McKinsey & Company

Marketing & Sales Practice

The conflicted Continent: Ten charts show how COVID-19 is affecting consumers in Europe

European consumers are emerging from lockdown at their own pace—and with new priorities that include personal safety and social values.

November 2020

This article was a collaborative effort by Marco Catena, Eric Hazan, Mianne Ortega, Julia Katharina Schmidt, and Dennis Spillecke, representing views from McKinsey's Marketing & Sales.

© Getty Images

European consumers have been swift in responding to COVID-19. The effects of forced isolation and economic uncertainty are evident in all areas of life, from how Europeans work and shop to how they spend their free time. Viewed together, these changes form five trends that have emerged across the Continent:

— shift to value

— flight to digital

— caring commerce

— shock to loyalty

— homebody economy

While these trends can be observed across the Continent, there is also significant variance in how different countries and age groups react to the crisis. In the following charts, we will look both at the big picture and at the most striking outliers.[1]

[1] The insights in this article are based on a survey conducted by McKinsey every two weeks since mid-March 2020. Note that the trends reported in this article are based on consumer statements, not on observed behavior. See more insights from the survey on McKinsey.com.

Shift to value

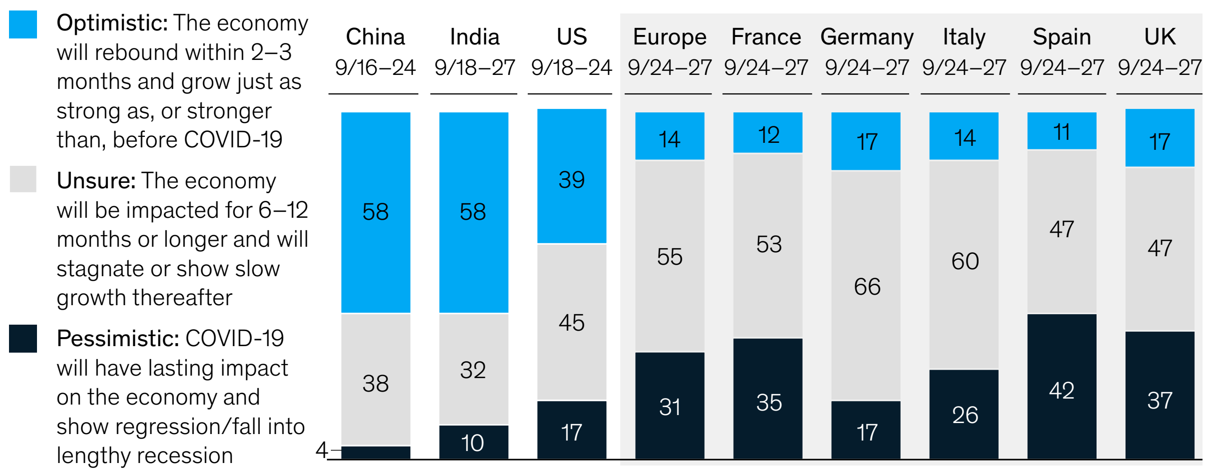
1. Europeans are less optimistic about economic recovery

There is a conundrum at the heart of the European response to the COVID-19 pandemic. While many governments have found strategies to mitigate the effects of the crisis on their countries, consumers remain pessimistic. Thirty-one percent of Europeans believe that COVID-19 will have a lasting impact on the economy, compared with only 4 percent in China and 17 percent in the United States. Even though some of the more severe restrictions have been lifted in many European countries, consumer confidence is slow to recover. In September, it was at the same level as it had been in March.

Exhibit 1

In Europe, pessimism is more pronounced than in the rest of the world.

