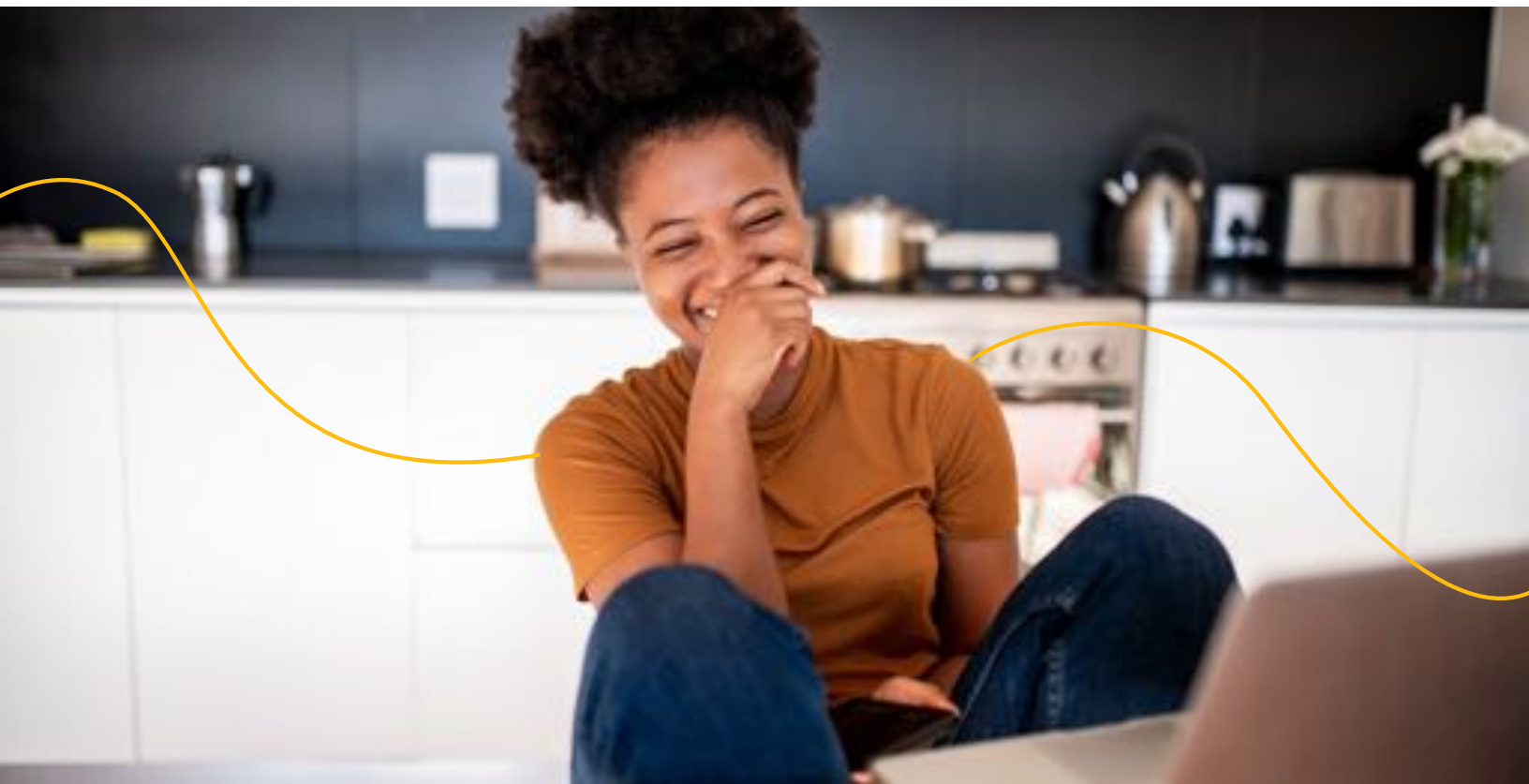


REPORT | STAGE 2 | WINTER 2021

# Consumers Unmasked

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Another year has come and gone, and consumer behaviors are in a constant state of flux. In our latest survey, as part of a 12-month study of consumer attitudes and actions, EPAM Continuum digs deep into quantitative findings to help lifestyle brands understand which habits are here to stay and why.



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# 1. Foreword

## 1. FOREWORD

# The past year changed consumers...

## To find out how and how much, EPAM Continuum is continuing its 12-month study of consumer behavior and perceptions.

For all businesses, especially consumer-facing ones, 2021 was (another) year of sometimes bewildering change. Customer sentiment remains a moving target; a complex and inevitably personal calculation balancing in-store shopping against online, value against ethics and COVID risk against the desire to experience social situations.

To measure the evolving consumer mindset, EPAM launched Consumers Unmasked, a year-long study into the changing shape of customer attitudes and behaviors centered around five key sectors – food, fashion, travel, fitness and home – across the U.S., the U.K. and Germany.

## The EPAM Consumer Council

Joining us on the journey are the EPAM Consumer Council, 71 Millennial and Gen-Z shoppers from each of our five sectors.

In our **first report**, the council gave us insights into their mood as lockdowns eased. They spoke of prioritizing seeing friends and loved ones again. They were excited for a world slowly returning to normalcy, but this was tempered by some concern and even anxiety about moving too quickly.

In this report, we explored their buying habits by asking three key questions:

1. **Where has the needle settled in the balance between physical and online?**
2. **Does price still rule over brand ethics, sustainability and social responsibility?**
3. **How is loyalty changing and is the pandemic having an effect?**



## 1. FOREWORD

# Stage 2: Exploring Insights on a Broader Scale

While the first stage of the Consumers Unmasked study was qualitative, the second is quantitative. In this report, we'll share the results of our survey of more than 3,000 shoppers to pressure test the insights we gained from our Consumer Council on a broader scale and investigate how the picture is developing. With the help of industry experts, this report digs deeper into those insights, exploring what it all means for business, with recommendations to help retailers respond.

We also set the latest results in context by referring to our findings when we last spoke to our Consumer Council in the first stage. We're not drawing direct comparisons because the sample size and survey format differ. Taken together, however, they paint a picture of the current consumer mindset, helping us understand which buying habits are sticking, why this is happening and how behaviors are translating into sustained actions.

### Delta stabilizes...

The post-lockdown mood of our shoppers was generally optimistic as they anticipated a return to something closer to normalcy (see *The post-lockdown mood...* on page 9). But caution remained. At the time the survey was conducted, COVID cases were declining in the U.S., while the Delta variant was driving a spike in cases across the U.K. and parts of Germany with corresponding restrictions varying.

Each of the territories in our survey had made progress in opening their societies and easing lockdown restrictions, but not every consumer enjoyed total freedom. Some of our shoppers faced a range of vaccine passport-related restrictions. Some did not. But for everyone, COVID continued to exert its influence on where and how they chose to shop, travel, exercise and more.

COVID may not always have been explicitly mentioned in our consumers' comments or the data we collected, but it continued to provide the shifting backdrop to our study.

### ...while Omicron spikes

At the time of publishing, the Omicron strain had just been detected, and new restrictions were introduced in countries around the globe.

The situation accentuates many of the themes identified in this report. While many consumers may "finally feel free again," many still err on the side of caution, sensing that things can quickly change again. These sentiments demonstrate that consumers are, and will for the foreseeable future, be living in a constant state of uncertainty, and that uncertainty will form a big part of the way we consume.

## Methodology & Project Timeline





# 2.

# Findings at a Glance

We asked our shoppers to tell us about their food, fashion, fitness, home and travel buying habits. This is a summary of what their comments revealed...

## 2. FINDINGS AT A GLANCE

# Sector Insights



### Food

Fresh and fast: This is the overriding message from our shoppers and it's the driver behind the explosion in food app usage throughout the pandemic. But how can brands meet expectations of quality and price when there's also an ever-increasing need for speed?

#### Our survey found:

- Delivery app popularity has soared.
- Consumers are spending more on eating out and takeaway.
- Business model opportunities are abundant in delivery.
- Eating in or dining out is an impulse decision as consumer comfort rises.
- Freshly prepared matters most.



### Fashion

Online shopping may be accelerating, but there's still value in both digital and physical for our shoppers and an expectation that retailers will make omnichannel seamless. And, while shoppers say brand ethics are important, their actions don't always add up.

#### Our survey found:

- Consumers are more comfortable than they were three months ago.
- Online shopping continues to accelerate.
- Hybrid is now "business as usual" for most.
- Price dominates, but style and quality matter, too.
- The pandemic has changed the nature of loyalty in fashion buying.
- Shopper aspirations don't align with their actions.



### Travel

In our first study, trust was the key factor for our shoppers: trust that their travel provider would survive the pandemic and trust that their money was safe. Trust is still important, but its nature is shifting.

#### Our survey found:

- Overseas travel is set to grow (slowly).
- Some COVID discomfort remains for flights, but...
- ...affordability is a bigger factor than COVID for those not going on vacation.
- New trust considerations shape travel company choice.



### Fitness

More than half of people who paid for fitness (via gyms, in-person classes, personal trainers, etc.) pre-pandemic have stopped, but other spending trends are prominently on the radar. What does that mean for fitness retailers?

#### Our survey found:

- People are paying for fitness – but not at the gym.
- Home exercise is now preferred.
- Motivation and a sense of community drove those who returned to gyms.
- Nike's dynamism and reliability land them as a crowd favorite.



### Home

Spend is up. Online shopping is growing. Yet, with in-person buying still popular, there is an opportunity for the retailers best able to harness tech to recreate the experience at home.

#### Our survey found:

- Homeware spending is increasing.
- Online is the most prominent channel for home purchases.
- Convenience beats value and choice in online homeware.
- Choice and physical presence feed IKEA's dominance.

**LEARN MORE IN-DEPTH  
SECTOR INSIGHTS ON  
PAGE 11**

## 2. FINDINGS AT A GLANCE

# Themes from a Pandemic

Our survey revealed numerous sector-specific insights, but many of the broad themes arising from our study have the potential to affect every sector. These include:

## 1.

### Consumers (still) want value for money.

Value for money comes before low prices and quality as the most important factor when purchasing a product or service.

#### Recommendations:

- Understand and respond to the way value perceptions change by channel.
- Make every sale feel like a 'win.'

## 4.

### Honesty and transparency are held in high regard.

Consumers want brands to be vocal about their values and ethics. Additionally, clear communication around practices of safety and well-being is key, especially in travel.

#### Recommendations:

- Be clear on transparency.
- Be honest about your purpose.

## 7.

### Expectations around sustainability and social responsibility are growing.

Poor perceptions of sustainability and social responsibility may be enough to drive consumers away. People are not only looking for responsible supply chains, but they also want to buy second hand.

#### Recommendations:

- Start strategizing for ethics and sustainability.
- Establish your capabilities fast.
- Control your brand in the sharing economy.
- Gain visibility over the supply chain.
- Focus on staff motivation.

## 2.

### Discounts need to count.

Consumers want promotions, discounts and flexible payment options – without the inconvenience of having to search for the best deals.

#### Recommendations:

- Deliver the right discounts in the right way.
- Treat discounts as more than a quick, short-term win.

## 5.

### Brand communities give consumers more to be loyal for.

Consumers feel more loyal to brands that supported them during the pandemic, with 61% saying they wanted to feel part of a brand community.

#### Recommendation:

- Build a community with value and purpose.

## 8.

### Value for money and convenience drive subscription retention.

More than half of respondents expect to retain their existing subscriptions – a position that seems likely to grow stronger.

#### Recommendation:

- If you want to succeed in subscriptions, create shared experiences.

## 3.

### Convenience is the bedrock of the buying experience.

Convenience is the *most* important shopping consideration, ahead of delivery speed and discounts.

#### Recommendations:

- Don't silo convenience – use it as an opportunity to refine processes and product range.
- Increase the power of apps.
- Bring in-person into consumer homes.

## 6.

### Omnichannel is the default – but consumers want to choose.

In most cases, online is the primary channel with physical shops now playing a supporting role. But consumers expect to have the choice of where to buy.

#### Recommendations:

- Go all in with long-term digital commitment.
- Deliver on the consumer's need for choice.

**LEARN MORE IN-DEPTH INSIGHTS ABOUT THE THEMES ON PAGE 39**



## 2. FINDINGS AT A GLANCE

# The post-lockdown mood was generally optimistic, but caution remained.

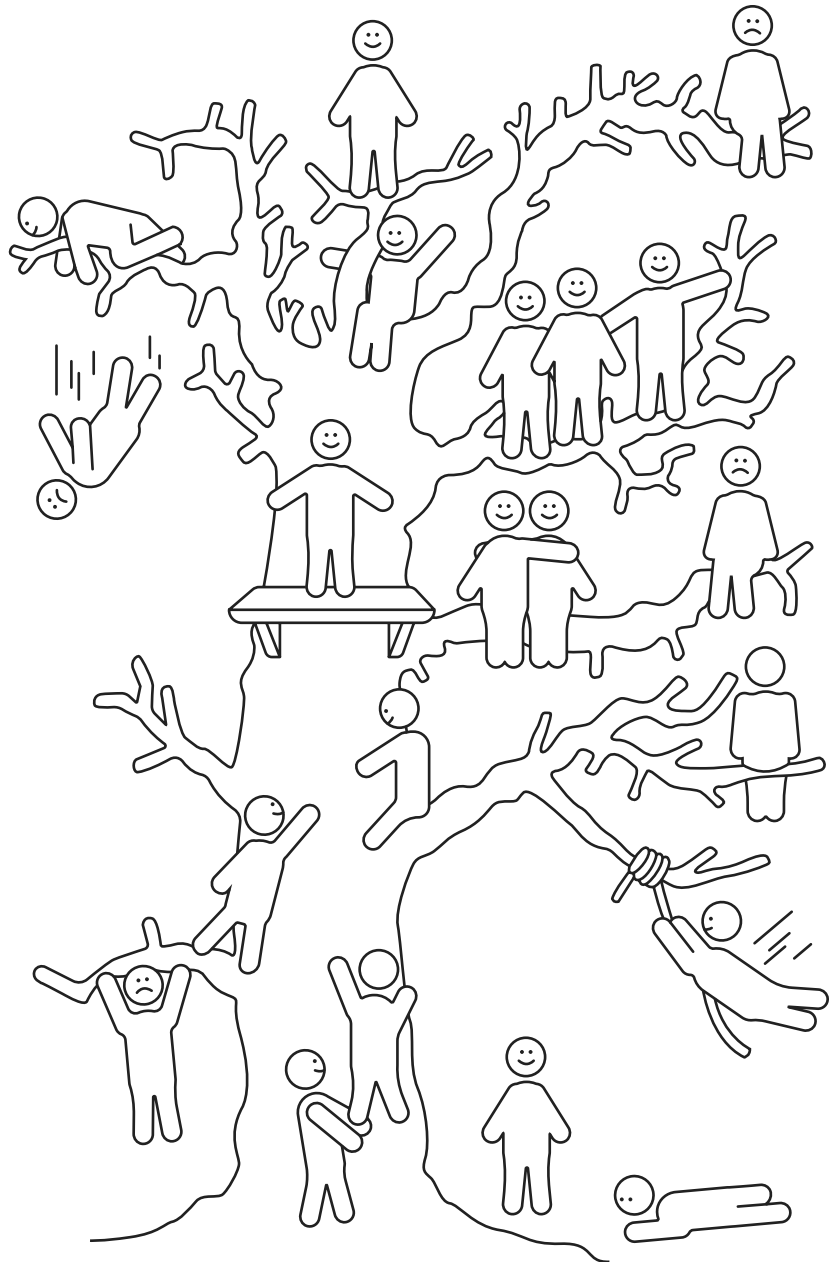
**We asked consumers to pick a character that best represented their feelings about returning to in-person experiences.**

The most frequently chosen characters depicted people's excitement, happiness and general sense of ease about exiting lockdown. With many people vaccinated, there was a greater sense of confidence in venturing out. The picture was largely consistent across each of our markets.

