due to sickness, having already lost their job or their partner having already lost their job than consumers who trust the vaccines. This suggests that some consumers may be skeptical of the COVID-19 vaccines not necessarily because they doubt their effectiveness or even their side effects but possibly because they worry that even vaccines and falling infection rates may not be able to undo the damage that the pandemic has wrought on either their personal finances or the broader economy.

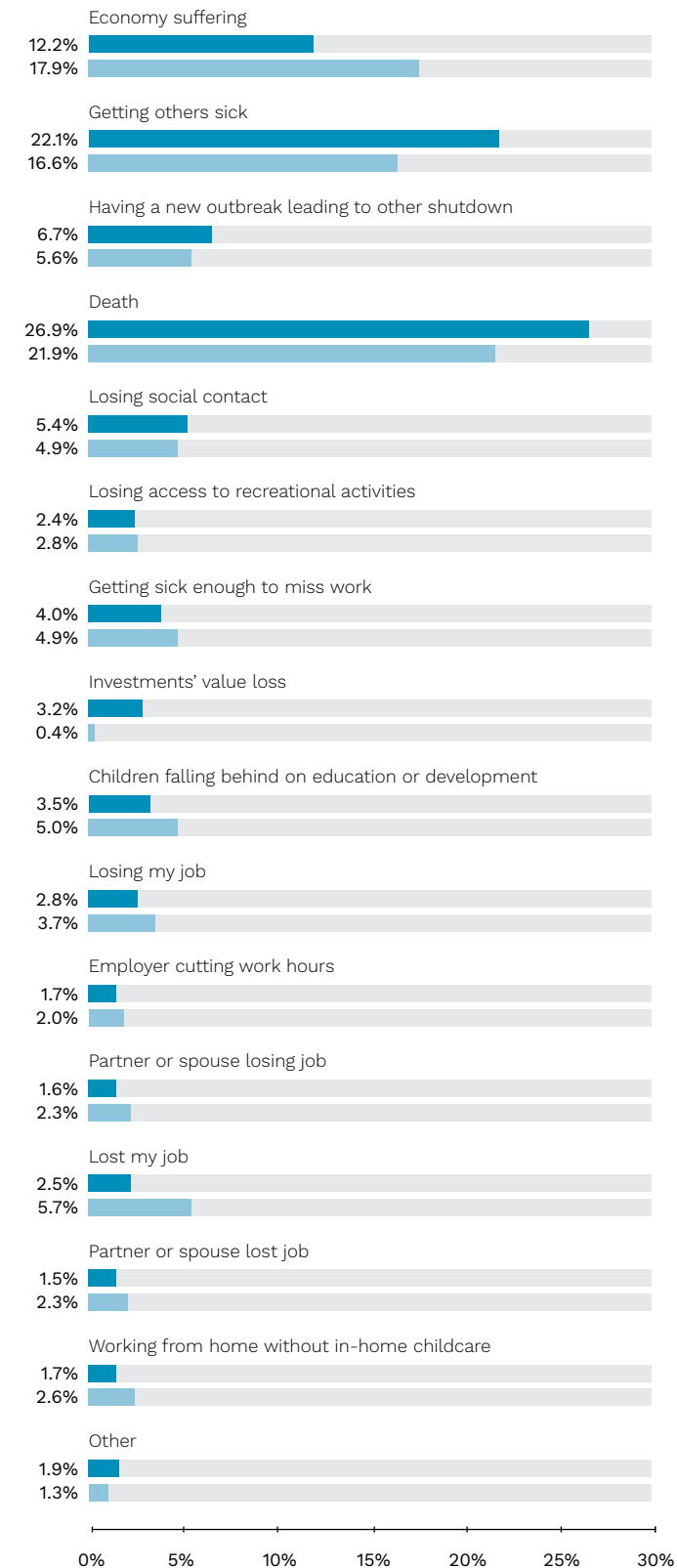


FIGURE 7: WHY VACCINE SKEPTICS ARE CONCERNED ABOUT THE PANDEMIC
Share who cite select reasons as the chief causes of their concern, trustful versus skeptical

■ Trusting of vaccines
■ Skeptical of vaccines

Source: PYMNTS.com

CONCLUSION

The first year of the COVID-19 pandemic has made eCommerce integral to U.S. consumers' everyday lives, accelerating and solidifying a shift to digital that had been years in the making. Consumers have become so accustomed to the convenience of working, shopping and ordering food online, in fact, that they no longer wish to return to doing these activities in offices, stores and restaurants — at least not as much as they used to.

What makes them excited about the post-pandemic future is not merely the chance to go back to shopping in physical stores but rather the chance to enjoy real-world experiences: family gatherings, parties, concerts, sporting events and traveling. It is not clear whether this fervor for in-person results from cabin fever or whether it will last long into the future. What is clear, however, is that the central role that eCommerce has come to play in consumers' lives is not going away. Businesses that do not adapt their operations to meet the needs of this new digital consumer do so at their peril.

METHODOLOGY

PYMNTS issued a survey to a census-balanced panel of 1,994 U.S. residents between Feb. 26 and March 2, 2021, as a follow-up to our continuing series of studies examining consumers' behavioral changes following the COVID-19 outbreak. Respondents were 49 years old on average, and 53 percent were female. Thirty-three percent of respondents held college degrees. We also collected data from consumers in different income brackets: 35 percent of respondents declared an annual income of more than \$100,000, 33 percent earned between \$50,000 and \$100,000 and 31 percent earned \$50,000 or less.

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