Confidence in own country's economic recovery after COVID-19[1]
% of respondents



[1]Q: *How is your overall confidence level on economic conditions after the COVID-19 situation?* Rated from 1, very optimistic, to 6, very pessimistic. Bars may not sum to 100% due to rounding.
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

2. ‘Trading down’ to save money varies across countries

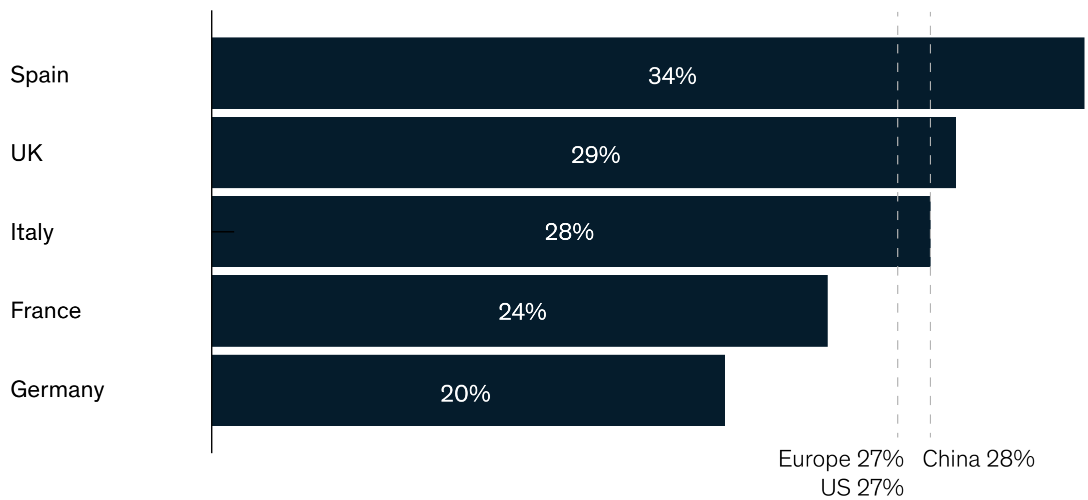
Shopping is the area that is most severely affected by the ongoing lack of consumer confidence. More than one-third of European consumers are looking for ways to save money, and 27 percent are specifically seeking more-affordable alternatives to the products and brands they usually buy. Shoppers in Portugal and Spain are most inclined to trade down, while respondents in Germany and France are significantly less likely to do so. On average, the European inclination to trade down is similar to the rates observed elsewhere in the world.

Exhibit 2

Rates of ‘trading down’ vary across Europe.

Changing to less-expensive products to save money[1]

% of respondents who answered that they are doing this more during coronavirus



[1]Q: *Which best describes how often you are doing each of the following items?* Possible answers: “Doing less since coronavirus started,” “Doing about the same since coronavirus started,” “Doing more since coronavirus started.”

Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

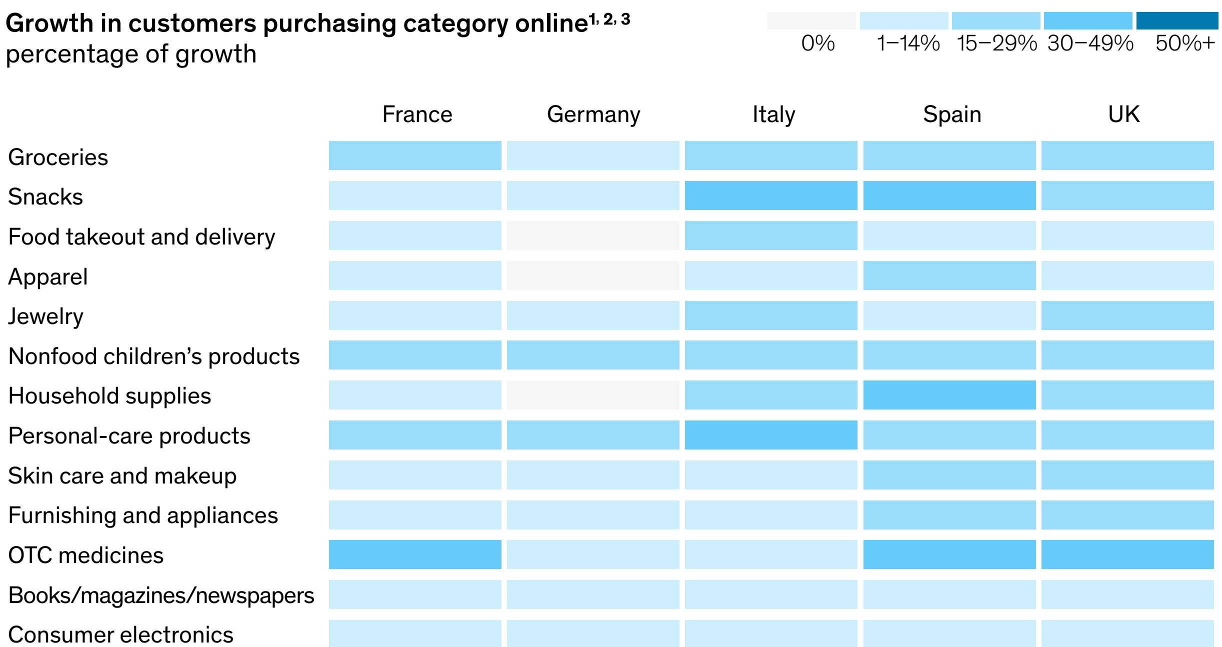
Flight to digital

3. Digital adoption is rising quickly across Europe, but with surprising variations

In response to retail closures and other restrictions, Europeans are taking increasing advantage of digital offerings, from entertainment and communication to shopping and restaurant delivery. On average, Europe is lagging behind the United States in terms of expected online growth. The average growth across categories is 10 to 25 percent for Europe, compared with 20 to 40 percent for the United States.

Exhibit 3

Digital adoption has surged, but surprising variations exist.



[1]Q: *Before the coronavirus (COVID-19) situation started, what proportion of your purchases in this category were online vs from a physical store/in-person?*
[2]Q: *Once the coronavirus (COVID-19) situation has subsided, tell us what proportion of your purchases in this category you think will be online vs from a physical store/in-person?*
[3]Respondents who indicated that they have not bought the category online and do not intend to do so in the next two weeks are classified as not purchasing online.
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

When it comes to shopping, Spain and the United Kingdom lead the shift to online across categories, including groceries. In contrast, German consumers are reluctant to do more online shopping. In Southern Europe, it's a question of categories. Consumers in Italy, for example, are happy to order snacks and personal-care products online, while they are more hesitant about over-the-counter medicines than Spanish consumers. It seems that being able to see the merchandise is crucial in certain categories for certain shoppers. Also, some shoppers are not satisfied with their online shopping experience. Common complaints include long delivery times and missed delivery slots.

