



June 2022 Global Consumer Insights Pulse Survey

Consumers respond to waves of disruption

Consumers haven't given up on expectations of quality, choice and service. What does that mean for the companies that serve them?



In the early days of the COVID-19 pandemic, many retailers and manufacturers went into self-preservation mode. They began simplifying their supply chains, streamlining their product lines and cutting customer service. It was a reasonable response to the urgency and uncertainty of the crisis, and consumers might have given companies a pass if their favourite products weren't readily available. Two years and waves of disruption later—pandemic, war, inflation, supply chain problems, energy crises, worker shortages—many companies have yet to fully re-engage, even as consumers grow impatient.

In our latest 2022 survey of consumers, we found indications of discontent on many fronts, both in-store and online (see exhibit 1). Consumers clearly haven't given up on expectations of choice, quality and service in how they shop, consume products and live their daily lives. For companies that can manage multiple disruptions concurrently, there may be an opportunity in this era of seemingly perpetual upheaval.

- The pace of growth is likely to subside, even if sales remain strong. Globally, more than 60% of respondents report that they increased their online shopping during the pandemic. Roughly half say they will increase online shopping further over the next six months, while an additional 39% expect to continue at current levels. A third of respondents also expect to increase their shopping in physical stores. Local retailers, along with those that provide quality domestic products and those that offer efficient pickup and delivery services, are most likely to benefit.

Exhibit 1: Consumers face similar obstacles to shopping, both online and in stores

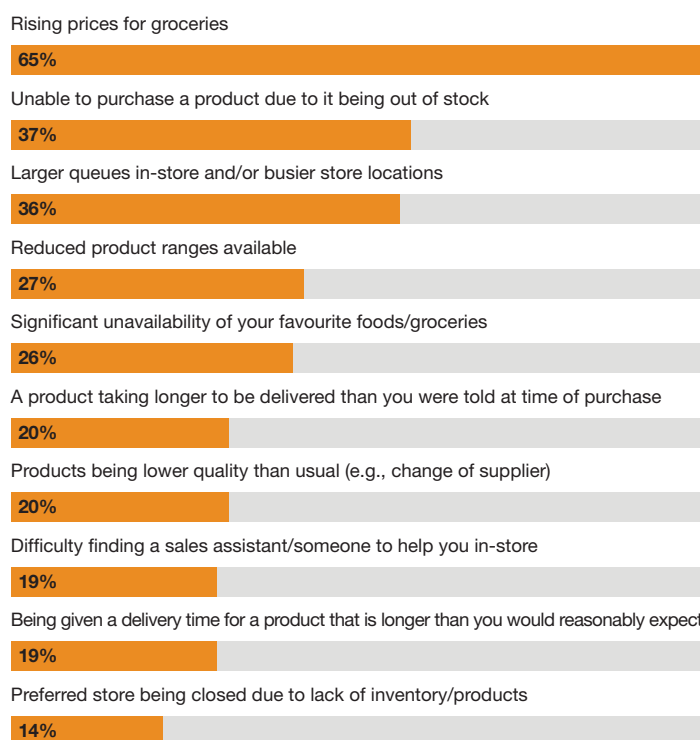
Issues causing greatest impact on shopping experience online

% rank 1–3



Issues causing greatest impact on shopping experience in-store

% rank 1–3



Base: 8,238 (online); 8,726 (in-store)

Source: June 2022 Global Consumer Insights Pulse Survey

41%

of consumers still work in a hybrid way, and one in ten still work from home.

- Consumers are somewhat less likely to work remotely than they were in our December 2021 survey, but over 40% still work in a hybrid way, and one in ten still work from home. The fluidity with which many consumers have come to switch between office and remote work is echoed in the growing fluidity of their shopping habits. Longer queues in stores, longer delivery times for orders from online stores and the unavailability of products have consumers switching back and forth between channels to find what they want.
- A surprising one-third of respondents report using virtual reality (VR) in the past six months—and for more than just playing games. The day may soon be upon us when successful retailers must extend their reach across multiple channels to include VR.

This is the big picture emerging from PwC’s June 2022 Global Consumer Insights Survey, the latest in our efforts to monitor specific consumer behaviours. The findings reflect an entire sector of the economy that is adapting to multiple disruptions. The survey reached 9,069 consumers in 25 territories or countries and was in the field in March 2022.





