Top Five Digital Consumer Trends in 2020

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100 COUNTRIES
in-depth analysis on consumer goods and service industries

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demographic, macro- and socio-economic data on consumers and economies

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About the speakers

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Widespread internet access underpinning generational shifts.

The advent of the mobile internet, in particular, has been one of the greatest innovations as it put the world at consumer’s fingertips with them using these devices across life, including commerce activities.
The five technology trends that will redefine commerce the most in 2020

1. Passive commerce gets boost
2. Privacy pushback spreads
3. Staying true to oneself
4. Last mile arms race intensifies
5. 5G steps into the spotlight
1. Passive commerce gets boost
Always-on is the new normal for connected consumers globally.

The coming phase of connectivity will, however, be a giant leap in terms of breadth. Connectivity is expanding so rapidly that the notion of everything being connected is not just a plot in a science fiction film anymore.
The Internet of Things is viewed by industry professionals as one of the top technologies.

**Technologies Expected to Impact Business the Most In Next Five Years**

- Artificial intelligence
- Internet of Things
- Cloud
- Robotics/automation
- Augmented reality/virtual reality

**Reasons Against Investing in the Internet of Things, 2019**

- No clear use case for business
- High cost of implementation
- Lack of internal knowledge
- Inadequate infrastructure internally
- Slow adoption of needed infrastructure

*Source: Euromonitor International’s Digital Consumer Industry Insights Survey, November 2019*
38% Connected consumers globally say they own a smart laundry appliance

41% Connected consumers globally say they would pay a premium for smart appliances
The consumer benefits of the Internet of Things thus far are more subtle in nature.

How the Internet of Things Is Expected to Impact Commerce 2019

- Improved customer engagements: 35% of industry professionals expect this will have an impact in the next five years.
- Autonomise consumer purchase decisions: 30% of industry professionals expect this will have an impact in the next five years.
- Service-oriented business models: 28% of industry professionals expect this will have an impact in the next five years.
- Fulfilment and logistics: 25% of industry professionals expect this will have an impact in the next five years.
- Consumer-facing applications: 30% of industry professionals expect this will have an impact in the next five years.

In the future, more commerce choices will be aided by machines.

Consumption is transitioning from being active to more passive. IoT will forever change the way consumers purchase certain types of products and services.
GE Appliance’s Wi-Fi connected dryers and dishwashers are integrated with the Amazon Dash Replenishment Service, which allows users to automatically reorder fabric softener or detergent from Amazon.

GE Appliances, a unit of Chinese appliance maker Haier, added Amazon’s voice assistant Alexa and Alphabet’s Google Assistant across different models, enabling consumers to control their appliances by voice.
HP launched Instant Ink, a subscription service that monitors ink usage and sends cartridges to consumers before they run out. Besides a consistent revenue stream, the service also gives HP more accurate forecasts. Instant Ink transformed part of HP’s business model into a subscription service, which connects HP directly with consumers. This is part of a larger shift as manufacturers look to adopt more service-oriented business models.
What to expect in 2020 and beyond

Appliance makers will give smart homes a boost

Passive commerce will clear first hurdle

Consumers will still need to be educated regarding the benefits

Eventual shift to machine-aided commerce will redefine commerce
2. Privacy pushback spreads
Consumer desire for personalised experiences requires data

Seek Personalised Shopping Experiences, 2019

% of online respondents who agree

- Developed market
  - Generation Z
  - Millennials
  - Generation X
  - Baby Boomers

- Emerging or developing market
  - Generation Z
  - Millennials
  - Generation X
  - Baby Boomers

Source: Euromonitor International’s Lifestyles Survey, 2019

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38% Connected consumers globally say they share their data in order to receive targeted offers

58% Consumers globally say they actively manage privacy settings
Number of factors are fueling the privacy debate unfolding worldwide

- Consumers themselves are evolving
- Enhanced tech is making so much more possible
- Regulators taking note of growing influence of tech titans
- New privacy-protecting laws put privacy in the spotlight
- Commercial exchange of data is more top of mind
The hallmark characteristic of the privacy-focused browser Brave is its suite of security and privacy features. While ad-blocking and antitracking plugins are available for other browsers, this is Brave’s default setting. In order to strike a balance between privacy and ad-based revenues that websites rely on, Brave offers users rewards for opting into ads, which Brave still alters so they do not track users. Users earn 70% of what is spent on the ads.
Digi.me, a UK data sharing platform, and the Universal Basic Data Income community is hoping to take advantage of converging drivers, including tools that make it easier to collect data and a rise in pro-privacy regulation.