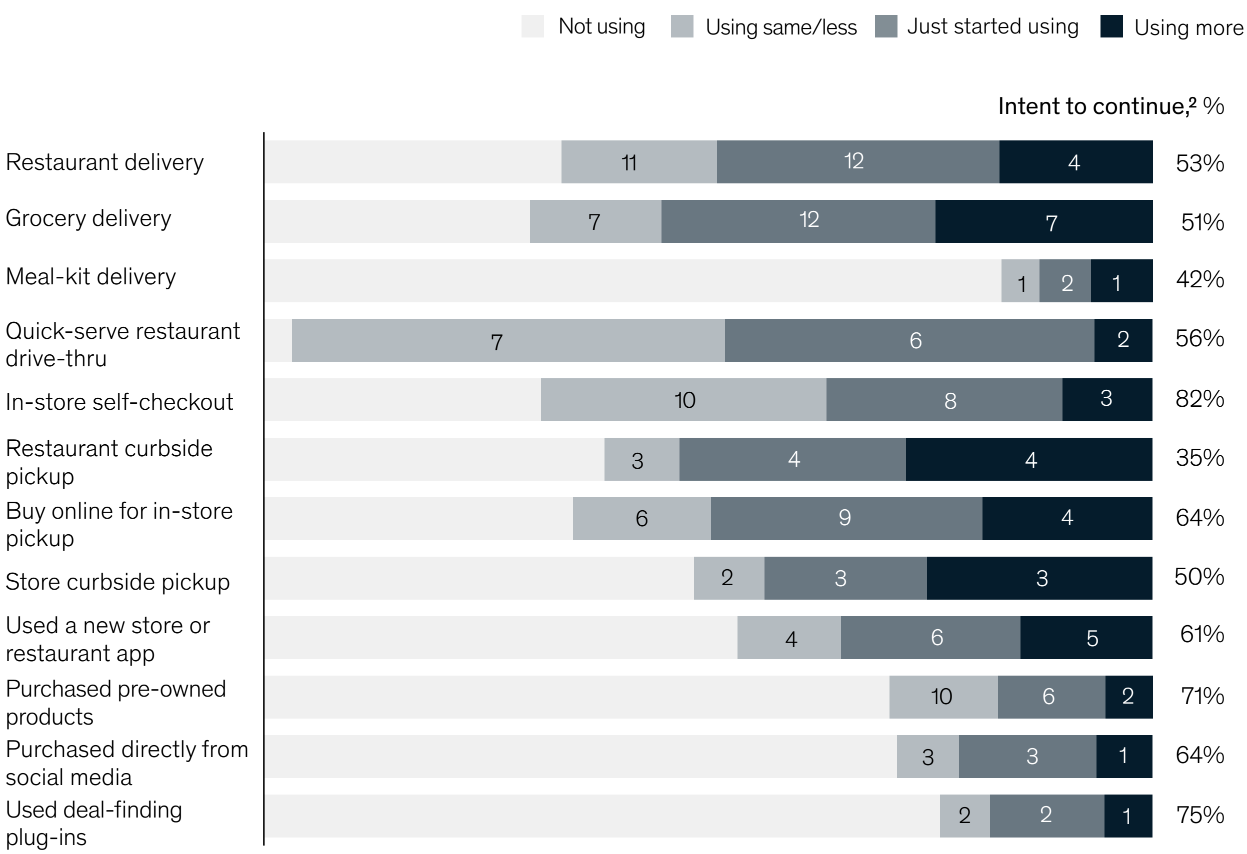
4. Some digital and omnichannel services see intensified usage by existing customers, while others attract more first-time users

While some digital offerings, such as online streaming and restaurant delivery, have seen increased usage by existing customers, others, such as grocery delivery and restaurant curbside pickup, have experienced a surge of first-time users. Providers of services in the second category should take action now to retain new customers acquired during the lockdown by tracking and optimizing shoppers' satisfaction with new services. Consumers' intention to keep using services they started using during the crisis varies by country. In Spain, for example, 59 percent of respondents intend to keep using restaurant delivery, compared with only 41 percent in Germany.

Exhibit 4

Europeans have acquired new habits during COVID-19, including grocery delivery and store/restaurant apps.

Have you used or done any of the following since COVID-19 started?[1]
% of respondents



[1]Q: *Have you used or done any of the following since the COVID-19 situation started?* If yes, Q: *Which best describes when you have done or used each of these items?* Possible answers: "Just started using since COVID-19 started"; "Using more since COVID-19 started"; "Using about the same since COVID-19 started"; "Using less since COVID-19 started."
[2]Q: *Compared to now, will you do or use the following more, less, or not at all, once the coronavirus (COVID-19) situation has subsided?* Possible answers: "Will stop this"; "Will reduce this"; "Will keep doing what I am doing now"; "Will increase this." Number indicates respondents who chose "Will keep doing what I am doing now" and "Will increase this" among new or increased users.
Source: McKinsey & Company COVID-19 Europe Consumer Pulse Survey 9/24–9/27/2020, n = 5,338 (Italy, France, Germany, Spain, UK), sampled and weighted to match European general population 18+ years