- 79% felt comfortable shopping in a mall.
- 78% felt comfortable eating in a restaurant.
- 76% felt comfortable returning to the workplace.

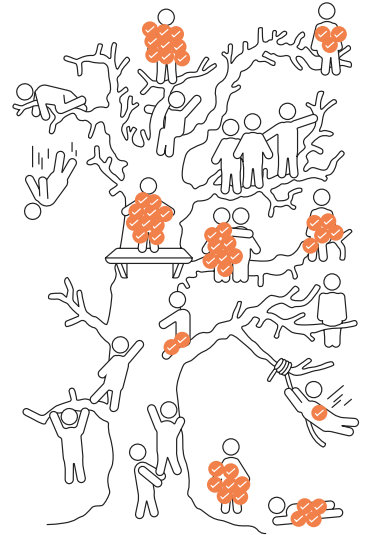
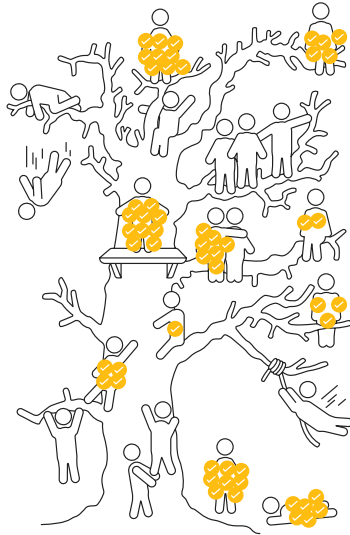
Despite the general positivity, a note of caution remained. "Everything can quickly get bad again," observed one respondent. This reflected a wider sentiment that the pandemic is not yet over, a feeling that may have been exacerbated by increasing cases of the Delta variant, particularly in the U.K. and Germany.

Other participants stated they are "slowly starting to feel comfortable" and were "optimistic about returning to places, but it will just take some time to recalibrate and get used to it again." For them, time is the healer, suggesting that – even against a backdrop of rising cases – consumers may learn to live with the virus.



\* Blobtree.com

## 2. FINDINGS AT A GLANCE



**UK**

**US**

**DE**

**Most selected characters:**

Standing on a ledge  
Standing at the top of the tree

Standing on a ledge  
On the ground, looking up

Standing on a ledge  
Standing at the top of the tree

**What this indicates:**

Happiness was the overriding emotion. Things were not yet “normal,” but there was appreciation of increasing freedoms, and of being “nearly there.”

For others, happiness came from enjoying freedoms while keeping their distance from others.

Optimism and hope were mixed with a little apprehension. For some, there was a sense of caution – of standing back and waiting to see what happened next before making a move.

Some were enjoying freedom at a distance from others.

The sense of being “finally free again” was a frequently expressed emotion. Some felt ready to plunge back into life. Some tempered the emotion – expressing happiness but not exuberance. Others said they felt “right in the middle” between joy and caution.

**What they said:**

“In the middle, making good choices but still enjoying normal activities.”

“It’s got to the point that you just have to do what you want to do in life.”

“That character looks content and that’s how I feel about it. Not overly excited but content to have some normality back in my life.”

“He looks happy to see everyone else happy and enjoying themselves but also staying in his own lane and keeping the distance.”

“I feel that it’s a good middle ground, I’m still waiting to see how well people adjust to the re-opening of things.”

“He looks content, but not too daring and still maintains caution from others.”

“At the moment we’re all in the air and don’t know how long the virus will last.”

“Open, free and happy.”

“Because I am optimistic and currently feel comfortable in public ... but I’m cautious.”

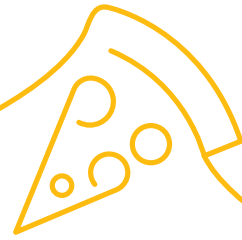


# 3. Spending Habits by Sector

We asked our shoppers to tell us about their food, fashion, fitness, home and travel buying habits. Their responses show how the big themes of our study play out in individual sectors.

3. SPENDING HABITS BY SECTOR

# Food



## Delivery app popularity has soared.

Ordering food via delivery apps was our shoppers' preferred way to buy food, selected by 31% of our survey respondents. This was true for all markets, especially in the U.K. and U.S.

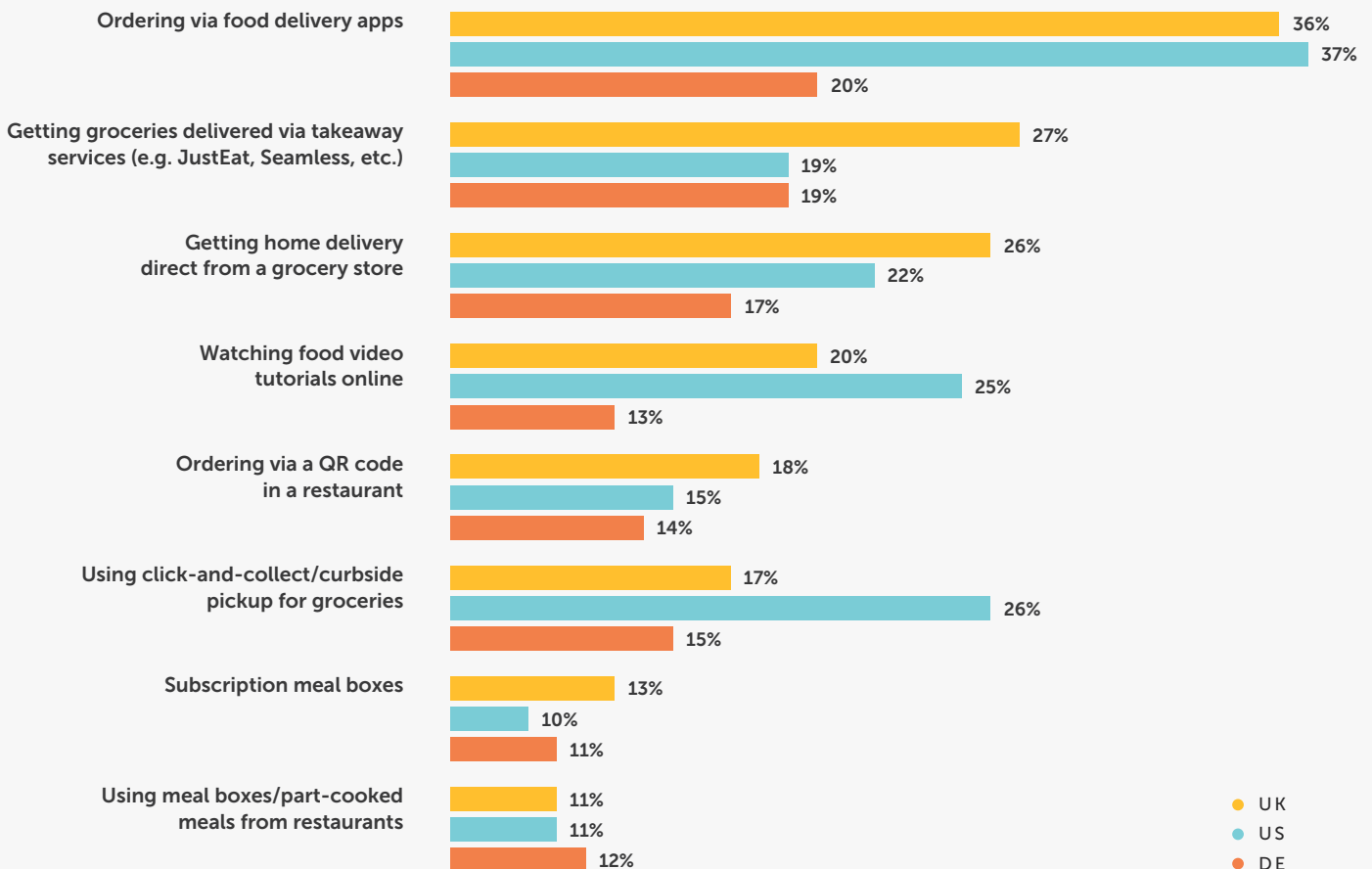
Food apps were also the most popular method for ordering food across all genders and age groups surveyed.

Popularity isn't generally based on the novelty of the apps themselves (although 12% did value trying new ways of ordering

food). Instead, most users appear to value the apps for their ability to deliver the other factors that matter to them (freshness, speed, discounts – see *Freshly prepared is best* section below).

Beyond app ordering, curbside pickup in the U.S. (26%) significantly outperformed click-and-collect in the U.K. (17%) and Germany (15%). Grocery delivery via takeaway services, however, was the most popular option for the U.K. (27%), indicating that popularity and market maturity in a particular territory go hand in hand.

## Most popular ways to buy food



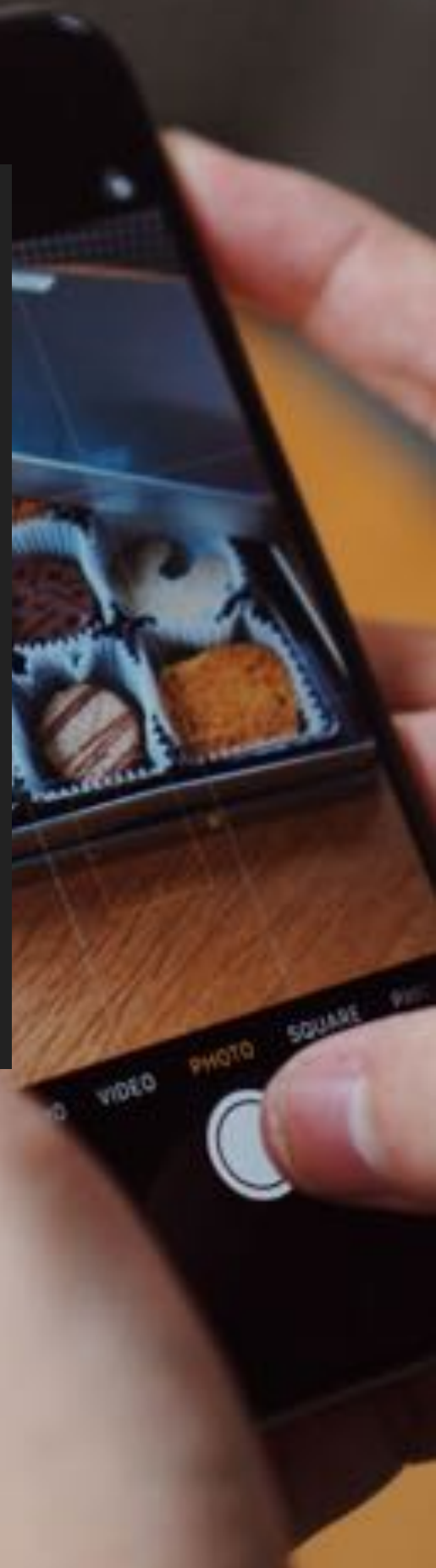
From the Expert

## Apps will become more holistic.



I see a few things happening in the food-related 'appmosphere.' First, there will inevitably be the gobbling up and merging of key players. Second, to better compete, the apps will become more holistic – offering an increasing amount of goods and services, taking inspiration from the Postmates model. We are already seeing this with DoorDash offering convenience and pet store items and products with nationwide shipping.

—  
Barbara Castiglia, Executive Editor,  
*Modern Restaurant Management* and  
host of *The Main Course* podcast

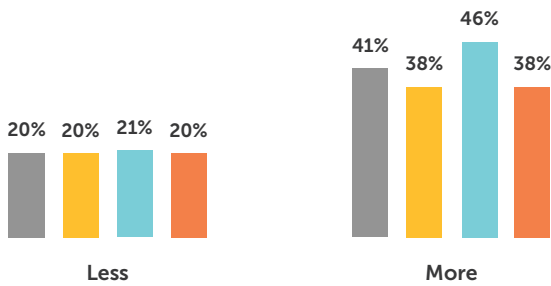


### 3. SPENDING HABITS BY SECTOR

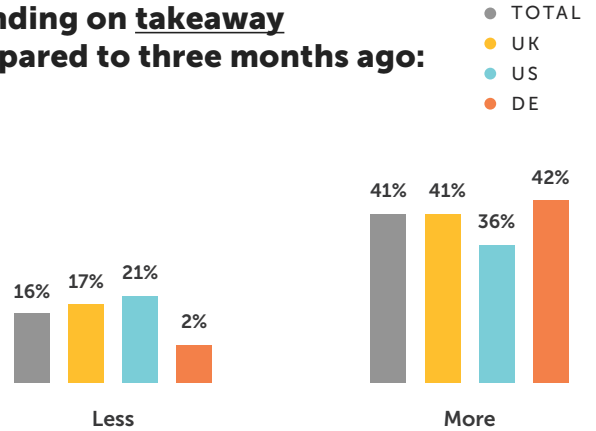
## Consumers are spending more on eating out and takeaway.

Four in 10 consumers said they were spending more on eating out and takeaway than they were three months ago, while one in five said they were spending less. Over the next 12 months, four in 10 consumers across all markets said they would spend even more on eating out (42%) and takeaway (39%).

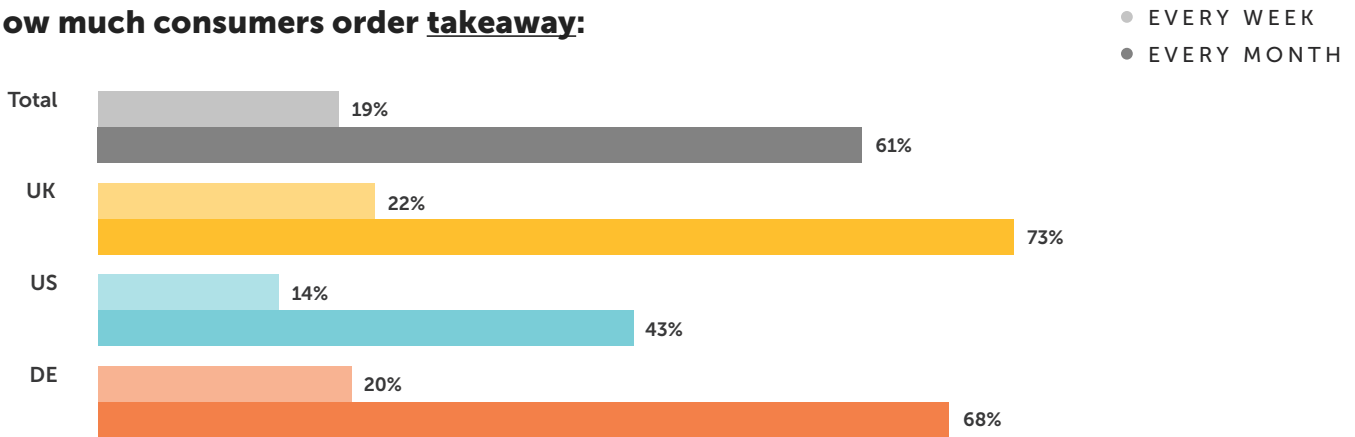
### Spending on eating out compared to three months ago:



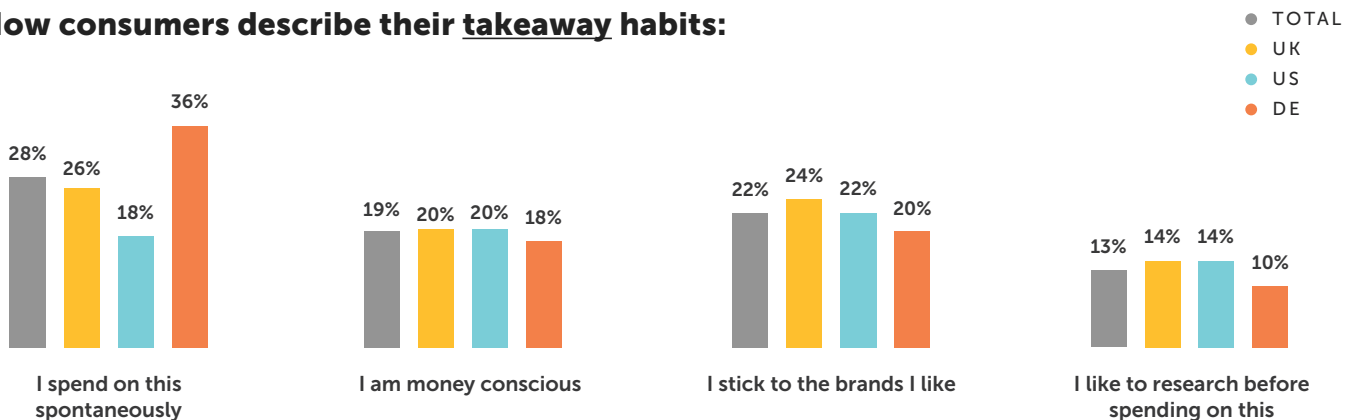
### Spending on takeaway compared to three months ago:



### How much consumers order takeaway:



### How consumers describe their takeaway habits:



### 3. SPENDING HABITS BY SECTOR

## Business model opportunities are abundant in delivery.

The issue of price was never far from our shoppers' minds, with cheap food and discounts (see *Discounts need to count* section on page 42) coming in as two of the four most influential buying factors.