1

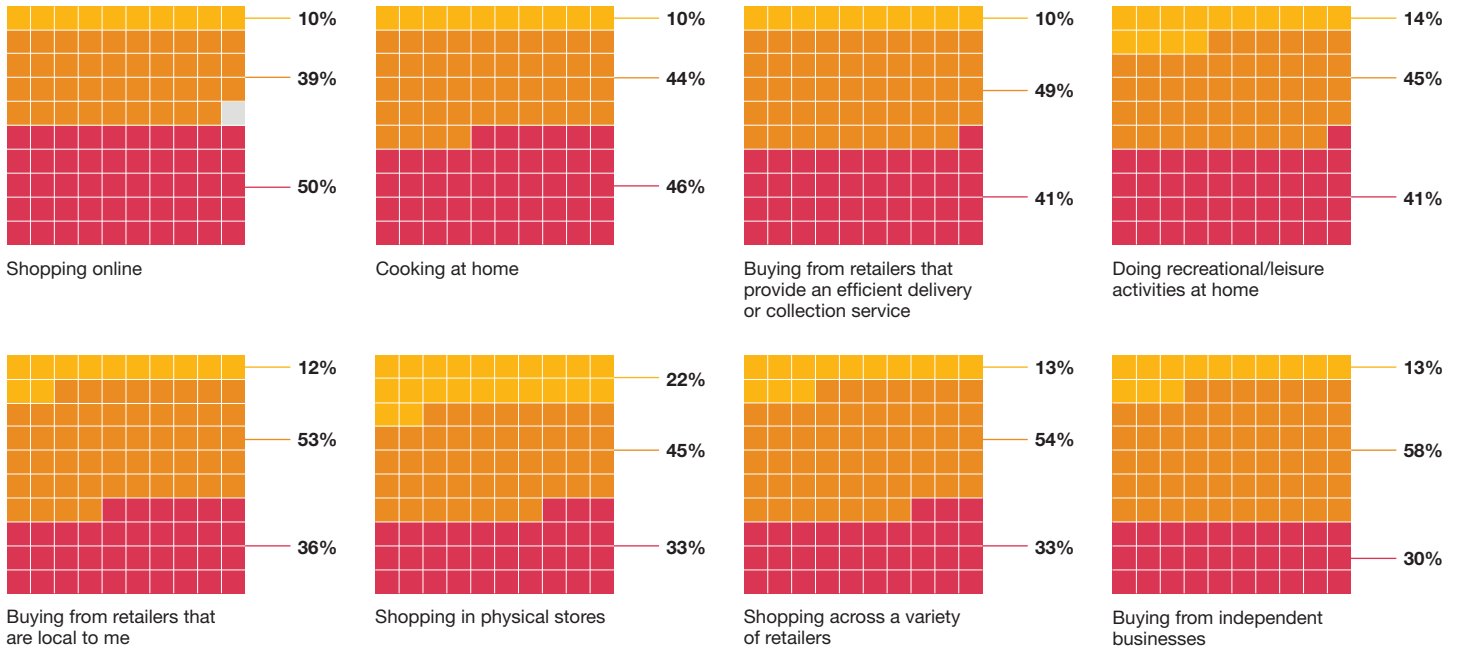
Consumers in an age of disruption

After decades of technology disruption, retailers are now facing new waves of disruption and are rethinking old assumptions about core drivers of demand: price, quality and convenience. Consumer expectations are shifting as inflation, supply chain obstacles, awareness and activism around environmental, social and governance (ESG) issues, and a possible recession affect availability, competition and values. The shopping habits that consumers developed during the pandemic appear likely to stick (see exhibit 2).

Exhibit 2: Consumer habits shaped by the pandemic look likely to stick—or even increase

Change in consumer behaviours in next six months

Decrease No change Increase



Note: Percentages may not add up to 100 due to rounding.
 Base: All respondents (9,069)
 Source: June 2022 Global Consumer Insights Pulse Survey

29%
 of consumers expect to increase their participation in at least five activities in the next six months.

Vigilance on inflation

The vast majority of respondents, over 75%, plan to sustain or increase current levels of spending across most categories in the next six months. Modest increases in the number of consumers who plan to reduce spending—mostly by limiting restaurant dining; takeaway food; and the consumption of arts, culture and sports—are largely in line with past surveys and may reflect local differences in the relaxation of COVID-19 lockdowns.