Caring commerce

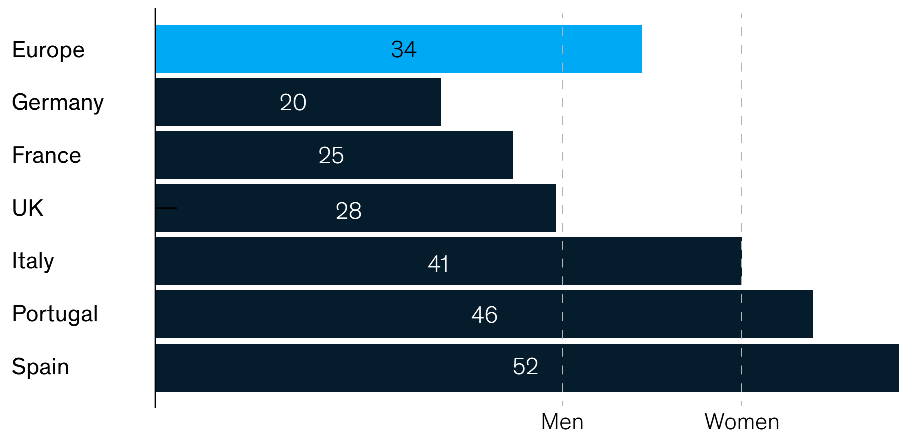
5. The concerns that drive shoppers' behaviors are changing

In times of trouble, trust often becomes more important as a differentiating attribute and as a factor in buying. This effect is also apparent in how Europeans have reacted to the COVID-19 pandemic. On average, more than a third say a brand's purpose is now more important to them than it was before the crisis. This trend is particularly pronounced in Southern Europe, where every second consumer is focusing more on a brand's purpose. Across all countries, women and younger consumers are responding more strongly to value-driven brands. Key concerns of value-conscious consumers include sustainability, cruelty-free products, and fair treatment of company employees.

Exhibit 5

Shopping motivations are shifting.

A brand's broader purpose is now more important to me[1]
% of respondents agree/strongly agree



[1]Q: *How have the COVID-19 restrictions changed the way you shop? Please select your level of agreement to each of the below statements, thinking about your planned behavior after the restrictions will be lifted (and no vaccine is available).* | A brand's broader purpose is now more important to me, eg, in terms of treating employees well, sustainability efforts, etc.
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, May 2020

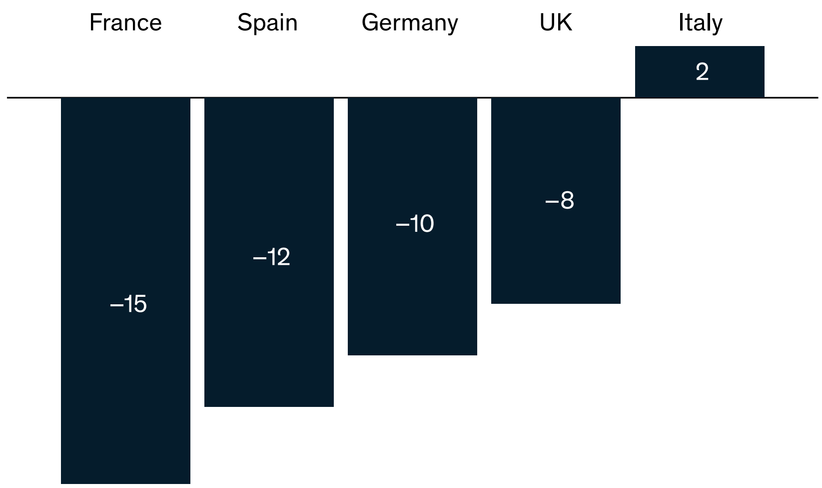
6. Consumers' tendency toward smaller brands is growing

Where do Europeans turn in their quest for value-driven companies? Even before the crisis hit, they had a tendency to assume that smaller companies are more trustworthy than big companies, a bias sometimes referred to as the Goliath effect.[2] In France, for example, the trust gap between small and large companies is 22 percent, compared with a global average of only 8 percent (2019).[3]

Exhibit 6

Consumers shy away from large brands.

Choosing large national brands over smaller brands
Net intent, % of respondents who are doing this more/less



[1]Q: *Which best describes how often you are doing each of the following items?* | Buying from large, national brands more than smaller brands.
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

During the crisis, this attitude has become manifest in the intention of consumers to buy less from large brands. In many European countries, such as France and Spain, shoppers are shying away from large brands in favor of smaller brands. In part, this tendency may be related to a desire to "support local businesses," one of the top-ten reasons for trying new shopping behaviors. In any case, large European companies should double their efforts to emphasize their purpose in earning or regaining the trust of consumers.