For retailers, the challenge is delivering fresh food at the price points customers expect, and one potential way of doing that is by collaborating in the use of "ghost kitchens" that power delivery but never actually serve a paying customer on site.

### ***Kitchen streamlining can help deliver better experiences.***



There's a lot to be said for streamlining operations to serve delivery-only customers, even across brands and cuisines, from the same kitchen. Many entrepreneurs have found this to be their golden ticket during the pandemic while quite a few established restaurants working in a traditional model have struggled. The biggest question in food delivery is whether this will, in fact, become a distinct subsegment of the restaurant industry.

—  
Nicole France, Evangelist, Product Marketing, Contentful

### From the Expert

## People are less willing to wait.



[Our restaurants] are focusing much of their menu efforts on ready-to-eat, grab-and-go options. People [may be spending more,] but they are less willing to wait, especially if they order digitally, so we are changing our menu structure to reflect that. It does open up opportunities for us to expand our menu if we are preparing items in advance, which is very exciting for us.

—  
Joanne Chang, chef at  
Flour Bakery + Café and  
author of *Pastry Love*



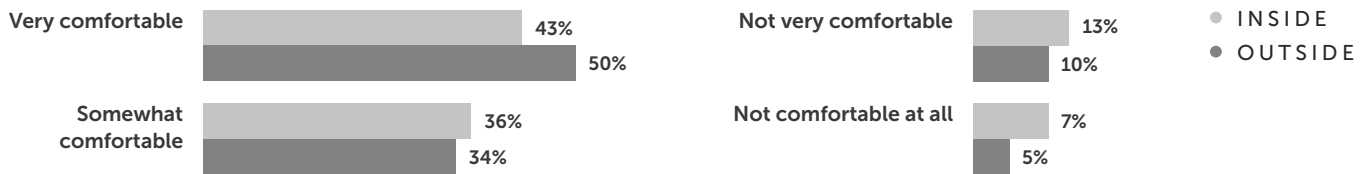
### 3. SPENDING HABITS BY SECTOR

## Eating in or dining out is often an impulse decision as consumer comfort rises.

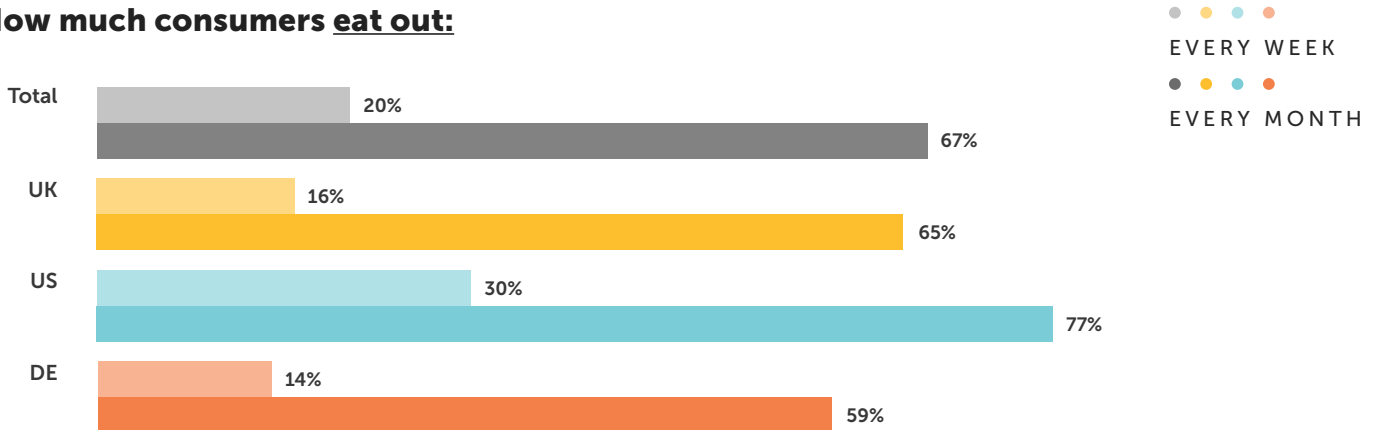
Whether eating in or out, the trait that most clearly defined our consumers in this sector was spontaneity. This was especially true for eating out in general, particularly for German diners.

Eight in 10 consumers said they felt comfortable eating inside (78%) and outside a restaurant (83%). Two-thirds (67%) of consumers said they spent money on eating out at least once a month, and 20% at least once a week. Six in 10 of all consumers are ordering takeaway monthly. Around one-fifth in the U.K. (22%) and Germany (20%) are ordering weekly, while only 14% are in the U.S.

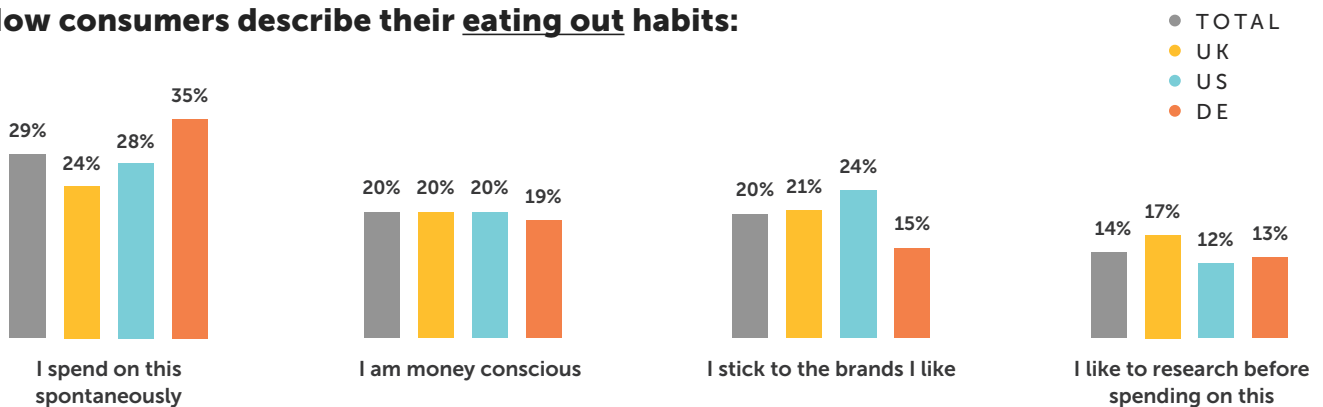
### How comfortable consumers feel eating inside or outside at a restaurant:



### How much consumers eat out:



### How consumers describe their eating out habits:





### 3. SPENDING HABITS BY SECTOR

## Freshly prepared matters most.

Overall, our consumers ranked freshness as the most important factor when buying food, followed by fast delivery, then discounts and deals. Although choosing the same factors, the U.K. values fast delivery more than anything else.

For brands, the emergence of freshness as *the* key factor comes at a time when delivery has never been more challenging.

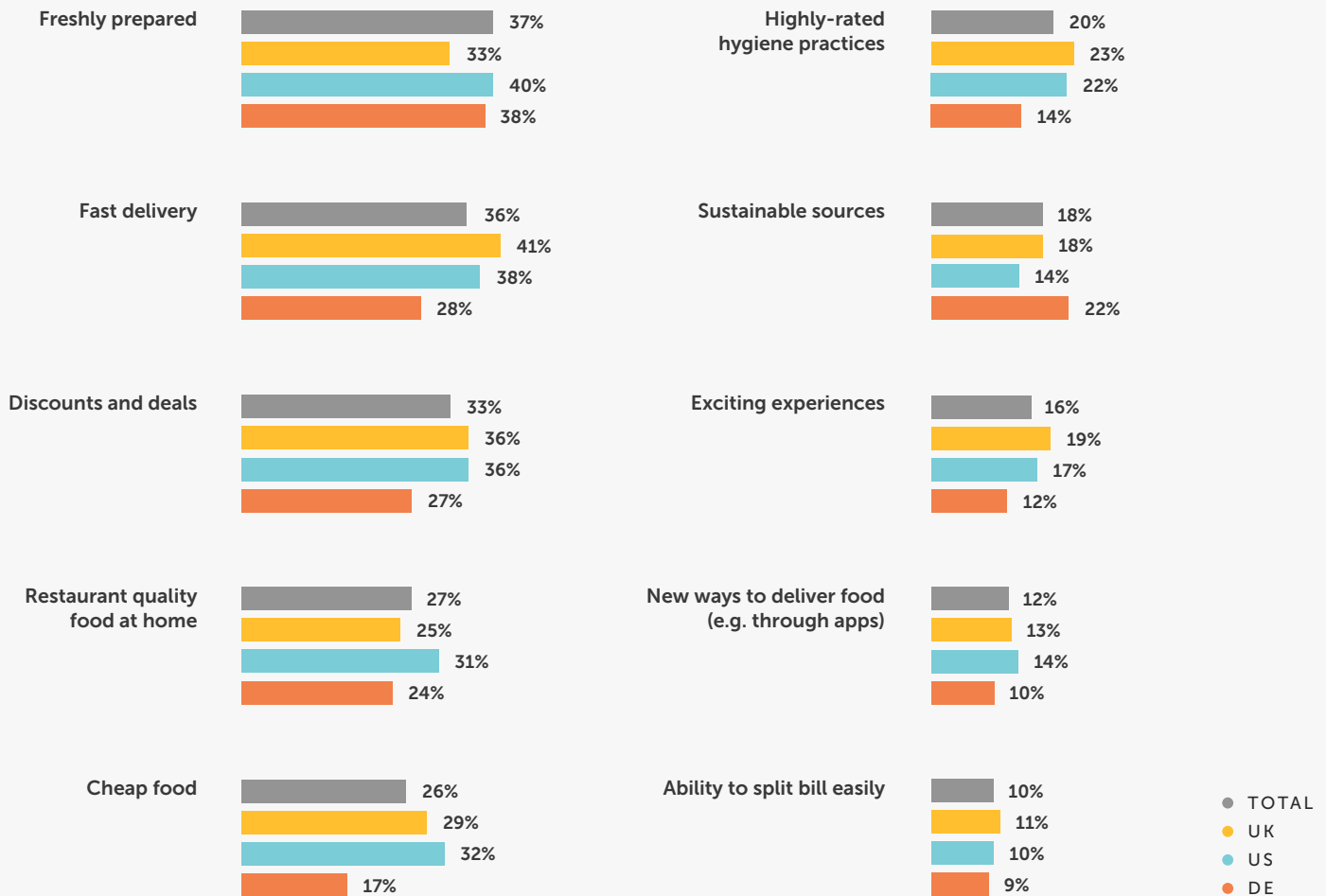
### Supply chain's impact on quality and freshness.



Everyone has become a digital diner, with younger people leading the way. They are accustomed to having a variety of restaurants at their fingertips, thanks, in part, to the pandemic. Key pressures on restaurants now include staffing and supply chain challenges, both of which can impact speed of delivery, food quality and freshness.

—  
Barbara Castiglia, Executive Editor, *Modern Restaurant Management* and host of *The Main Course* podcast

## What consumers value when buying food:



## The EPAM Consumer Council said...

- Sensory experiences matter.
- Creative retail partnerships that helped support consumers were valued.
- Click-and-collect and curbside pickup were growing in prominence.
- They expected to be rewarded for their loyalty.
- Discounts were fueling their takeaway spend, especially via food delivery apps.
- Their appetite for eating out has not diminished.

### 3. SPENDING HABITS BY SECTOR

## Favored Brands

UK	US	DE
<p><b>Tesco</b> "They are doing well to cope with the pandemic and also still make sure their shelves are stocked during the food shortage."</p> <p><b>Subway</b> "More offers and deals in the app."</p> <p><b>KFC</b> "They are always reliable, and I love their chicken better than the competition."</p> <p><b>Just Eat</b> "They offer a wide range of local takeaway options, and the delivery is always quick."</p>	<p><b>Chick-fil-A</b> "As of right now, they are the leader in drive-thru times and customer service – hands down."</p> <p><b>McDonald's</b> "Affordable food and variety of choices." "They always have fast service."</p> <p><b>Taco Bell</b> "Cheap but filling food." "They have consistently stayed good quality."</p> <p><b>Starbucks</b> "I enjoy their coffee and the overall environment of their establishments."</p>	<p><b>Edeka</b> "Always friendly, good value for money."</p> <p><b>REWE</b> "Good and relatively cheap products."</p> <p><b>ALDI</b> "Excellent loyalty program." "Good quality at low prices."</p> <p><b>Alnatura</b> "It's organic and good value for money."</p>

## How Our Markets Differed



Spending more on takeaway compared with the U.S. where eat-out spend is higher.

Ordering from food apps more often than the U.S. (36% vs. 27%) and nearly twice as much as Germany (20%).



Higher spend on eating out compared with the U.K. and Germany, where takeaway spend is higher.

Most likely to dine out, with 30% dining out weekly.

Highest number of "very comfortable" for eating in (43%) and outside (50%) a restaurant.

Half as many (50%) U.S. respondents said they spent spontaneously on takeaway compared with Germany.

One in four are watching food video tutorials online.



Spending more on takeaway compared with the U.S., where eat-out spend is higher.

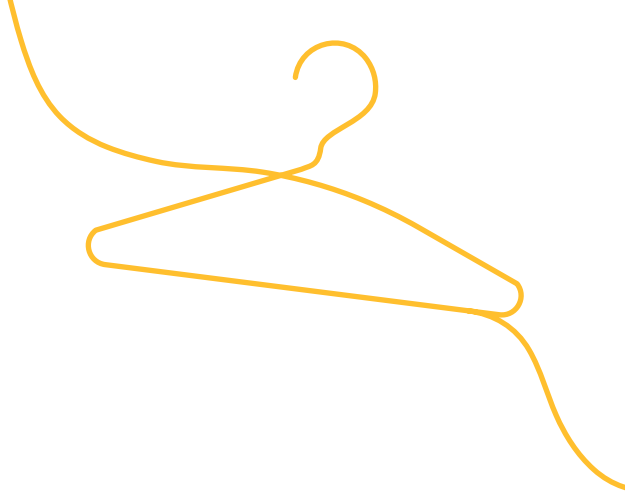
Most likely to spontaneously spend money eating out.

Least likely to place an order via a food app (20%).

Least likely to watch food video tutorials.

### 3. SPENDING HABITS BY SECTOR

# Fashion



## Consumers are more comfortable than they were three months ago.

Half of our consumers (49%) said they spent money on fashion at least once a month. Almost one in 10 (9%) spent at least once a week. As lockdown restrictions eased, two-fifths (39%) of consumers said they were spending more on fashion than they were three months ago. With four-fifths of respondents comfortable with going to a shopping mall, it's no surprise to see spending on the rise.

## Online shopping continues to accelerate.

Despite the opening of physical retail stores and the general confidence in returning to shop in person, 60% of participants said they had been shopping more online in the past three months and would continue to do so.