Although our survey wasn't focused on inflation, it's clear that consumers are aware of it, particularly in groceries. Around half of respondents expect to spend more on groceries in the next six months, an increase of 6 percentage points since our last survey and nearly 10 points higher than two years ago. At the same time, a growing number of consumers expect to spend less on non-essential items such as fashion, health and beauty, and consumer electronics. That's something to watch if inflation persists and pandemic savings dwindle, especially if debt grows to sustain lifestyles.

Supply chain snarls a major issue for global consumers

The more obstacles consumers face to finding what they need, the more likely they are to comparison-shop among retailers and across channels. One in four respondents were willing to pay more to get the product they want, though just as many were willing to go without or wait until the product becomes available.



Many consumers are feeling chaos in the global supply chain personally, in more than just rising grocery prices. Two of the most frequently experienced issues when shopping in-store, according to our survey, are longer queues and unavailability of products. When shopping online, more than 40% also report longer delivery times than expected and products being out of stock, both of which are among the factors most likely to affect their decision to buy. Australia, India and the US are the countries where consumers are most likely to report being affected by online supply chain barriers, whereas Thailand, Spain and Japan are the least affected.

A preference for local and domestic

In this time of crises that spill over national borders, such as climate change and geopolitical conflict, many consumers are turning their gaze closer to home. Eight in ten of our global sample indicated some willingness to pay more for products that are produced locally or domestically. Of those respondents, six in ten are motivated to support their local economy, and a third say they are ‘patriotic’ and want to support their country. A sizeable minority, 42%, also believe local and domestic products are of higher quality—the same proportion who expect a shorter delivery time for local and domestic products (see exhibit 3).

42%

believe local and domestic products are of higher quality—the same proportion who expect a shorter delivery time for local and domestic products.

Exhibit 3: Consumers cite various reasons for their willingness to pay more for domestically produced or sourced products



Base: 7,034

Source: June 2022 Global Consumer Insights Pulse Survey



Expectations of sustainability

ESG factors continue to affect consumer shopping behaviours, with millennials and Generation Z significantly more likely to consider them in relation to trust, advocacy and purchase decisions.

All ESG factors seem to affect consumer trust and advocacy similarly (see exhibit 4). Around half of respondents say these factors often or always affect their trust in a company or brand or the likelihood that they will recommend it to others. Only four in ten respondents say that ESG generally affects their purchasing decisions—and environmental factors were the least likely to do so.

40%

of respondents say that social factors affect their purchasing decisions.