[2]Gary Alan Fine, "The Goliath effect: Corporate dominance and mercantile legends," *Journal of American Folklore*, Jan–Mar 1985, Vol. 98, Number 387, pp. 63–84.
[3]Anne Grimmelt, Max Magni, and Alex Rodriguez, "McKinsey 2020 Global Consumer Sentiment Survey: A tale of two segments," February 2020, McKinsey.com.

Shock to loyalty

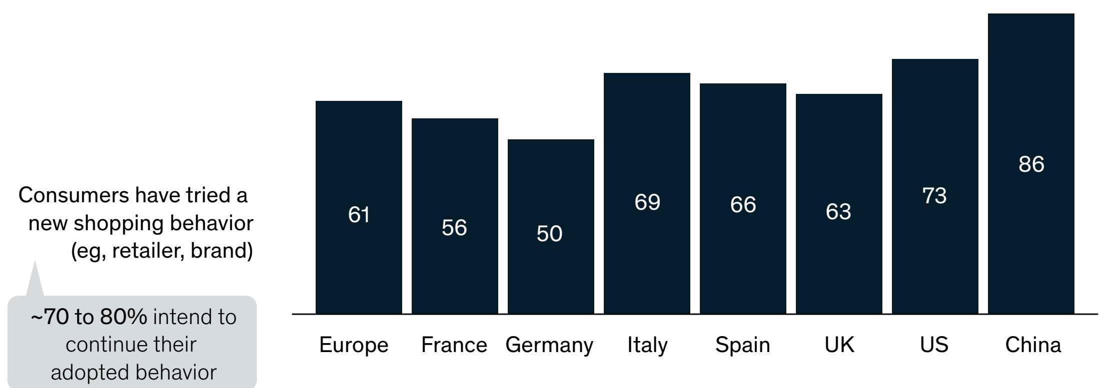
7. Almost two in three Europeans are switching brands, retailers, or ways of shopping

As economic pressure increases, consumers are looking for new ways to make ends meet. At the same time, shoppers are seeking to minimize the risk of infection. Two-thirds of shoppers say they have recently tried a new brand, retailer, or shopping method. The reasons they cite include price, convenience, and safety. Many shoppers currently prefer stores that are less crowded or have shorter lines than others. Of those who have started using self-checkout technology during the crisis, 82 percent say they intend to keep using it. For retailers, this means that investments in new checkout technology could pay off quickly. Generally, Europeans are somewhat less inclined to try new shopping behaviors than consumers in the United States and China. Germans are especially conservative about where and how they shop.

Exhibit 7

Over 60 percent of European consumers have changed their shopping behavior, many of them for convenience and value.

Customers who have tried new shopping behaviors since COVID-19[1]
% of respondents



[1]Q: *Since the coronavirus (COVID-19) situation started (ie, in the past ~3 months), which of the following have you done?* Options: “new shopping method”; “different brand”; ”different retailer/store/website”; ”private label/store brand”; and “new digital shopping method.”
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

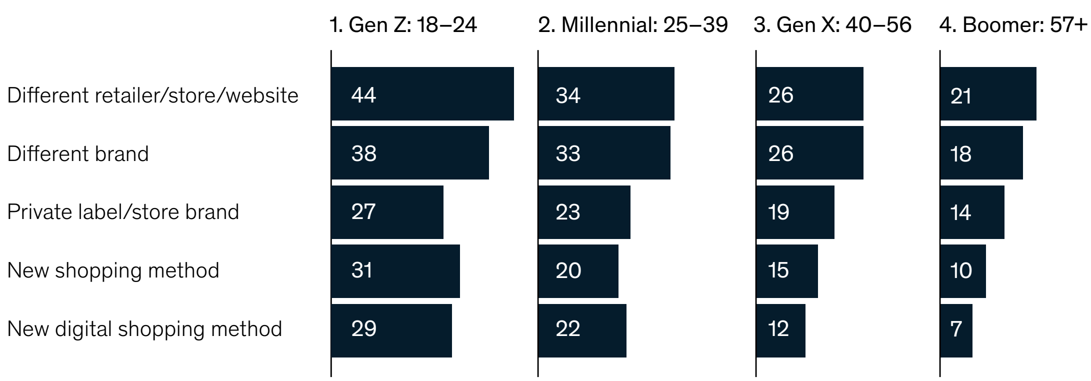
8. Trying new shopping behaviors is more prevalent among younger consumers