Digi.me, which allows individuals to securely import and store encrypted data from different sources, partnered with UBDI, a community that enables users to get paid for sharing anonymous, aggregated insights.
What to expect in 2020 and beyond

- Companies must consider privacy as part of value prop
- Tech titans can expect to face more regulation
- Companies must be forthright about data collection
- Consumers will gain more power over data usage
3

Staying true to oneself
51% Connected consumers globally say they only buy from companies and brands they trust completely

67% Connected consumers globally say friends and family recommendations are very or extremely influential
Despite exposure to digital, consumers trust personal connections much more

Global Marketing Influences by Channel, Extremely Influential, 2019

- Friends/family recommendations: 35%
- Friends' social media posts: 24%
- TV commercials: 20%
- Social media posts from a brand: 19%
- Online influencers: 18%
- Celebrity endorsements: 16%
- Print: 15%

Source: Euromonitor International’s Lifestyles Survey, 2019
Industry
- Risks of influencers
- Formalizing influencer economy
- Hard to measure ROI

Consumers
- More influencer options
- Fatigue for mega influencers
- Preference for short content
Lu is the virtual avatar of Brazilian retailer, Magalu. She humanizes the online shopping experience, giving product recommendations and providing customer service.

Lu is everywhere online: she has multiple social media accounts with over 16 million followers, has a podcast and a Tinder account, and occasionally appears live at events.
Outdoor apparel and equipment brand Patagonia’s flagship influencers are its cohort of Patagonia Ambassadors.

Ambassadors are involved behind the scenes as well: Patagonia reportedly involves its Ambassadors in new product development and incorporates their feedback into new launches.
What to expect in 2020 and beyond

Digital marketing gains ground, but trust is in short supply

New types of influencers are emerging

Innovative tools emerge to support trust-based marketing

Trust will only become more key as the internet becomes more sponsored
Last mile arms race intensifies
27% Connected consumers globally cite avoiding delivery hassles as a motive to shop in stores

46% Connected consumers globally say they are willing to spend money to save time
Existing hyperlocal last mile platforms have been largely fueled by venture capitalists.

Cumulative Funding for Select Online Delivery Platforms

Source: Crunchbase, as of December 2019
In 2017, department store chain Nordstrom began piloting small format locations called Local. The stores feature no merchandise, and instead serve as pick-up points for online orders. The stores also feature additional services, such as tailoring and clothing rental Rent the Runway returns management. Look stores offer convenient collection of purchases, as well as boost loyalty and revenues.
Fabric is a micro-fulfilment centre operator that also provides automatic order fulfilment powered by robots.

One example of Fabric’s operations is a fulfilment and order processing centre it is building in an underground parking lot under a skyscraper in Tel Aviv.
Consumers are becoming wary of the environmental impact of home delivery.

Eco-Conscious Consumers by Type, 2019

Source: Euromonitor International’s Lifestyles Survey, 2019
What to expect in 2020 and beyond

- Status quo last mile delivery will not be sufficient for long
- New last mile options present trade-offs for consumers
- Last mile emerges as a new moment for brand engagement
- Delivery and pick-up innovation may offer new revenue streams
5.

5G steps into the spotlight
5G will open the floodgates in terms of computing power with download speeds of one gigabit per second.

This greater mobile broadband is needed to support the advancement of other technological initiatives, including more advanced video streaming, real-time smart transportation systems and a more comprehensive IoT ecosystem.
Use cases for 5G networks likely to evolve over the next five years

**How 5G Has Already And Will Impact Commerce, 2019**

- More personalized mobility experiences
- Enhancement of AR/VR-based applications
- More sophisticated in-outlet experiences
- Stronger smart home or IoT use cases
- More efficient and personalised m-commerce
- Greater bandwidth in densely populated areas

% of industry respondents

- Will Impact in Next Five Years
- Will Impact in Next 12 Months
- Has Already Impacted

The 2020 Olympics tech sponsors, including Intel, NTT Docomo and Toyota, plan to turn Tokyo into a 5G smart city. While 5G was present at the Winter Olympics in 2018, it is expected to be more prominent in Tokyo. Intel is planning for more video streaming and more pervasive facial recognition for security. Intel is working with Japanese electronics giant NEC on a system that can identify 300,000 people at venues and accommodations.
When Apple launched its latest line-up of phones, the biggest news may have been what they didn’t include. Its newest models are not 5G compatible.

Apple has been known to take a wait-and-see approach before with other tech launches. Those decisions did not impact their long-term positioning.
5G will not be universal anytime soon

Percentage of Population Covered by At Least an LTE/WiMAX Mobile Network, 2019

Source: Euromonitor International’s Passport Digital Consumer
What to expect in 2020 and beyond

5G pilots will grow in urban areas

Earliest applications are likely to be behind the scenes

Later applications will power futuristic experiences

Global arrival of 5G will be staggered
Passive commerce gets boost
The forthcoming era of machine-aided commerce will change the way consumers browse in some categories, creating opportunities for some while calling into question the way many others conduct business.

Last mile arms race intensifies
Companies will increasingly compete against each other not just on price and product, but also on delivery and other fulfilment options as each seeks to differentiate themselves.

Privacy pushback spreads
With more pro-privacy regulation possible in places like the US and companies increasingly viewing privacy as a USP, consumers will likely gain more control over who collects their data and for what purpose.

Staying true to oneself
As consumer expectations for brand engagement continue to rise, brands must remain true to brand values and prioritize transparency above all else in order to build trust with their consumers.

5G steps into the spotlight
Ongoing pilots and commercial rollouts will make 5G more of a reality for urban consumers in more developed markets, thus opening the door to continued technological development.
Thank you

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