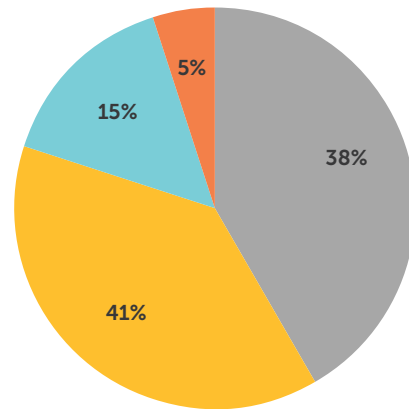
### Most holiday shopping will happen online this year.



Having moved online, many shoppers are staying there as lockdowns and social distancing measures lift. **Our own research** shows that over 40% of people in the U.K. and the U.S. say they will do most or all their holiday shopping online this year. For a quarter of those, that is an increase.

—  
Mike Plimsoll, Senior Director,  
Industry Strategy & Marketing, Sitecore

## How comfortable would you currently feel going to a shopping mall?



- Very comfortable
- Somewhat comfortable
- Not very comfortable
- Not comfortable at all



### 3. SPENDING HABITS BY SECTOR

## Hybrid is now “business as usual” for most.

The reasons consumers chose an in-store or online experience remained consistent with our previous findings. Ease of buying, ability to compare prices and product variety all featured prominently in the online buying decisions. This was in addition to not having to travel to stores, a figure likely inflated by the one in 10 shoppers who said they still felt uncomfortable shopping in stores.

Yet consumers also continued to value the physical advantages of being able to try things on, see and touch products in-person to test the quality.

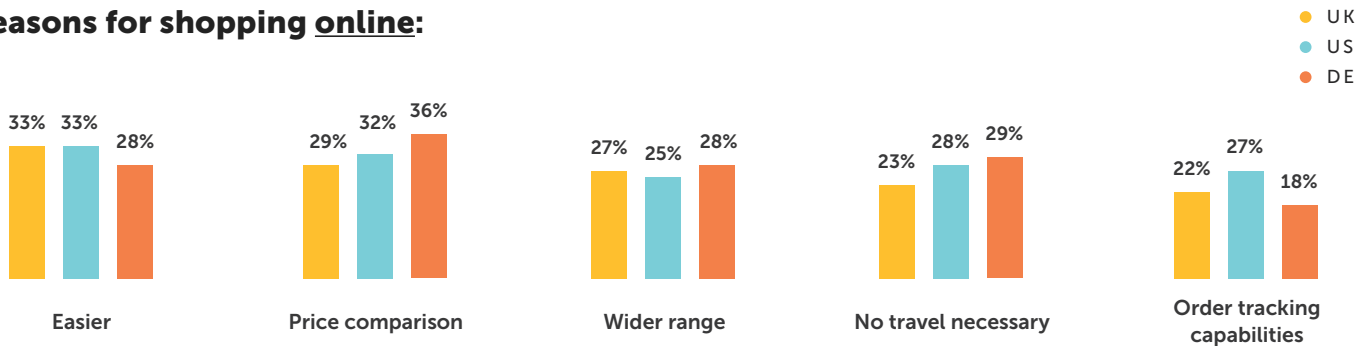
Hybrid looks set to remain the primary shopping experience of the future, with almost two-thirds of respondents saying they would continue to shop both online and in-store.



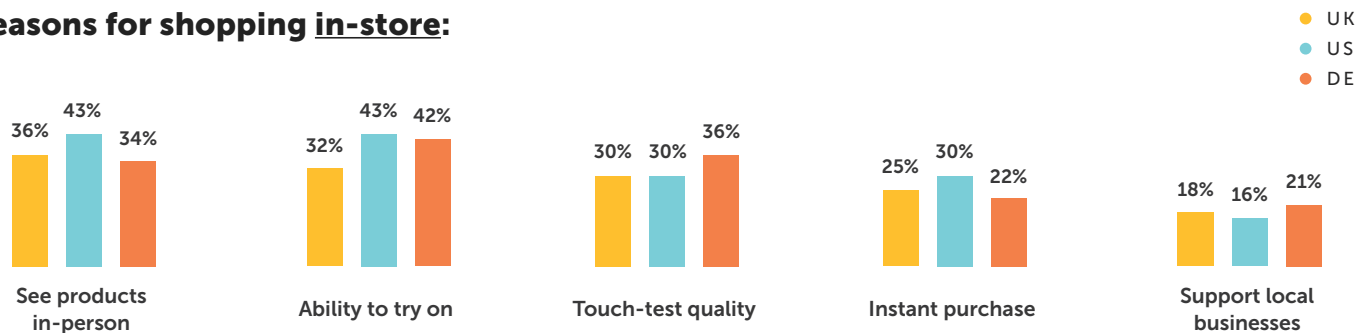
While the proportions of online vs. in-store shopping will undoubtedly fluctuate over time, online will never again be on the sidelines. Physical stores will continue to play an important role, however, especially in attracting new customers. Over time, we’re likely to see a distinction between how shoppers look for new things – where I’d expect to see physical stores play a more prominent role – and how they find things they know they want or need, where shopping online with their preferred brands will likely prevail.

–  
Nicole France, Evangelist, Product Marketing, Contentful

### Reasons for shopping online:



### Reasons for shopping in-store:



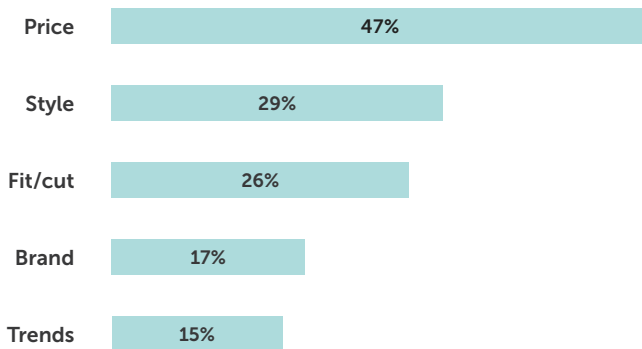
### 3. SPENDING HABITS BY SECTOR

## Price dominates, but style and quality matter, too.

Overall, the most important factor of purchases is price (47%), followed by style (29%) and fit or cut of the item (26%).

A quarter of consumers would describe themselves as money conscious (24%) when spending on fashion, as reflected by the strong showing for fast fashion retailers in favored brands. A fifth (20%) like to research before spending, while another 20% of consumers like to spend spontaneously on fashion, rising to 24% in Germany.

### What matters most to consumers when buying fashion:



## The pandemic changed the nature of loyalty in fashion buying.

Loyalty remains an important factor for some shoppers. A quarter of consumers said they stuck to the fashion brands and retailers they like. For almost one in eight (13%), only the brands and retailers they perceive as being best would do. A fifth of consumers said the brand was most important to them, while one in seven said the latest fashion trends were most important to them. The combined importance of price and loyalty is seen in H&M and Zara, which are favored brands across our markets.

Brand loyalty was notably lower – where more brands were mentioned less frequently – in Germany and the U.S. than in the U.K., where fewer brands were mentioned with greater frequency.



With a huge proportion of fashion sales online, it's no wonder that customers [stay loyal to] the brands they know – and that they know fit them. Add in growing consumer savvy about the costs and impacts of returning online purchases, and this trend is likely to strengthen.

–  
Nicole France,  
Evangelist, Product Marketing, *Contentful*



The pandemic has done a lot to change the relationship between consumers and brands, as with so much that we buy going through eCommerce channels, the 'brand experience' now has to be somehow converted to a cardboard box you open at the kitchen counter, which is a totally different experience than you would have in a retail store.

–  
Rita McGrath, professor at  
Columbia Business School and  
author of *Seeing Around Corners*

### 3. SPENDING HABITS BY SECTOR

## Shopper aspirations don't align with their actions.

While true across all sectors, fashion especially is being held to a higher standard in terms of social responsibility and sustainability by consumers. The ethics of fashion clearly matter. And yet, when we asked our consumers whether cost was a more important buying factor than sustainability, 72% agreed. As noted earlier, when asked what matters most when buying fashion, price, style, fit, brand and trends all came ahead of ethical considerations.

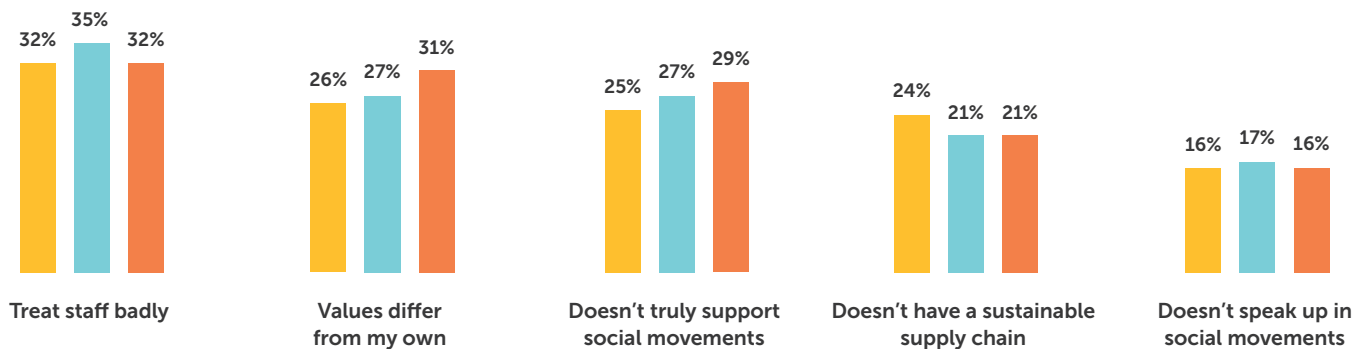
In relation to spending, ethics are an area where many consumers' actions don't match their beliefs.

Although brand ethics may not yet be a key driver in actual consumer spend, it seems they may influence decisions to stop or switch what brands they spend with. One third of consumers said they would stop using a brand if it had been reported to treat staff poorly (33%). A fifth of consumers (22%) stated they would stop using a brand if they discovered it didn't have a sustainable supply chain.

Perhaps this is a case of it being easier to encourage consumers to stop buying from brands that don't have strong sustainability or ethics initiatives rather than make more proactive choices, or perhaps it is another area where consumer actions don't necessarily match their beliefs. Regardless, several brands that consumers favor, including H&M and IKEA, have interwoven values into their brands.

### What would make consumers stop buying from a brand:

● UK  
● US  
● DE



## The EPAM Consumer Council said...

- They expected a fun, quality digital experience and a seamless transition between physical and digital services.
- Price and fit/cut were the most important factors in purchases.
- 'Buy now, pay later' payment options payment options encouraged spend.
- Brands that offer products that support our council members' individuality proved popular.
- Sustainability was of growing importance.
- They admired brands with sustainability initiatives.
- COVID anxiety persisted where they felt retailers didn't meet their standards.

3. SPENDING HABITS BY SECTOR

# Favored Brands

UK	US	DE
<p><b>Next</b> "Always great quality and really stylish-looking products."</p> <p><b>Primark</b> "Always up-to-date with trends and always have good prices."</p> <p><b>Zara</b> "Good quality clothing and are fashionably trendy. They also have exciting, stylish stores."</p> <p><b>ASOS</b> "Fast delivery, durability, good quality and different price options for products."</p>	<p><b>SHEIN</b> "Reliable, cheap and fast delivery." "Really cool stuff with good prices."</p> <p><b>Levi's</b> "Their jeans are worth buying. The material is long-lasting, and they have great customer service."</p> <p><b>Old Navy</b> "Clothes that fit my frame with accurate sizes." "Affordable, but stylish."</p> <p><b>H&amp;M</b> "Sustainable and trendy clothes at a good price." "The clothes look expensive but aren't."</p>	<p><b>H&amp;M</b> "Well-known, reliable brand." "They are becoming more and more sustainable."</p> <p><b>C&amp;A</b> "Good quality, affordable prices, a wide selection." "Nice seasonal collections."</p> <p><b>Zara</b> "Always gives the latest fashion trends." "Often offers discounts."</p> <p><b>Zalando</b> "Fast delivery and quality." "Nice selection."</p>

# How Our Markets Differed



UK

The most brand loyal of our markets.  
The most likely to strongly agree that their online buying would continue to accelerate (39%), yet...  
...the most likely to shop in-store (82% are comfortable to shop in-store).



US

The least hybrid-positive of our markets, with a relatively low 57% expecting to continue shopping both online and in-store.  
Fast fashion has infiltrated traditionally favored brands.



DE

The most hybrid-positive, with 72% expecting to continue shopping both online and in-store.  
The least likely to strongly agree that their online buying would accelerate (19%).  
The most spontaneous fashion buying behaviors.



3. SPENDING HABITS BY SECTOR

# Fitness

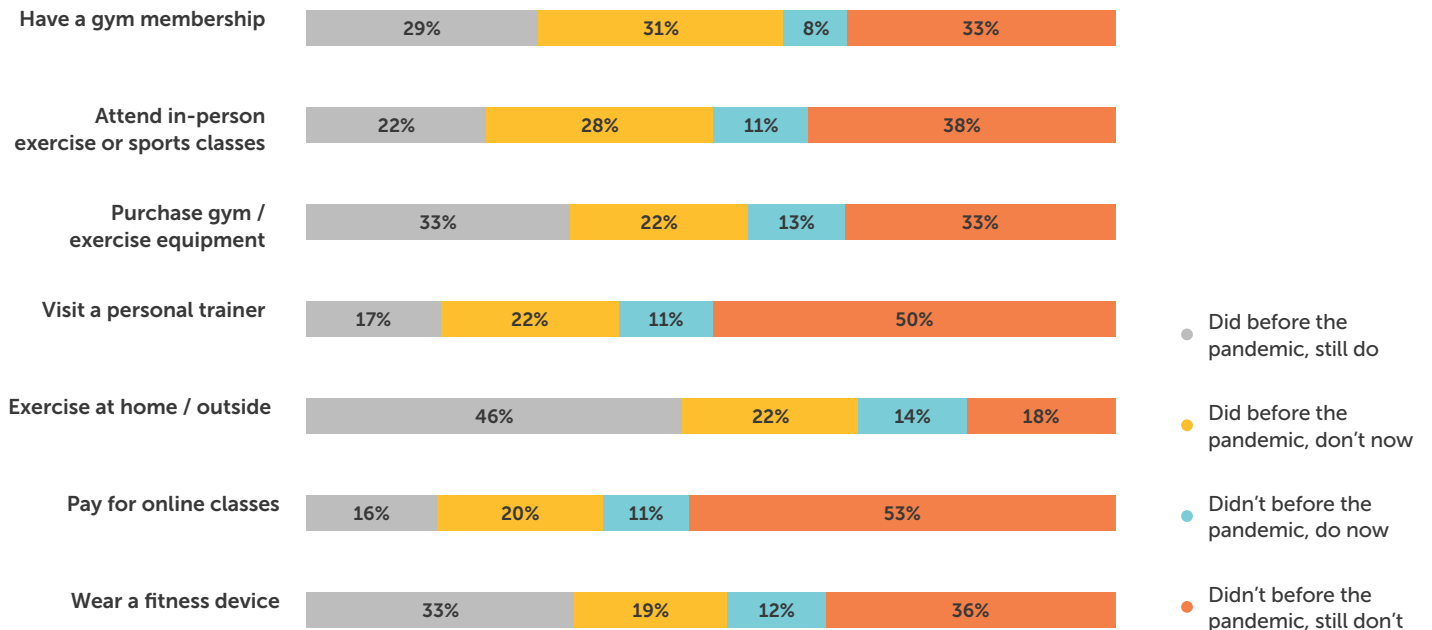
## People are paying for fitness – but not at the gym.