Members of Generation Z (aged 18–24) and millennials (aged 25–39) say they have tried new shopping behaviors much more often than older respondents. Generation Z shoppers, in particular, wholeheartedly embrace digital shopping for its double benefits of convenience and safety.

Exhibit 8

Younger consumers are more likely to try new shopping behaviors, including new stores and brands.

Have you used any of the following since COVID-19 started[1]
% of respondents



[1]Q: *Since the coronavirus (COVID-19) situation started (ie, in the past ~3 months), which of the following have you done?*
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

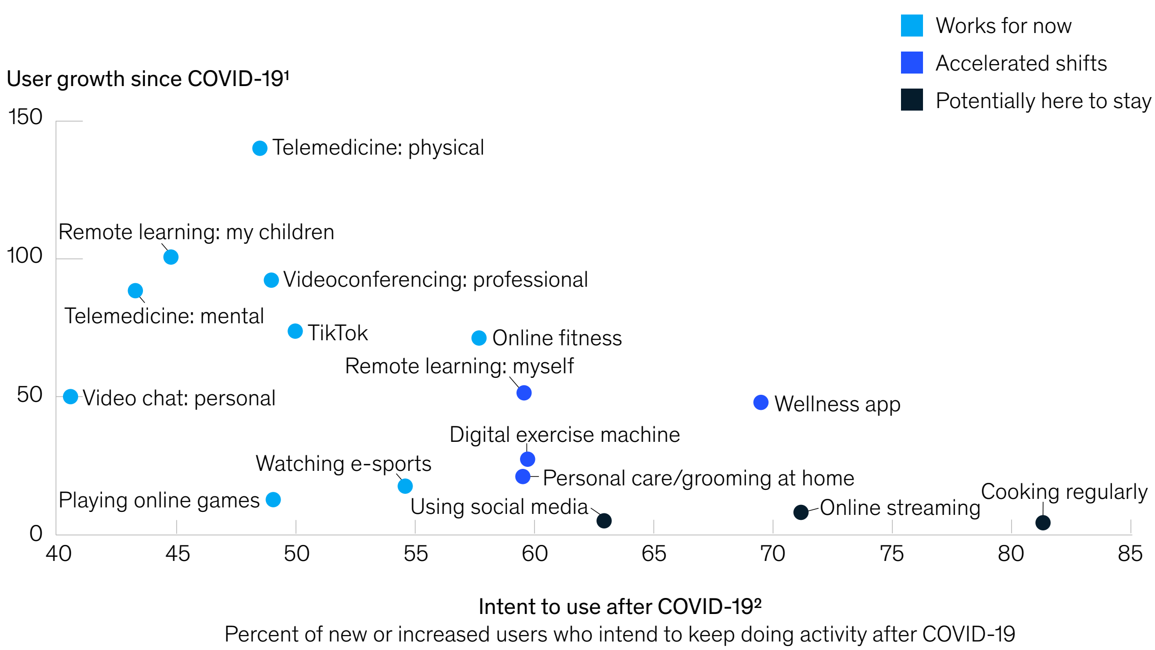
Homebody economy

9. Home-based activities continue to proliferate

As it becomes evident that the pandemic isn't receding as quickly as many had hoped, Europeans expect to keep spending a lot of time at home. Top activities include cooking and online streaming. This focus on home-based activities is likely to continue. Sixty-three percent of consumers say they have not returned to regular out-of-home activities, and half of consumers are very concerned about resuming activities that require proximity to others, such as large events or traveling by plane. US consumers are even more concerned about the risks associated with out-of-home activities than are Europeans.

