What is the potential for a shift to digitalization and more reliance on online activities in response to and in the aftermath of the COVID-10 pandemic?

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Overview

- What has changed?
- What could be here to stay?
- What is the significance for consumers?
- How do we build future resilience for consumers?

What has changed?

- Increase in e-commerce
  - Food, medical supplies and household essentials (WTO).
  - Globally, a third of consumers report more online shopping (GWI)
  - Rises in mature e-commerce markets e.g. US 16% - 27 % in April; UK grocery shopping doubled in April (Bank of America, ONS)
  - Numbers of consumers using e-commerce to purchase products they would normally buy in-store in ESCWA countries rose to 63% in Saudi Arabia, 51% in UAE, 46% Jordan, 41% Lebanon, 38% Morocco (IpsosGlobal)
  - Increase in types of services: e.g delivery apps in Saudi Arabia (ITU)

What has changed?

- Rise in online banking and payments: Contactless payments in stores used by 79% (Mastercard); Online payments for utilities and loans etc
- More exposure to misinformation– 50% UK online adults came across false or misleading information about the virus (Ofcom)
- Expansion of digital healthcare including virtual consultations, tracing apps in 40 countries - although take up is low and privacy concerns high.
- Testing out automated services e.g. drone deliveries, contactless stores, robots used to disinfect areas (WEF)

What could be here to stay?

- 15 % of consumers said their shopping habits had shifted permanently due to worries over physical stores and increased comfort with e-commerce (KTC)
- Closure of physical stores as companies shift resources to e-commerce offer
- Automation and data led services develop – e.g staff-less supermarkets; robot/drone deliveries; chatbots for customer service, healthcare and utilities
- Non-digital options become more expensive or close entirely e.g. payments and banking
- Higher demand for 5G rollouts to keep up with demands of automation and data-driven services leading to rising costs of devices and data plans
- More use of behavioural and location tracking for public health management

What could be here to stay?

- Differences are stark between regions, countries, and across demographics within countries
- Many patterns had been emerging slowly, but the impact of the pandemic meant they accelerated fast
- This acceleration of trends likely to mean an amplification of existing divides
- We will live with pandemic, or other significant system shocks for the long term
- Clear need to accelerate solutions on access, affordability, trust and security to ensure resilience to future shocks is built

Significance for consumers: unconnected or poorly connected

- 54 % of the world is connected – offline are in poorer countries and communities hardest hit by the pandemic (ITU)
- Only 52% of households in Arab countries have Internet access (excluding Gulf Cooperation Council countries (ESCWA)
- Access and devices are not affordable for low-income families, women and the elderly and in rural areas connectivity is poor or non-existent (ESCWA, ITU)
- Reduced access to employment, education, healthcare and communications, and to digital banking, shopping remotely or paying for essential utilities online.
- Connectivity is more important than ever for accessing essential services when usual routes are suddenly disrupted

Significance for connected consumers

- Surveys of MENA consumers:
  - Low trust in online payments as COD is more familiar, unreliable service, lack of easy redress and a lack of local language information hold back e-commerce (CI)
  - 85% concerned with how their data is collected and kept private online, compared to 67% of Europeans (CIGI)
  - 40% of online shoppers report that they have been victims of a cybercrime and 71% have witnessed or have been aware of a cyber-attack (CI)

Significance for connected consumers

- Multinational surveys show similar findings:
  - 78% of people were concerned about their online privacy, concerns grow year on year (CIGI)
  - 29% think that providing more data actually leads to better products and services (RSA).
  - 72% of U.S. adults say social media companies have too much power and influence (Pew)
  - Consumers believe companies are vulnerable to hacking and cybercrime and expect to be a victim of a cybercrime at some point (PwC)

What needs to be addressed to rebuild future resilience?

- Affordable access: connect remaining offline population to an open, affordable, quality and secure internet and quality improved to those in rural areas
- Trust and confidence: consumer protections, strong data governance and security, meaningful information, visible accountability
- Relevance and choice: services and content reflect local needs
- Skills to thrive online, manage risks, achieve best outcomes and be heard
- Consistent and sustained investment to consumer-centered policy as emergency response phase closes

Thank you

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