The pandemic-inspired exodus from paid fitness has not reversed. Three in 10 (31%) who had a gym membership before the pandemic no longer do, only partially mitigated by the fact that 8% of people who didn't have a gym membership before the pandemic now do. After having previously done so, 28% said they no longer attend in-person exercise or sports classes while 22% said they no longer visited a personal trainer or had one-on-one sessions – although in both cases, losses were partially offset by 11% taking up such activities.

“ Watching how brands like Peloton and Mirror – not to mention everyone from large gym chains to small yoga studios – have succeeded by building a virtual community that has some of the experience of a group workout indicates that creating a hybrid approach is a viable long-term business strategy. The trick is to find the right balance of individual attention, being part of a larger community and price.

— Nicole France, Evangelist, Product Marketing, Contentful

### Our shift in exercise habits.



### 3. SPENDING HABITS BY SECTOR

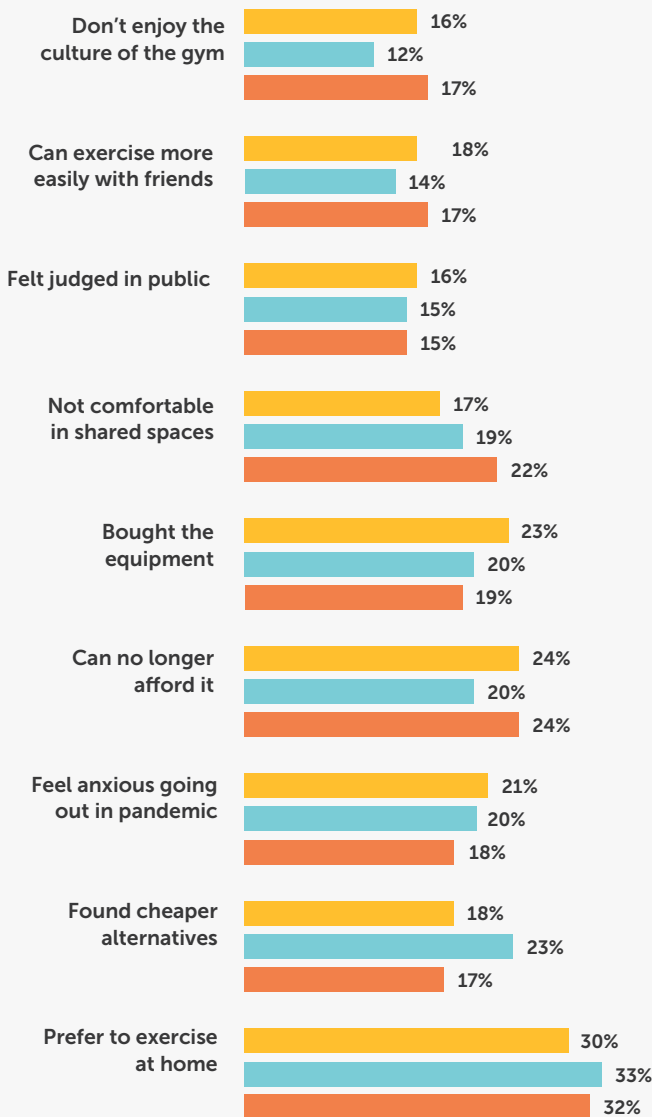
## Home exercise is now preferred.

Overall, of those that stopped paying for exercise, three in 10 did so because they preferred to exercise at home (31%). A fifth bought the equipment they needed (21%). Of those who did have gym memberships, 20% said COVID made them anxious about returning to the gym and another 20% said they couldn't afford it.

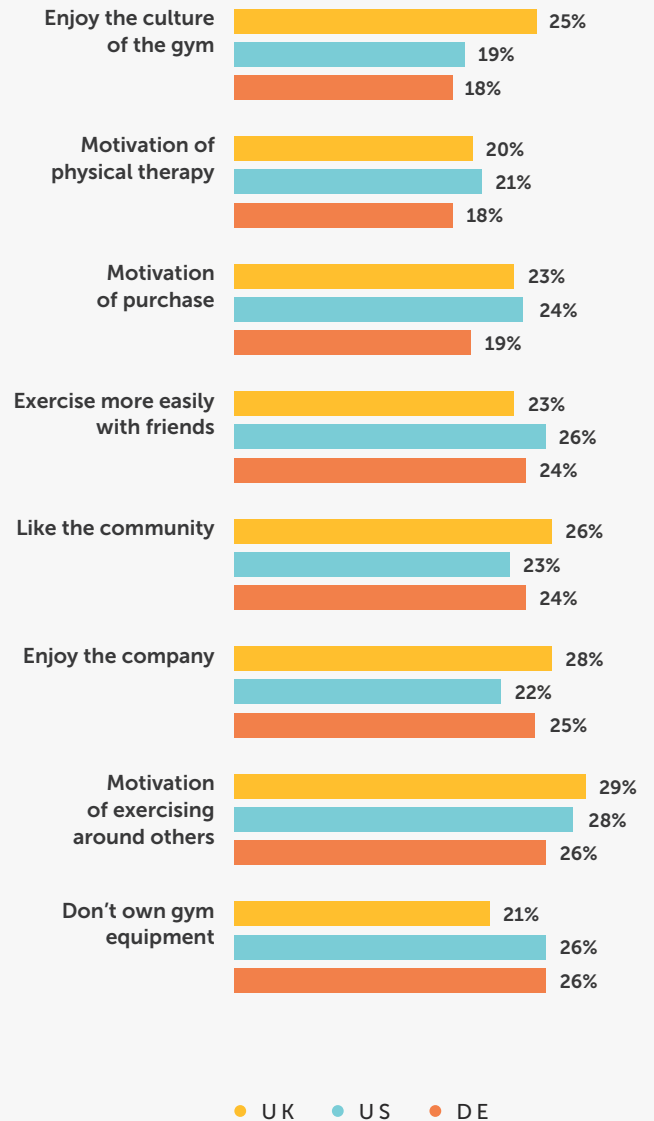
## Motivation and a sense of community drive those who return to gyms.

For those who did return to gyms or classes – or who discovered them for the first time – the main drivers were the motivational effect of being around others (28%), enjoying the culture of the gym (25%), finding they could exercise more easily around friends (25%) and enjoying being part of a fitness community (24%).

### Why consumers no longer pay for the gym:



### Why consumers exercise outside the home:



### 3. SPENDING HABITS BY SECTOR

#### **Nike's dynamism and reliability land them as a crowd favorite.**

Across all our markets, Nike was the most highly regarded fitness brand. Reasons ranged from practicality, comfort, range of products and quality of clothing to building a brand of particularly loyal customers. Nike's social aspects – its vegan products, support for diversity and inclusivity, among others – were also frequently mentioned.

“ Nike always contains innovative and dynamic designs. They are always pushing the boundaries in terms of aesthetics and materials. You can always rely on them for fashion, culture, accessibility and comfort when it comes to everyday styles.

—  
U.K. Consumer



## The EPAM Consumer Council said...

- They were spending less on fitness than other categories surveyed.
- Although some were eager for a return of the social interaction of the gym, others – particularly in the U.K. and Germany – were enjoying the alternatives they found during the pandemic.
- They valued fitness without judgment.
- They appreciated brands that engaged and understood them, rather than merely selling to them.
- They desired brands to be more than pure fitness companies – they wanted to feel a sense of community.

### 3. SPENDING HABITS BY SECTOR

## Favored Brands

UK	US	DE
<p><b>Nike</b> "Premium quality product." "Supporting athletes who are making a stand."</p> <p><b>Adidas</b> "The way they've started being more sustainable." "Good value for money and looks better than most sports brands. Easy to find and more styles to choose from."</p> <p><b>Gymshark</b> "Inspirational journey." "Tackling fast fashion, offering sustainable items."</p> <p><b>Peloton</b> "I often see Peloton advertisements and think they seem exciting, modern, innovative and motivational."</p>	<p><b>Nike</b> "They have shown that they care about the community." "It's cool." "So easy to ship and so many options."</p> <p><b>Adidas</b> "Quality and suitable prices." "They have a good brand of shoes, and they last long so I am going to stick with them."</p> <p><b>Planet Fitness</b> "They are cleaning their machines really well due to COVID." "The value you get for low prices."</p>	<p><b>Nike</b> "Selection for different body types." "Because of the reputation and the quality."</p> <p><b>Adidas</b> "I have always remained loyal to the brand and will always be. Always top quality."</p> <p><b>Decathlon</b> "Offers cheap but good products."</p> <p><b>Puma</b> "Because they are qualitatively better than other brands and still cheaper." "Things last forever."</p>

## How Our Markets Differed



Purchasing focused more on fitness clothing than the gym.

Most likely to have stopped paying for fitness due to affordability (24%).



Purchasing focused more on the gym than fitness clothing.

Most likely to have stopped paying for the gym due to finding cheaper alternatives (23%).



Purchasing focused more on the gym than fitness clothing.

Most likely to have stopped paying for the gym due to feeling uncomfortable in shared spaces (22%).

### 3. SPENDING HABITS BY SECTOR



# Travel

## Overseas travel will increase (slowly).

Just under half of our shoppers (48%) had been on vacation in the three months before the survey. More people traveled within their country (32%) than abroad (19%), as travel restrictions existed for travelers in some of our markets during the period surveyed. On average, males (22%) were somewhat more likely to have been on an overseas vacation than females (16%).

Looking ahead, over half (54%) said they were planning a vacation. Those planning to take a domestic vacation was set to reduce to 32%, while overseas travel would increase to 27%. Germans remained the most likely to travel abroad, but the biggest shift was in the U.K., where overseas travel among our respondents was set to double.

## Some COVID discomfort remains for flights.

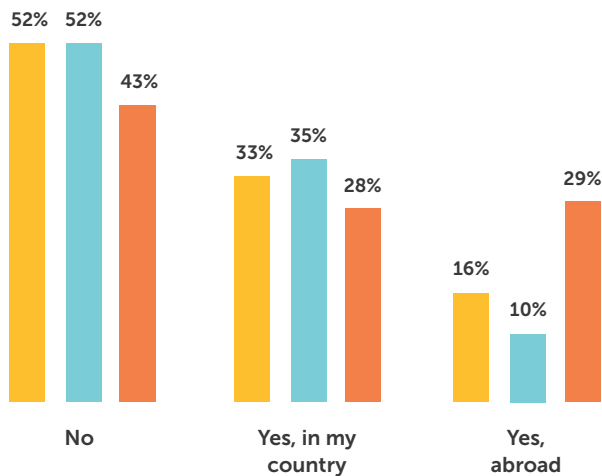
A third of our survey (33%) researched flights before buying. 25% described themselves as being money conscious when spending on air travel. Only 6% described themselves as frivolous spenders in this category.

Almost two in five (38%) admitted to still feeling uncomfortable about getting on a flight, and given the winter season combined with the emergence of new COVID variants, this figure could increase within the next few months.

### Travel plans - past three months:

% of all respondents

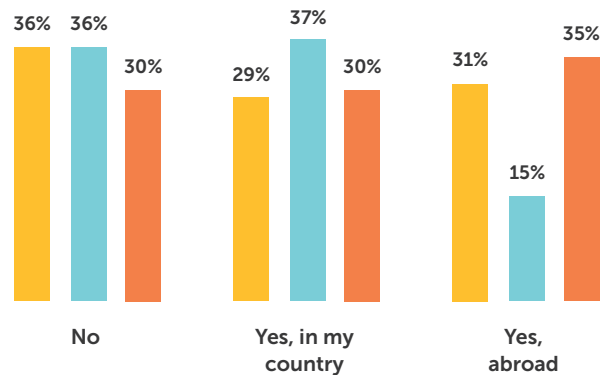
- UK
- US
- DE



### Travel plans - next six months:

% of all respondents

- UK
- US
- DE

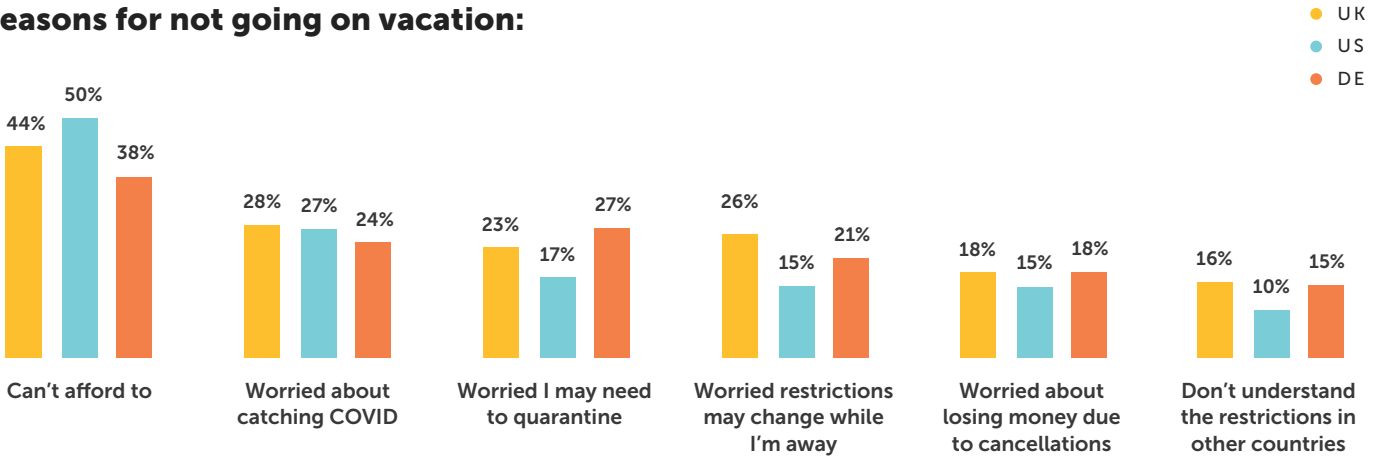


### 3. SPENDING HABITS BY SECTOR

## Affordability is a bigger factor than COVID for those not going on vacation.

While COVID and its associated challenges – like worrying about quarantine or rule changes while away – still concerned 20-25% of travelers, cost was the single most dominant factor for not booking a vacation. Overall, 44% said they could not afford a vacation, with women (50%) significantly more likely to place affordability as their top reason compared to men (35%).

### Reasons for not going on vacation:

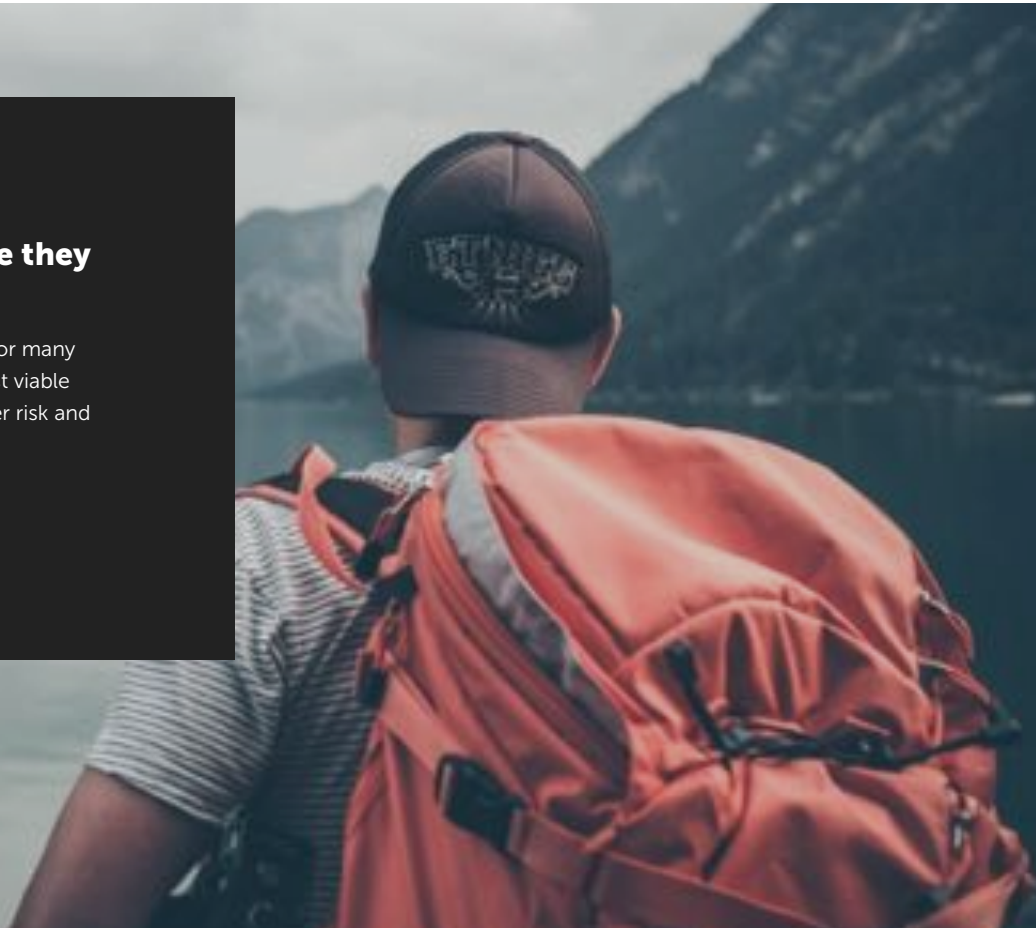


#### From the Expert

### Meet customers (near) where they are — literally.

“ Staycations and local tourism will, for many would-be travelers, remain the most viable options because they are both lower risk and less expensive.