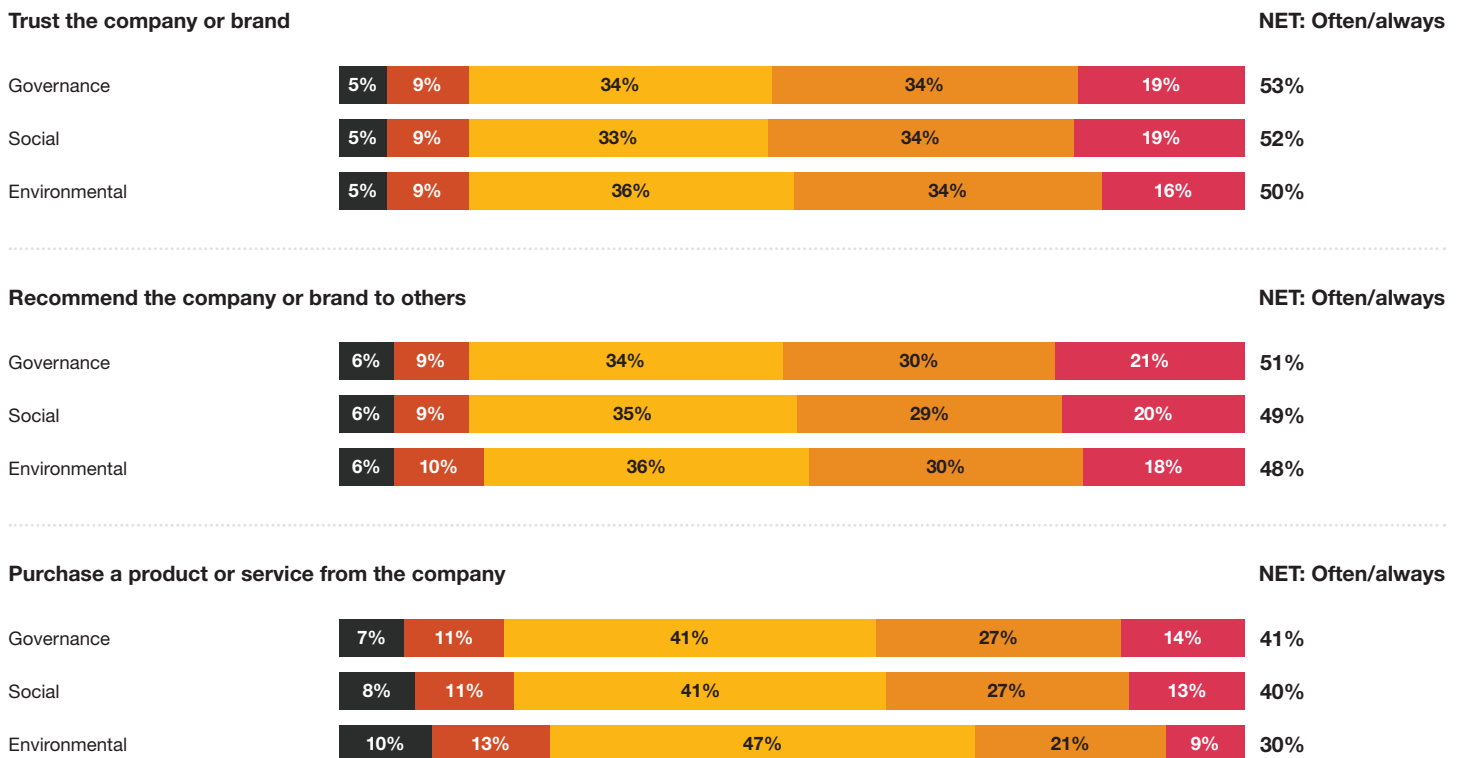
Transparency in business practices is a major influencer in consumer purchasing decisions for more than half of respondents. Admitting past mistakes and paying a fair share of taxes are major influencers for 36% of consumers.

Among the 25 countries or territories in our survey, ESG factors are most likely to affect the shopping behaviours of respondents in India, the Philippines and Vietnam, and least likely to affect respondents in Japan, France and Hong Kong.

Exhibit 4: ESG factors tend to affect trust and advocacy similarly, but governance and social factors appear to be more of an influencer to purchasing behaviours

Influence of environmental, social and governance* factors on consumer behaviours

■ Don't know ■ Never ■ Sometimes ■ Often ■ Always



*Environmental factors: e.g., commitment to reducing carbon emissions, using recycled materials, or reducing plastic waste in its products
 Social factors: e.g., supporting human rights, supporting diversity and inclusion of workers and staff, or supporting local communities
 Governance factors: e.g., being transparent and ethical, complying with regulations, or managing customer data and privacy appropriately

Base: All respondents (9,069)

Source: June 2022 Global Consumer Insights Pulse Survey



2

A new aspect to omnichannel

Years of convergence between physical stores and e-commerce over multiple devices have defined what most retailers understand as the omnichannel experience. But advances in VR and creative design in what's now known as the metaverse are changing that equation.