Exhibit 9

Streaming, cooking, and social-media habits adopted during the crisis are likely to remain for the medium to long term.



[1]User growth is calculated as % of respondents who replied that they are new users over % of respondents who replied that they were using the product/service pre-COVID-19 (using more, using the same, or using less).
[2]Q: Compared to now, will you do or use the following more, less, or not at all, once the coronavirus (COVID-19) situation has subsided? Possible answers: "will stop this"; "will reduce this"; "will keep doing what I am doing now"; "will increase this." Number indicates respondents who chose "will keep doing what I am doing now" and "will increase this" among new or increased users.
Source:McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

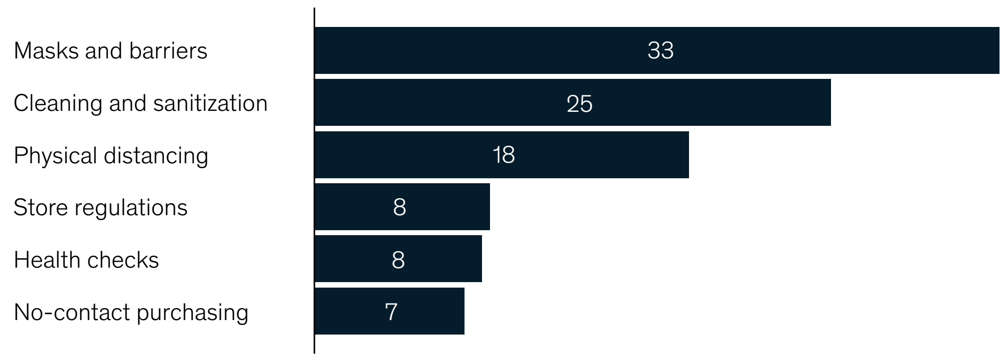
10. Consumers are willing to shop in stores if they feel safe

Taking and maintaining measures to keep employees and consumers safe during the pandemic is critical to reassuring consumers. According to our survey, more than 80 percent of European consumers are concerned about the risk of infection, and they overwhelmingly want to see continued use of masks, barriers, sanitizing efforts, and physical distancing in stores.

Exhibit 10

Masks and barriers continue to be a priority to consumers as they decide where to shop in-store—up four percentage points since May.

Top priorities when deciding where to shop in-store[1]
% of respondents for whom this criterion is the most important[2]



[1]Q: *Once restrictions lift, which of the following factors will be most important to you as you decide which of these places to visit in person?* Respondents were asked to select the most important.
[2]The following categories are included in each bucket: Cleaning and sanitization—increased cleaning, improved air filtration, availability of sanitizing supplies throughout the store; Health checks—customer wellness check (eg, temperature) on entry, employees' wellness check (eg, temperature) on entry; Masks and barriers—customers and employees wear masks, customers and employees provided masks and gloves, plastic barrier with cashier; No-contact purchasing—curbside pick-up, cashier-less checkout, no contact delivery, buy online for pickup in store; Physical distancing—customer number limit, distancing in customer line, reduced employee activity during shopping hours; Store regulations—no customer product testing, one-way store aisles, special hours for high-risk shoppers.
Source: McKinsey & Company COVID-19 Consumer Pulse Survey, September 2020

While nothing short of an end to the pandemic can fully restore the trust and confidence of European consumers, implementing such visible safety measures can go a long way to helping protect and reassure them as the crisis continues.

Marco Catena is a partner in McKinsey's Milan office, **Eric Hazan** is a senior partner in the Paris office, **Mianne Ortega** is director of strategy and operations in the Madrid office, **Julia Katharina Schmidt** is a practice manager in the Düsseldorf office, and **Dennis Spillecke** is a senior partner in the Cologne office.

The authors would like to thank Reinhold Barchet, Peter Saffert, Yvonne Staack, and Martino Zizioli for their contributions to this article.