— Nicole France, Evangelist, Product Marketing, Contentful



### 3. SPENDING HABITS BY SECTOR

## New trust considerations shape travel company choice.

Price, ease of booking and reputation were the most important factors when choosing a travel company, reflecting the growing COVID-confidence of our respondents.

Overall, three in 10 (31%) made a booking based on price. 29% choose a travel company that offers online booking. The reputation of the travel company was the third most important factor at 22%.

During the pandemic, the Consumer Council felt that trust had grown in importance to such an extent that it dominated even price. This latest survey shows something of a rebalancing. Transparency and communication around health, safety and well-being are the emerging considerations among consumers.

### A new area of focus for building trust is emerging...



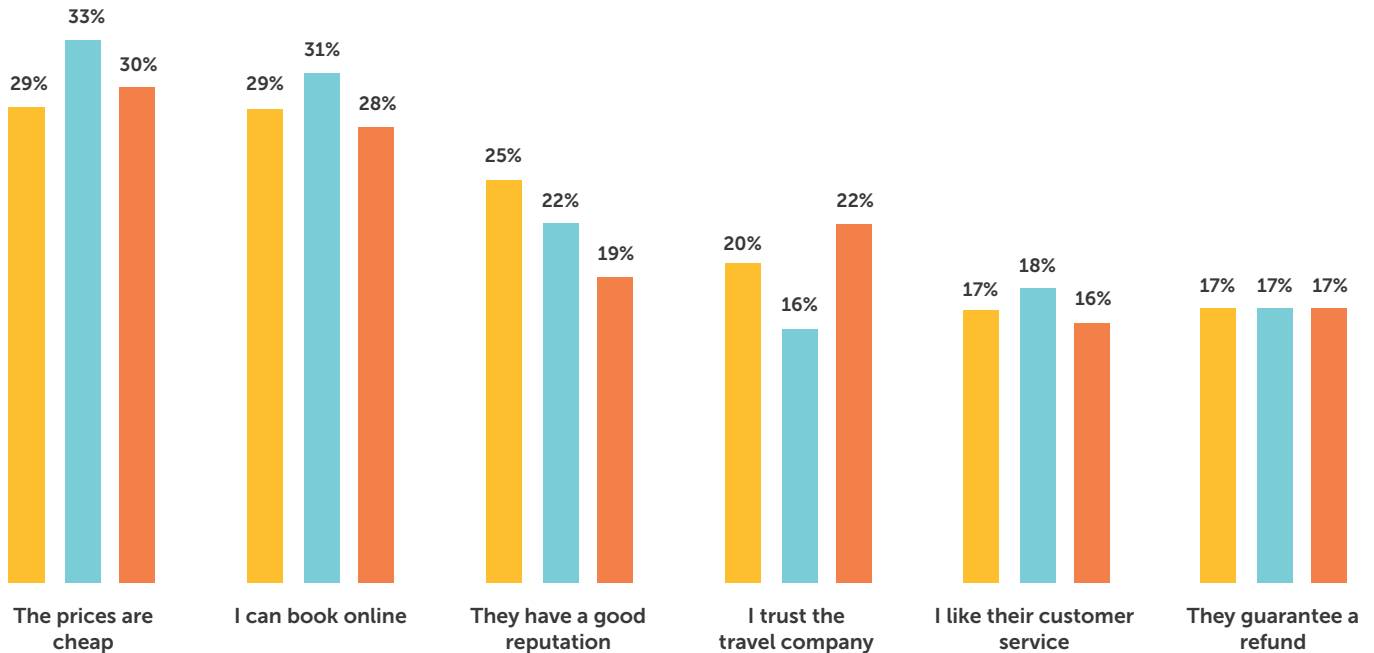
Whilst concerns over price are certainly present, especially in light of the additional travel and product costs due to COVID, trust and brand reputation still remain the number one priority. A new area of focus for building trust is emerging and includes transparency and communication around health along with safety and wellbeing whilst traveling. This shift is not a surprise considering consumers and travelers most frequently search terms like 'tips on personal health and well-being'

Clear, proactive communication around company policies and safety measures go a long way in building trust and reassuring nervous travelers as they look to start traveling again.

—  
Mike Plimsoll, Senior Director,  
Industry Strategy & Marketing, Sitecore

## Reasons for choosing travel companies:

- UK
- US
- DE





## The EPAM Consumer Council said...

- Brand trust was the motivating factor in purchases, and even more important than price.
- They welcomed brands that offered solutions to shoppers' vacation challenges.
- Brands that stepped up to make travelers feel secure won trust.

### 3. SPENDING HABITS BY SECTOR

## Favored Brands

UK	US	DE
<p><b>Ryanair</b> "Really low prices." "The quickest and easiest checkout during pandemic."</p> <p><b>Jet2</b> "Always offers good reliable service, great price for a guaranteed product."</p> <p><b>British Airways</b> "Treats employees and customers well." "The airline I fly with and they are the most trustworthy."</p> <p><b>easyJet</b> "Using it for years. I love it for plenty of reasons, especially their cheap flight tickets."</p>	<p><b>Airbnb</b> "It's a lot cheaper than hotels and more of an experience."</p> <p><b>Booking.com</b> "Best deals and reward program."</p> <p><b>Southwest Airlines</b> "They have low prices." "They've been leaders in the fight against this pandemic and that's commendable."</p>	<p><b>Ryanair</b> "The cheapest."</p> <p><b>Booking.com</b> "By far the best deals and reviews." "Great offers and beautiful travel destinations."</p>

## How Our Markets Differed



UK

46% have had a vacation in the past three months.

Almost twice as many people (31%) plan to go abroad in the next six months compared to the past three months (16%).

Travel company reputation matters most to U.K. travelers (25% vs. 22% U.S. vs. 19% Germany).



US

Least likely to have had a vacation in the past three months (44%), but...

...most likely to have vacationed domestically (35%).

Least likely to have traveled overseas (10%).

Affordability is most likely to prevent a vacation (50%) compared to other markets.



DE

Market most likely to have had a vacation in the past three months (53%).

Most likely to have traveled abroad (29%).

Affordability is least likely to prevent a vacation (38%) compared to other markets.

### 3. SPENDING HABITS BY SECTOR

# Home



## Homeware spend is increasing.

Three quarters of our consumers (75%) bought a home item within the last three months.

Homeowners in our sample were considerably more likely to have purchased homeware (83%) than renters (70%). Almost one in three renters didn't buy anything for their home in the past three months, nearly double the figure for homeowners.

Unsurprisingly, the biggest disparity between buying habits came in bigger ticket items, with far fewer renters than homeowners buying furniture (for home or garden).

## Online is the most prominent channel for home purchases.

Online retailers led the way for home purchases (33%), followed by local stores (29%). Though, the U.K. position differed (see *How Our Markets Differed* on page 38).

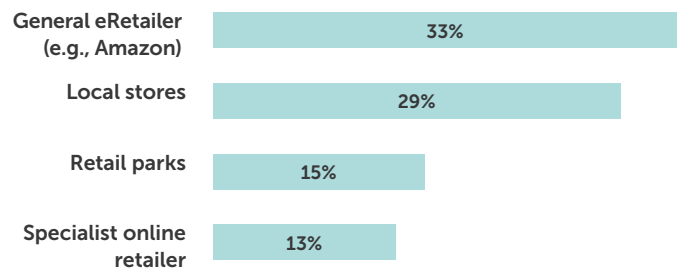
### How do you create a great home products experience online?



Convenience, flexibility and well-designed user experiences at every step of a purchase helps a shopper feel like they are truly part of an in-person buying process from the comfort of their home. As of June 2020, 35%<sup>1</sup> of U.S. respondents said they'd used AR to visualize furniture or vehicle customizations.

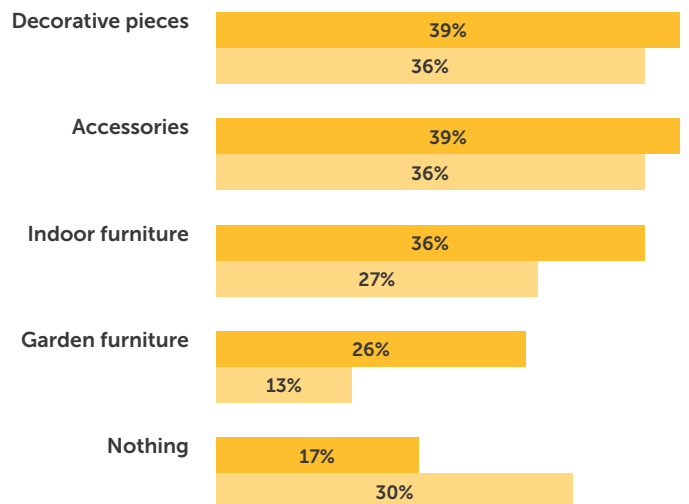
—  
Katie Stewart,  
Principal, Channel Accounts, BigCommerce

## Where do you buy most of your household items from?



## What have you bought for the home in the past three months?

● HOMEOWNERS  
● RENTERS



<sup>1</sup><https://www.bigcommerce.com/articles/ecommerce/ecommerce-augmented-reality/>

### 3. SPENDING HABITS BY SECTOR

## Convenience beats value and choice in online homeware.

Convenience (45%) was the most popular reason for our consumers to shop online, followed by the variety of products (36%) and the likelihood of finding what they were looking for (34%). Somewhat surprisingly, value for money was only the fourth most important factor when shopping for homeware online (28%).

For those preferring to shop with physical retailers, convenience (35%) and value for money (30%) were the most frequently stated reasons, with low cost (28%) and the experience of physical shopping (26%) following.

“ Though far from being a digital native, IKEA demonstrates a clear understanding that digital channels need to be as much a part of its entire operations — from brand promise to business ethos — as any of its stores and products.

—  
Nicole France, Evangelist, Product Marketing, Contentful

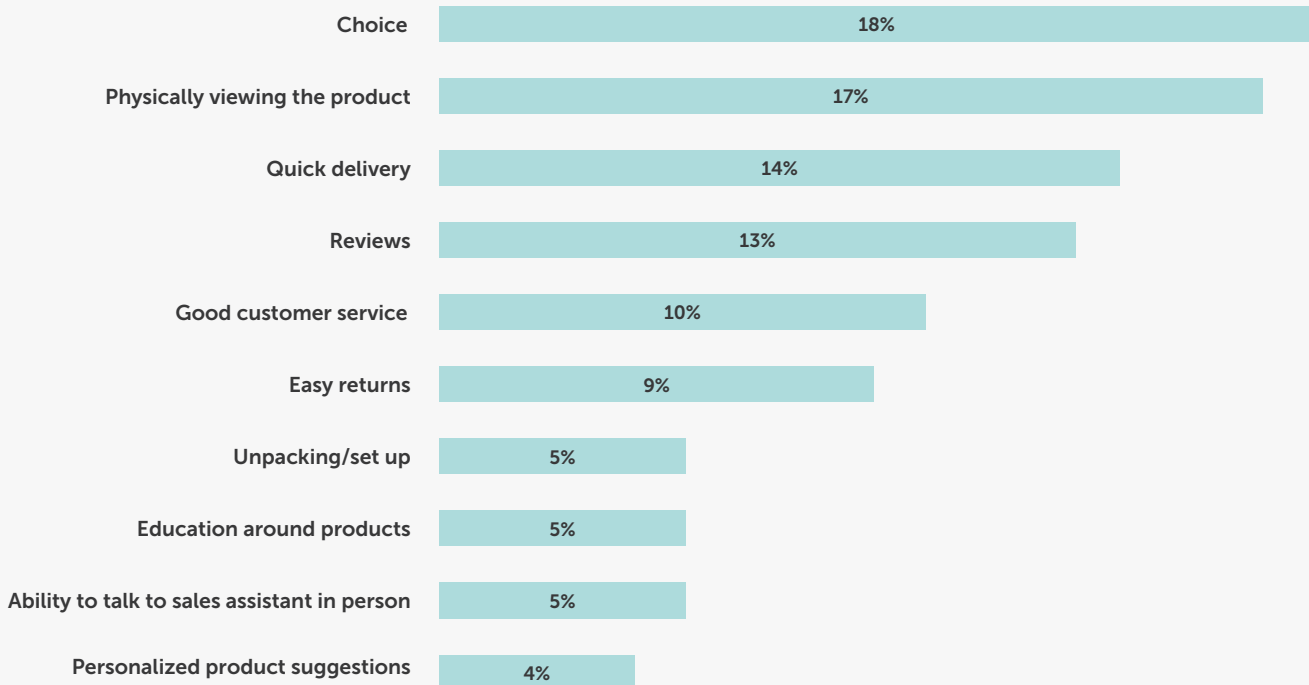
## Choice and physical presence feed IKEA's dominance.

The ability to choose their experience and the ability to physically view a product were the two most crucial factors in consumer homeware purchases. The fact that homeware super-brand IKEA, which was heavily mentioned across each of our markets, delivers both is a potential explanation for its dominance, as well as a factor in the popularity of other favored brands, including Home Depot (U.S.), Dunelm (U.K.) and Depot (Germany). IKEA was also noted for its value for money, customer support model and a shift to more sustainable products.

“ They're switching to sustainable methods of making their furniture and reusing things and using parts of the wood that would otherwise go to waste.

—  
U.S. Consumer

## The factors that matter most when making a home purchase:



## The EPAM Consumer Council said...

- At this point in the pandemic, they were seeking comfort.
- Sensory experiences mattered, like being able to see and test products physically.
- Super-brands led the space because of their ability to deliver price, range of products and speed of delivery
- Ease of product returns was important.
- Sustainability and having a brand purpose earned respect.
- Brands that offered in-home experiences (e.g., advice sessions and personalized tutorials) stood out.

### 3. SPENDING HABITS BY SECTOR

## Favored Brands

UK	US	DE
<p><b>IKEA</b> "Items are always worth the money and are very durable."</p> <p><b>Dunelm</b> "Good products, price, service. Looks after their customers."</p> <p><b>Argos</b> "They always offer great value for money with a huge selection of homewares."</p> <p><b>B&amp;M</b> "Cheap but reliable."</p> <p><b>John Lewis</b> "Quality products and items at fair prices and quality stores."</p>	<p><b>IKEA</b> "They're switching to sustainable methods of making their furniture and reusing things, and using parts of the wood that would otherwise go to waste."</p> <p><b>Home Depot</b> "Have every home appliance I need." "Great and affordable decoration items."</p> <p><b>Value City Furniture</b> "They have been around for a while and their furniture is always good quality."</p>	<p><b>IKEA</b> "Modern and cheap, so interchangeable."</p> <p><b>Depot</b> "It's a bit more expensive, but nice, you feel at home at Depot."</p>

## How Our Markets Differed



The greatest concentration of favored home brands.