81%

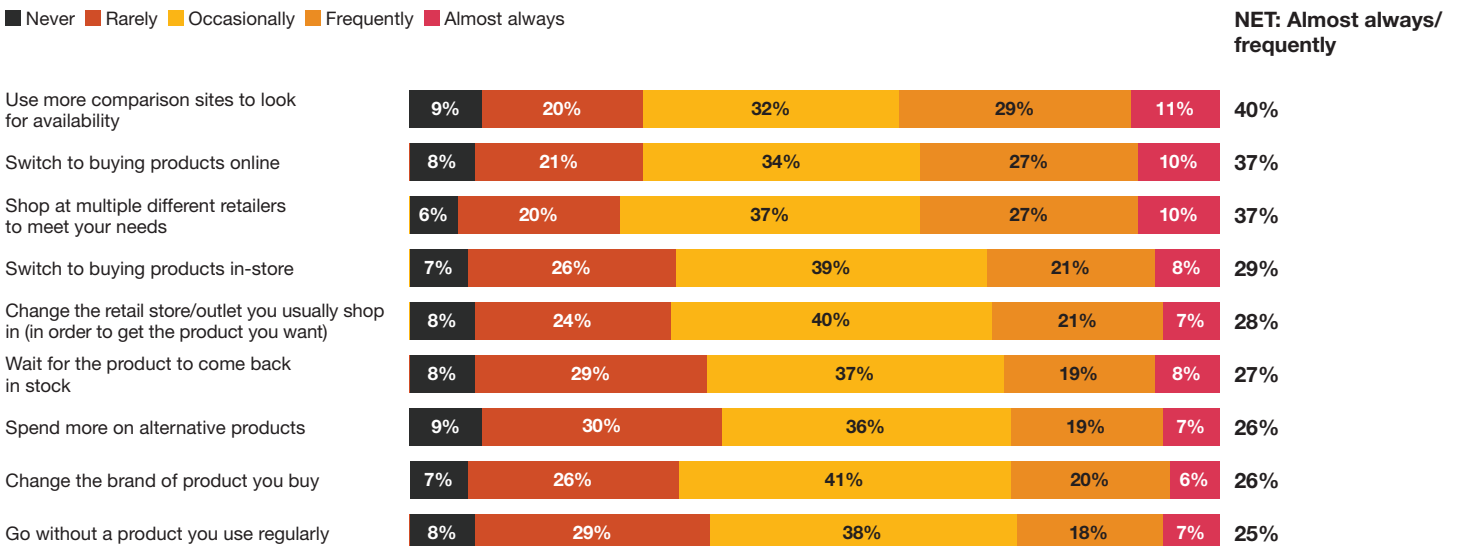
of respondents tell us they have shopped across at least three or four channels over the past six months, with more than half shopping daily or weekly.

Indeed, the importance of the omnichannel experience has only grown in the face of multiple and ongoing disruptions. Consumers empowered by technology are most likely to use comparison sites to determine product availability and to shop across multiple retailers to meet their needs. A whopping 81% of respondents tell us they have shopped across at least three or four channels over the past six months, with more than half shopping daily or weekly.

And although some consumers may be switching from online to in-store shopping because of unmet delivery expectations and perceptions of lower product quality, neither channel has an advantage. Consumers are just as likely to switch between the two in either direction (see exhibit 5).

Exhibit 5: Consumers are ready to shop around when their needs aren't met

Consumer behaviours resulting from issues with shopping experience (in-store or online)