Retail parks are more popular than local stores, bucking the trend seen elsewhere.



Most likely to be influenced by reviews of home products.



Three times more likely to value product education (that is, content designed to help consumers better engage with or get more from a product) than the U.K. and four times more likely than the U.S.



# 4.

# Themes from a Pandemic

What does value for money really mean for our consumers? What role does ethics play in buying decisions? And what is the current state of brand loyalty? The broad themes arising from our latest survey affect every retail sector.

## 4. THEMES FROM A PANDEMIC

# 1.

## Consumers (still) want value for money.

Value for money was the core issue of our last survey; whatever else mattered, value for money mattered more. And it still does. When choosing who to spend their money with, value for money (41%) and low prices (29%) were the top two most factors for our survey respondents. Although personal definitions of 'value' varied from consumer to consumer, most spoke about getting a quality product or service for a price that felt reasonable to them. One participant stated it meant "an adequate price in relation to quality and durability." Others described it as giving them "bang for my buck" or making them "feel like I'm saving money and getting a good deal."

Quality was the third most important buying factor in its own right — 28% said it was top of mind when choosing who to spend with. Yet quality is also an inherent part of our respondents' calculation of overall value, suggesting a broader, deeper influence on results.

Although subjective, definitions of quality centered on products that were long lasting or durable, or a good service experience.

“ Customers have shown that they are value-conscious, but what this really indicates is that they know their purchasing power. What shoppers want is to find the best deal for them: the feeling that they've unlocked a perfect combination of value for money and the product that they really wanted to purchase.

—  
Jasmin Guthmann, Senior Director,  
Global Partner Marketing, Contentstack

### The conventional economist's picture of pricing is completely wrong...

“ ...as digital qualities offer the potential for unlimited supply. What is scarce, though, is attention and emotion. So, brands need to factor that into how they engage with customers. Value is moving toward interactions, not features and attributes.”

—  
Rita McGrath, professor at Columbia Business School  
and author of *Seeing Around Corners*

## WHAT SHOULD RETAILERS DO NEXT?

### Understand and respond to the way value perceptions change by channel.

Brands need to be aware of the shifting nature of value in the hybrid world. In stores, value is a more traditional combination of durability and quality of service and product. Online, as Rita McGrath notes, it is also the way a brand connects with consumers and engages their emotions.

Consumers always expect value, but how brands deliver it needs to be channel-responsive, matching consumer expectations at each point.

### Make every sale feel like a win.

“ The answer to customers seeking value isn't necessarily dropping prices or advertising sales across the board. Retailers must focus on (a) cultivating a desirable brand through engaging content experiences and (b) facilitating well-timed commerce interactions that make the sale feel like a 'win' for the customer.

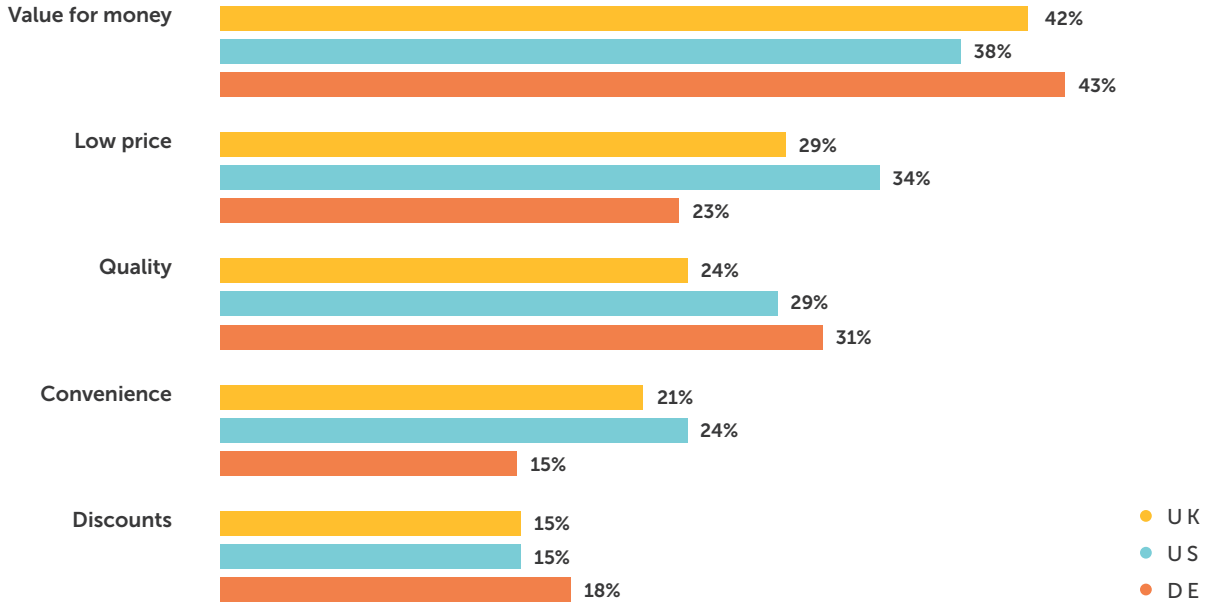
Enable your creative teams to make your digital domain into an immersive brand experience through rich and relevant content. Seek out personalization tools that adapt content as a visitor explores the site. Build a digital experience that caters to shoppers at every stage of their journey, not just the shopping cart.

—  
Jasmin Guthmann, Senior Director,  
Global Partner Marketing, Contentstack



4. THEMES FROM A PANDEMIC

What is most important to you when choosing who to spend your money with?



#### 4. THEMES FROM A PANDEMIC

## 2.

### Discounts need to count.

Price was unsurprisingly important. Deals, however, were viewed as less important, valued by only one in six consumers (but still prominent in some sectors, like food). When asked for their message to retailers, consumers frequently mentioned discounts. It seems they still want to be rewarded for their dedication with upfront promotions, discounts and flexible payment options, such as 'buy now, pay later.'

#### **Searching out the best deals is now no longer a 'badge of honor,' but an inconvenience.**

This summer, our Consumer Council placed significant emphasis on searching out the best deals. Now, things seem to have changed. This reflects that, as life has returned to something closer to normal, shoppers now have less time to research deals and now prefer upfront offers, discounts and low prices without the effort of searching for them.

#### **Economic uncertainty always drives consumers to be more aware of what they're spending.**

“ A discount shopping experience is just as valid (and valued) as a luxury shopping experience, but it's judged on different parameters and sought out based on very different priorities.

—  
Jasmin Guthmann, Senior Director,  
Global Partner Marketing, Contentstack

#### WHAT SHOULD RETAILERS DO NEXT?

#### **Deliver the right discounts in the right way.**

Offer discounts to drive loyalty (particularly in the food sector) while leveraging data to better understand and anticipate customer needs, so the discounts and the format in which they are delivered serve their purpose.

#### **Treat discounts as more than a quick, short-term win.**

Done right, the value brands get back from offering a discount should be to better understand and anticipate your customers' needs. Ensure the data gathered from every deal is treated as an opportunity to build stronger relationships for the future.

## 3.

### Convenience is the bedrock of experience.

In the past 12 months, 62% of respondents had based their decision about where to shop on convenience. 20% of shoppers told us convenience was their most important shopping consideration, placing it ahead of delivery speed and discounts, and far ahead of ethical and social considerations. When considering the future, our shoppers placed convenience third most important, behind only value and quality.

#### WHAT SHOULD RETAILERS DO NEXT?

#### **Don't silo convenience – use it as an opportunity to refine processes and product range.**

Customers won't wait, but convenience doesn't translate to delivering the same thing faster. Instead, brands should consider how the need for speed and convenience can be woven into products or services, helping to shape a naturally more convenient product range, menu or service offering.

#### **Increase the power of apps.**

“ Brands need to think about how they can reduce, simplify and maximize the time consumers spend with them, making it quick and easy for customers to find what they need.

—  
Mike Plimsoll, Senior Director,  
Industry Strategy & Marketing, Sitecore

The growing power and ubiquity of apps, particularly in the food space, was prominent in our survey. But there's room for apps to further evolve into a more holistic service that delivers greater convenience and larger customer spend.

And while retailers expand the variety of products and services available via apps, they should match these improvements with an increased focus on fulfillment capability.

#### **Bring in-person into consumer homes.**

By harnessing tech like AR and VR, brands can bring together the convenience of online with the experience of in-person at every step of a purchase. Integrating back-end innovation in supply chain and logistics enables creative last mile optimization and brings experiences directly into consumers' homes (e.g., delivery to door and in-home concierge).

#### 4. THEMES FROM A PANDEMIC

## 4. Honesty and transparency are held in high regard.

Underpinning many of the themes in our survey (and particularly the growing importance of ethics) is the feeling that our consumers want brands to share their values. It's important to note, however, that our consumers significantly prioritized value and price over shared values.

Transparency, honesty and being ethical and sustainable were recurring themes of our consumers' messages to retailers, and these characteristics were emphasized in our shoppers' choices of their favorite brands.

Travel especially is seeing a shift in transparency, with communication of safety and well-being information important to reassure customers.

#### WHAT SHOULD RETAILERS DO NEXT?

##### Be clear on transparency.

What do consumers want transparency on? In travel, for example, it's about personal safety and well-being while traveling, but that definition will shift by market and sector. For fashion, sustainable supply chains were appreciated. Once defined, brands should ensure that company policies, safety measures and communication align and deliver the honesty and transparency consumers seek.

##### Be honest about your purpose.

“ Consumers know the brands that have purpose in their DNA. They have a harder time embracing those brands that are only now shifting into having a purpose. So, brands need to be honest about it and find a way to truly differentiate themselves in how they approach purpose.

—

Pierre Kremer, Senior Director, Digital Engagement, Retail & Consumer Products EMEA, EPAM

## 5. Brand communities give consumers more to be loyal for.

Consumers' perceptions of brands have been altered by the pandemic. While our last survey saw loyalty as fleeting and superficial, three-fifths (61%) said they felt more loyal to brands that supported them during this time. Loyalty had the greatest influence in the fashion sector, where a quarter of consumers said they would stick to the fashion brands and retailers they like. 61% of consumers said they wanted to feel part of a brand community.

Although still significant, loyalty in Germany was less pronounced, with 45% saying they felt more loyal to brands that supported them and 44% agreeing that they preferred brands that make them feel part of a community. Brand loyalty was most pronounced in the U.K.

#### WHAT SHOULD RETAILERS DO NEXT?

##### Build a community with value and purpose.

As products are increasingly shipped rather than bought over the counter, the nature of brand engagement must also shift. It's now more important than ever for brands to build communities and cross-channel relationships.

Many brands have been successful at creating communities, but that doesn't mean it's right for every brand, or that one brand's community should be developed in the same way as another's.

- Start early (now is always better than later).
- Combine audience insight and data from multiple sources to understand the cross-channel consumer, as consumers expect the same quality of experience wherever they encounter a brand.
- Leverage that data to understand what 'community' means in the context of the specific brand.
- Offer personalized omnichannel solutions specific to the community in an engaging way.
- Adopt a hybrid approach that balances individual attention, being part of the larger community and price.

#### 4. THEMES FROM A PANDEMIC

## 6.

# Omnichannel is the default – but consumers want to choose.

Hybrid appeared to be so ingrained among our shoppers that it seems to have become the default.

**Online sales during the holiday season rose by 32% in the U.K.<sup>2</sup> on the previous year, catapulting eCommerce years into the future.**

“ Online is truly the primary channel, with physical channels now playing a supporting role. While marketers used to see delighting customers as the key component of a superior experience, our research shows that customers really want experiences that deliver value, whether through convenience or cost.

—  
Mike Plimsoll, Senior Director,  
Industry Strategy & Marketing, Sitecore

The picture was not uniform across all our sectors. In fashion, for example, almost half of shoppers in the U.S. were not positively leaning toward hybrid and, although two-thirds said they would continue to shop both online and in-store, a third did not.

For retailers, the message seems to be that hybrid services have a large and enthusiastic market, with online unquestionably the primary market. But a significant body of consumers will continue to welcome a broader suite of services and experiences that enable them to exercise choice.

#### WHAT SHOULD RETAILERS DO NEXT?

##### Go all in with long-term digital commitment.

“ Nike didn't just happen to crush its revenue and profit numbers during the pandemic. The company has been investing for several years in all its digital capabilities, including those within its brick-and-mortar stores. Those investments put the company in an excellent position to capitalize on the unique acceleration of digital business created by the pandemic. Peloton was similarly positioned, though, as a digital native, did not face the challenges of transforming from an existing, pre-digital business model.

Digital business encompasses all channels – even physical stores. Walk into a Nike store and it's clear that 'digital' is just as much a part of the in-store experience as it is online.

—  
Nicole France, Evangelist, Product Marketing, Contentful

##### Deliver on the consumer's need for choice.

Online may be the place where shoppers who already know a brand and trust its products make their next purchase. But, as our commentators note, the physical store remains vitally important. It's where customers first get close to brands and products they don't yet know. And it's how retail taps into Gen-Z and Millennials' need to reengage with the physical world and find deals.

Creating value-led, convenient experiences and delivering seamlessness between physical and online is key.

“ Retail leaders need to provide a hybrid combination of in-store experience matched with white glove treatment on the digital front.

—  
Mike Plimsoll, Senior Director,  
Industry Strategy & Marketing, Sitecore

<sup>2</sup> <https://www.sitecore.com/resources/index/analyst-reports/holiday-trends-2021-uk>

#### 4. THEMES FROM A PANDEMIC

## 7.

# Expectations around sustainability and social responsibility are growing.

When our shoppers were asked about their favorite brands, sustainability, social responsibility and inclusion were frequently mentioned as principal factors in their choices. Yet the position is complex. Brand ethics were not major influencers when deciding who to spend money with – value, price, quality and convenience were all seen as more important. And when asked about the current importance of sustainable sourcing and social responsibility, only one in 12 felt social responsibility was crucial to the buying decision, dropping to one in twenty for sustainability (one in 12 in Germany).

Actions are also sometimes at odds with sentiments. Not every favored brand was favored because of its ethical stance. Occasionally, brands appear to be favored despite their ethical stance, and value and price still win the battle for the consumer conscience. Our results do, however, suggest that poor perceptions of sustainability and social responsibility, a lack of genuine and vocal support for social movements and values that differ from our shoppers' may be enough to drive consumers away from brands.

The direction of consumer sentiment is unmistakable, however, and ethical concerns are growing in perceived importance. Almost half of respondents (46%) said they would buy sustainably where possible. Comparing what is most important to consumers now and in the future, we can see social responsibility (8% rising to 14%) and sustainable sourcing (8% rising to 13%) becoming more valued by customers. Environmental impact (11%), animal welfare (10%) and social impact (9%) were all regarded as important when purchasing fashion items. Germany was the market most likely to want to shop sustainably (32%).

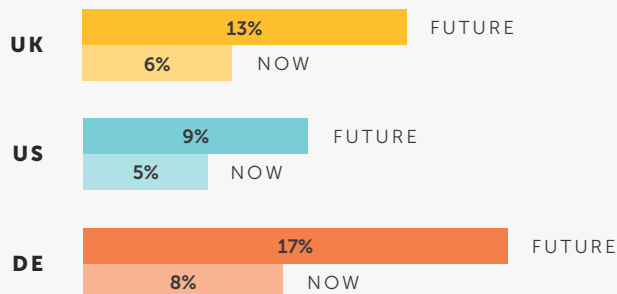
Consumers also want to reuse and upcycle where they can. Over the next 12 months, two-fifths of consumers (39%) said they would buy second-hand products more frequently. Two-fifths of consumers anticipated repairing and upcycling existing products instead of buying new ones. One in six (16%) said they would do this a lot more over the next year. The U.K. was the market most likely to buy second hand (43%).

“ Much of the sociological research on younger adult generations points to a far stronger sense of ethics among these groups in general. Although it remains to be seen how strongly and how consistently this tendency plays out in their consumer behavior over the long term, this is a big reason brands that have been built around a larger social mission tend to perform well with these consumers.

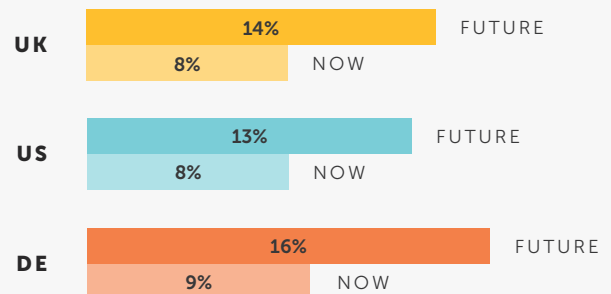
—  
Nicole France, Evangelist, Product Marketing, Contentful

## Sustainable sourcing and social responsibility are becoming more important for some, now and in the future.

Is it important that the product/offering is sustainably sourced?



Is social responsibility important?



## 4. THEMES FROM A PANDEMIC

### WHAT SHOULD RETAILERS DO NEXT?

#### Start strategizing for ethics and sustainability.

“ Ethics and sustainability can be perceived as costing more and taking longer, which can create a barrier for consumers. The easier it is for consumers to buy ethically, the more they will adopt ethical or sustainable products and brands. Brands shouldn't be afraid of experimenting in the way they develop new models for delivering ethical products and communicating what they are doing.

—  
Erica Moreti,  
Head of Strategy & Innovation EMEA, EPAM

“ For brands this study reveals that, beyond the delivery of the product or service, consumers want them to be useful. Value is very much paramount. But at the same time, consumers want to be doing the right thing, they want to be sustainable and they want brands to help them. Brands have the opportunity to step up to the innovation challenges this presents, to add utility and value-added support to their products and services.”

—  
Alexander van Gestel, Vice President,  
Consumer Products EMEA, EPAM

#### Establish your capabilities, fast.

“ Reselling, reusing and upcycling represents an opportunity for retailers to drive new revenue from a new business model, although the operational challenges are significant. If these can be overcome efficiently and at scale, these new opportunities have the potential to offer better margin than full-price sales. Retailers need to move quickly to establish their capabilities.

—  
Martin Ryan, Vice President,  
Retail EMEA, EPAM

#### Control your brand in the sharing economy.

“ In the sharing economy, brands need to be careful about controlling their branding. Their products are being re-sold but not by them, and this can influence how people experience the brand. The challenge is how brands control their reputation through second-hand selling. One increasingly effective way of doing that, especially in luxury markets, is to build your own marketplace.”

—  
Pierre Kremer, Senior Director, Digital Engagement,  
Retail & Consumer Products EMEA, EPAM

#### Gain visibility over the supply chain

“ Investing more in blockchain will give brands traceability over the entire supply chain. When you can visualize where a product is being manufactured, how its distribution is handled, etc., brands gain more control and assurance over the sustainability of their products.”

—  
Pierre Kremer, Senior Director, Digital Engagement,  
Retail & Consumer Products EMEA, EPAM

#### Focus on staff motivation.

“ Retailers should not forget that the motivation for their position on social and sustainability issues often comes from within, perhaps even more so than from their customers. This internal motivation is powerful for mission-led brands who differentiate on these issues. For example, The Body Shop's vocal stance against animal testing was an intrinsic element in its set up, and this propelled the retailer into consumer consciousness against entrenched, mature competitors.”

—  
Martin Ryan, Vice President,  
Retail EMEA, EPAM

4. THEMES FROM A PANDEMIC

8.

# Value for money and convenience drive subscription retention.

No area attracted a greater frequency of spending than subscriptions. 67% of our respondents across all markets spent money on a subscription service at least once a month, a figure matched only by eating out. While they were not the top spend in any of our markets, they were the second highest spend in every market. Any subscription services taken out over the last year are likely to remain in place, with 36% of respondents spending more in the past three months and 63% expecting to keep using their existing subscriptions, the position for subscription services seems likely to grow stronger.

The positive perspective on subscriptions appears to be at odds with what our Consumer Council told us in our qualitative survey, where they expressed that subscription services could be too expensive and used too infrequently to represent value. There were exceptions, however, most notably for services that enabled users to be part of a community, join social interest groups and share experiences. TV streaming services, such as Netflix and Prime Video, were the most popular subscription services. Over three-fifths of those surveyed subscribed to at least one service (64%), rising to 71% in the U.S. Music streaming services (45%) and delivery services (44%) were the next most popular subscriptions, and this order of popularity was repeated across all our markets. Although only one in five subscribers felt their subscription made them more likely to use the service, two in five still enjoyed the convenience and value for money.

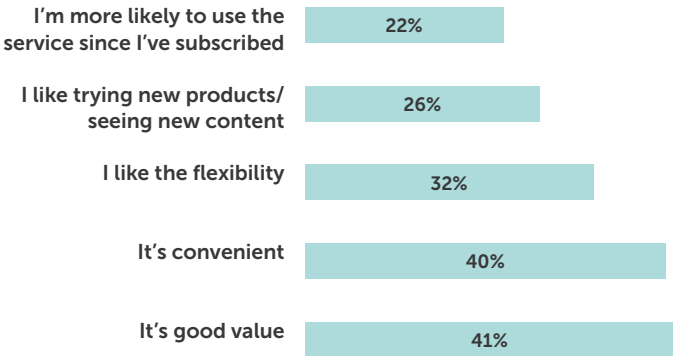
WHAT SHOULD RETAILERS DO NEXT?

**If you want to succeed in subscriptions, create shared experiences.**

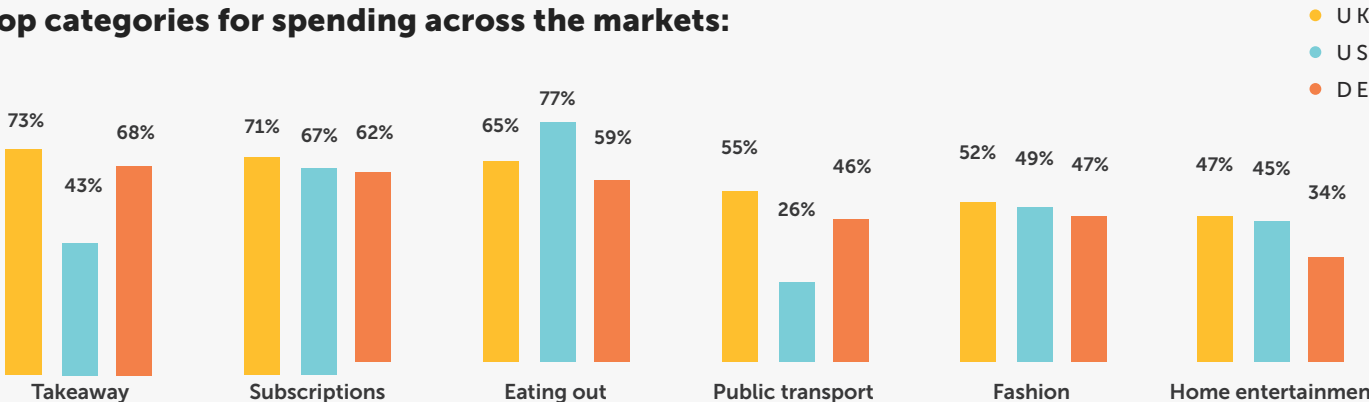
The pandemic presented consumers with the perfect opportunity to explore subscription models. Our survey suggests a clear direction for subscription success moving forward.

In our latest survey, the dominance of favored brands that fit that description (the Peloton community, the shared experience of the latest Netflix 'must-watch,' online gaming subscriptions) suggests that, while the pandemic drove many more people to try out subscription models, the ones that will stick are the ones that fit the shared experience model. The models that build a community and/or enable them to be part of a shared experience will thrive. For retailers, the clear message is to ensure that consumer engagement is an integral, rewarding part of the service.

**Why do you use subscription services?**



**Top categories for spending across the markets:**





**5.**

# Conclusion



## 5. CONCLUSION

# Wrapping Up Stage 2

Consumers Unmasked Stage 2 uncovers valuable insight into consumers' mindsets and behaviors as our three markets surveyed continue their journeys (in and) out of lockdown.

The report not only offers research that can help retailers and CPG brands refine and build their businesses out of COVID, but also presents a fascinating social study, as consumers grapple with the challenges and uncertainties of living in the age of COVID.

### Reaching a hybrid state of mind.

Even at the time of writing, it's clear that consumers are faced with constant uncertainty, where the number of COVID cases combined with continued movement in and out of lockdown restrictions. This uncertainty has tugged consumers back and forth between caution and optimism. 'Hybrid' – in terms of the relationship between online and physical consumer experiences – is a recurring theme of this report. Now we're finding that consumers are starting to accept and 'get comfortable with' living in a hybrid state of mind: of being able to live without fear amid a pandemic.

Shifting mindsets present a major opportunity for retailers to better serve their customers, but this comes with a major responsibility as a brand: to build strong values and act on them.

### Taking a chance on experimentation.

Anyone reading this report will understand the traditional hybrid dynamic well. For consumers that rapidly shifted to online consumption, transitioning from what was necessary to adapt during the pandemic to a new regular beat of omnichannel purchase behavior will take time.

For retailers and CPG brands, this presents a unique opportunity to experiment with format, not simply to join the dots between a single consumer across multiple channel touchpoints. The combination of technology and creativity for product choice, last-mile innovation and consumer experience gives us the potential to break molds in terms of how we try, how we pay, how we take delivery and how we interact. As we emerge from COVID-necessitated experiences to a more settled strategic reality, consumers are ready to take a chance on new experiences. Brands have the tools to deliver them.

### Redesigning the customer experience.

Across all sectors we are seeing that the new, flexible ways consumers discover, engage with and consume brands requires a reset in customer experience design. An empty restaurant today conceals the fact that the restaurant is 'fully booked' with takeout orders. Your eat-in experience may now be surrounded by various shapes and sizes of delivery boxes – a makeshift result of the pandemic, and now is the time to upgrade that experience.

One major way customer experiences are being upgraded is by harnessing the flexibility of emerging technologies to create experiences enabled by, but separated from, the back-end operations of a business.



When brands have a mature data practice, they are able to develop foundations (and platforms) to connect and understand consumers and their habits. When COVID hit, some brands accelerated their offenses, gaining more consumer insights. By anticipating lockdown effects and offering shoppers digital options to stay connected with the brand, those companies were able to drive a big influx of new customers, which in turn led to many more insights. By understanding more about their consumers, they are able to leverage these insights in pricing strategies and personalized offerings.

—

Rad Parvin, Senior Director,  
Data & Analytics Consulting, EPAM

Blockchain has the potential to give brands greater control and visibility over the supply chain, and data and analytics enable brands to make better decisions faster. Customer experience officers, product directors and creative directors can change the front end of an online site or app fast based on real-time insights, and without the potential to impact on back-end operations. As our report demonstrated – in the food sector especially – the ability for apps to do more, and better, is a clear opportunity for brands.

## 5. CONCLUSION

### Exploring the new ingredients of customer experience – the wheel of fortune.

We are seeing an emerging and expanding set of new ingredients for designing customer experiences. As our report shows, from subscriptions to last mile to in-store and online purchases to community and loyalty programs to sustainability and ethics initiatives, our wheel of considerations for designing and delivering product and services to customers has evolved.

Not every ingredient will be right for every brand. You'll need to be thoughtful about the ingredients you choose, making sure to match the underlying capabilities and cultural shifts in your organization to deliver on experiences. While more complex, the opportunities grow more inspiring every day.

### Making sustainability easy.

Of the themes that emerged over the course of our study, consumer attitudes and behaviors around sustainable and ethical business practices were perhaps the most interesting, not least because of the contradictions between what consumers say is important to them and what their actions show is important to them. It's clear that consumers now place the onus for sustainable and ethical practices on brands, and that this should not come at too high a price. Consumers will make responsible, sustainable decisions but only if we make those decisions easy. This is true for brands such as H&M and IKEA – who integrate sustainability into their products rather than making the customer choose between good product value and good brand values.

## The Customer Experience Wheel of Fortune

This wheel encompasses several ingredients for designing and delivering thoughtful customer experiences.



## 5. CONCLUSION

# What's sticking? What's next?

Consumer Unmasked is a journey and we're only halfway through. Already, we've gained a fascinating understanding of the thought processes and forces at play as consumer hopes, expectations and actions shift in reaction to events around them.

Some of the big themes from our first survey with our Consumer Council remain just as vital with our larger consumer community from Stage 2. Delivering value for money is the obvious standout among our themes, as is the prominence of brand ethics (and the sometimes conflicting actions of consumer ideals and actions).

Ordering food via delivery apps is not just sticking — it appears to be growing quickly across all three markets, especially in the U.K. and U.S. It's not uncommon for restaurants to appear empty, but with a rush of delivery drivers coming in and out responding to the demands of food deliveries.

For so many of our themes, the picture is one of evolution. Discounts mattered for our Consumer Council, but now shoppers who want the best deal upfront have less inclination (or time) to search for it.

Hybrid was, and remains, the default. But the way we think of hybrid is developing — and we need to remember that not all consumers are entirely welcoming of it.

And brand loyalty appears to have received something of a boost from the pandemic, but maintaining it requires community development in a way that respects the unique way shoppers interact with each brand.

As Stage 2 was completed, a new COVID variant began causing global concern. It demonstrates that, for retailers and consumers alike, the uncertainty is not over. COVID will continue to affect sentiment into 2022, and perhaps beyond. Consumers Unmasked will continue to share the unfolding picture.



## 5. CONCLUSION

# Dear retailers...

**We asked our shoppers to imagine they were talking to the CEOs of their favorite retailers. What advice would they give them for the future?**

### Get the 'basics' right.

Customers have high expectations of retailers, so they want and expect to see them delivering the basics of retail to a high standard. For our respondents, 'the basics' was an eclectic mix including excellent in-store customer service, seamless omnichannel experiences and feeling heard and valued.

"Customer service is key – always take complaints seriously."  
"Always engage with the audience. Find out what the people want."  
"Always greet customers and make them feel welcomed into the store."  
"Have plenty of choices and order enough goods so that the shelves are never empty."  
"Keep up to date with your customers' needs so that you can supply effective service."  
"Listen to the customer needs and adapt to the changing culture."  
"You should continue to offer the click-and-collect option and ideally have an online presence."

### Be transparent, honest and sustainable.

Sustainability is not top of mind when purchasing, but it is playing a growing part in consumer considerations. Our respondents said they wanted to understand retailers' sustainability journeys, and they expected open, transparent honesty in their communications.

"Be more vocal about social causes year-round."  
"Be more sustainable and pay your employees fairly."  
"Be sustainable and culturally diverse where possible."  
"Become more sustainable, improve customer communication, stand up for good values."  
"I would emphasize the importance of being sustainable, ethical and supporting local communities."  
"Keep treating staff well. Don't compromise ethics/sustainability for profit."  
"Use less packaging."

### Offer competitive prices.

Although the importance of deals was subdued in our survey, customers still want to be rewarded for their loyalty with upfront promotions, discounts and flexible payment options — such as 'buy now, pay later' — and/or exclusive offers.

"Introduce discount promotions and loyalty programs."  
"Keep going with the great prices, choices and value."  
"Low prices and good deals make customers happy and come back."  
"Maintain good value for money, flexible payments options, sustainable and good quality products."  
"Make your products more affordable and give people more payment options."  
"To have discounts and deals going on."  
"Work with delivery services (e.g., DoorDash, Instacart) to bring prices down. Delivery fees are too high."

## 5. CONCLUSION

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Register [here](#) to follow **Consumers Unmasked** and receive regular updates from our ongoing study.



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