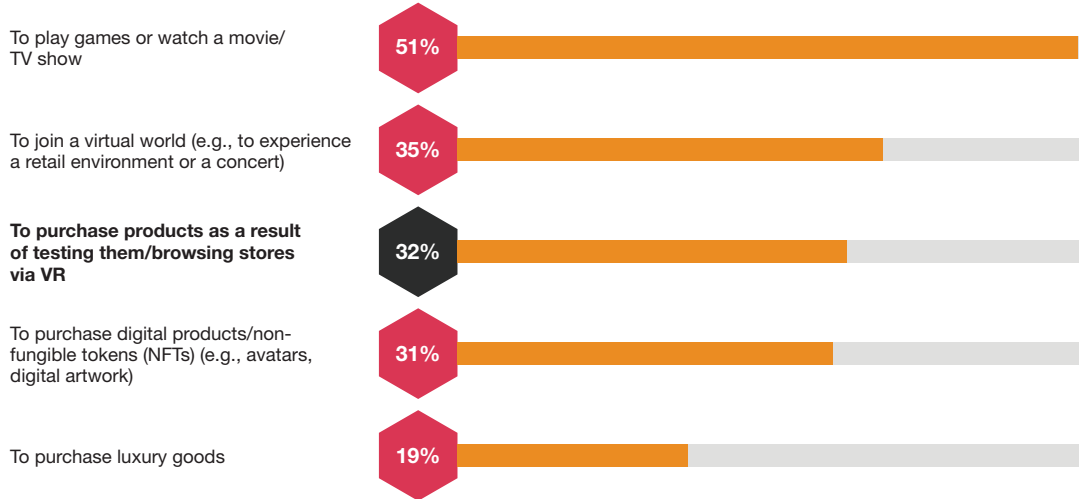
Base: 9,016

Source: June 2022 Global Consumer Insights Pulse Survey

Although the metaverse is still an emerging channel, consumer products companies and retailers alike may need to consider it as part of their omnichannel presence. One in three respondents in the current survey report using a VR channel. Half of those who used VR in the previous six months reported playing games or watching movies and TV shows. But many also reported using VR for a retail experience. Fully one-third of the VR users had joined a virtual world to experience a retail environment, and one-third also reported purchasing digital products after testing them or browsing stores in VR. And two in ten used VR to purchase luxury goods (see exhibit 6).

Exhibit 6: Among the 32% of consumers who use virtual reality, a surprising number report using it to buy physical products and luxury goods

How consumers used VR in past six months



Base: All respondents (9,069); those who have used VR in the last six months (2,878)
 Source: June 2022 Global Consumer Insights Pulse Survey

VR is the most popular among respondents in China, India and Qatar, and relatively less popular among those in Australia, Ireland and Japan. As is the case with many new technologies, consumers in China are early adopters. They engage with VR significantly more than consumers in other regions, with 17% participating in the majority of activities tested, compared with only 6% globally. VR was also most popular among Generation Z and young millennials, whether students or full-time employed, as well as among those of any age working in a hybrid model. Globally, 45% of respondents who have used VR expect to increase their VR spending over the next six months in six or more categories.

Notably, trust is indispensable in an omnichannel world—perhaps even more so as consumers move into the metaverse. Retailers seeking to build trusted relationships with consumers need to invest in data analytics to better understand customer wants and needs, as well as their behaviours. But 'building a system of privileged insights' with consumers requires a foundation of trust. Factors that affect consumers' brand trust have become significantly more influential. More than half of respondents now report that protection of personal data, always meeting expectations and exceptional customer service affect their level of trust. In fact, nine of the 12 trust factors we queried saw a jump of 10 percentage points or more among respondents reporting that they affected trust to a great extent.

35%

of respondents who have used VR expect to increase their VR spending over the next six months in six or more categories.



3

On the horizon

Recent waves of disruption are likely to continue shaping consumer behaviours even as new waves emerge.



Here's where retailers and consumer goods manufacturers may most need to adapt:

- If retail companies had any doubt about the need to reach consumers across all channels, the pandemic, gnarled supply chains and inflation have made the imperative clear. The surprising reach of VR channels leaves little room to delay.
- Over the coming years, ESG is likely only to grow as both a disruptive force and a driver of value. Investors are clamouring for more insight into ESG risk and performance, and global regulators are converging around common nonfinancial reporting standards. Governments also are moving ahead with new regulations. These include the US Securities and Exchange Commission's March 2022 draft rule that US companies will need to start disclosing climate-related risks that could have a material impact on their businesses, and [a proposal](#) from the European Commission to set new standards on how durable and reusable clothing must be made by 2030. Such changes will affect how consumer products companies and retailers do business, how products reach consumers and which products are available.
- Political polarisation and geopolitics continue to raise awareness of the need for online security and privacy protection. The retail sector may need to redouble its investment in the infrastructure required to ensure data privacy. And if people are already making purchasing decisions out of patriotism and perceptions of greater quality in domestic products, an increasingly polarised world may impinge on international brands.
- If inflation continues to buoy prices, consumers' commitment to ESG values may come under pressure. Those with cash in their pockets will still be deliberate, but what will those with tight budgets do?
- Economic contraction, if recent volatility is an indication, may be on the horizon. A recession in major markets will inevitably affect consumer behaviours. It may also alleviate some pressure on strained supply chains as demand contracts, and could possibly ease inflationary trends.

About this survey

The 2022 Global Consumer Insights Survey is a biannual study seeking to keep a closer watch on changing consumer trends. For our June 2022 pulse survey, we polled 9,069 consumers across 25 territories (Australia, Brazil, Canada, China, Egypt, France, Germany, Hong Kong SAR, India, Indonesia, Ireland, Japan, Malaysia, Mexico, Philippines, Qatar, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Thailand, United Arab Emirates, United States, Vietnam). The respondents were at least 18 years old and were required to have shopped online at least once in the previous year.



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