UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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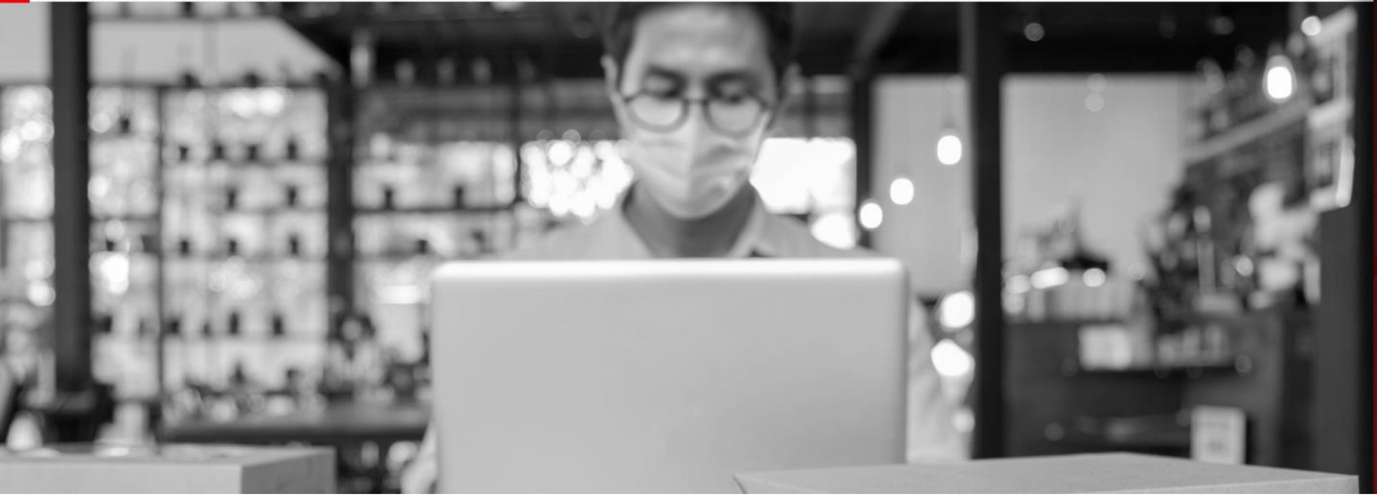
OCTOBER 2020

COVID-19 and E-commerce

Findings from a survey of online consumers in 9 countries



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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This document has not been formally edited.

COVID-19 AND E-COMMERCE
FINDINGS FROM A SURVEY OF ONLINE CONSUMERS IN 9 COUNTRIES

Report by Netcomm Suisse Observatory and UNCTAD

Observatory netcomm suisse

UNITED NATIONS UNCTAD

PREMIUM PARTNER

inveon

RESEARCH PARTNERS

nic.br

APERTAMENTE s.r.l.

The United Nations Conference on Trade and Development

UNCTAD is the part of the United Nations Secretariat that deals with trade, investment, and development issues. Through its E-Commerce and Digital Economy Programme, UNCTAD is uniquely placed to address the cross-cutting development implications of e-commerce and digitalization.

This survey, conducted by UNCTAD and Observatory NetComm Suisse, in collaboration with NIC.br, Apertamente and Inveon, brings new evidence on how consumers in nine countries of different size, level of development and digital readiness have responded to the pandemic in terms of online shopping and other online activities.

The financial contribution by the Republic of Korea is greatly appreciated.

"The COVID-19 pandemic has accelerated the shift towards a more digital world. Changes we make now will have lasting effects when the world economy starts to pick up again. This survey offers valuable insights that can inform our digital strategies and policies, as we turn the page from pandemic response to recovery."

Mukhisa Kituyi
Secretary-General of UNCTAD

netcomm suisse
ecommerce association

A unique chance for growth in a post-COVID-19 world

Why Swiss policymakers should embrace the opportunity in e-commerce

COVID-19 has been exceptionally challenging for businesses worldwide and brought to the fore the special role of e-commerce can play in this crisis and beyond. In the post-COVID-19 world, the unparalleled growth of e-commerce businesses will, we believe, disrupt national retail frameworks and international trade fundamentals – and this in turn present unique opportunities for growth both domestically and internationally.

Recognizing the effects of COVID-19 both on our member businesses in Switzerland and on those around the world, we at Netcomm Suisse wanted to ensure that we can work together to build back our businesses in a manner that is truly beneficial to all. As such we are proud to have had the opportunity to partner with UNCTAD on this joint research project that explores the impact of the pandemic on trade, retail and ecommerce across nine emerging and developed economies.

It has been an opportunity for us to collaborate with international expertise on a hugely important project and we hope we can further build on this cooperation between our organizations in future.

Carlo Terreni
President, NetComm Suisse eCommerce Association

A MESSAGE FROM OUR PREMIUM PARTNER

Dear readers

The era of COVID-19 is one of the biggest crises in modern history and came as a huge shock for healthcare professionals, governments, businesses, and people around the world. Many countries and politicians were taking bold and strict measures for preventing the virus' further spread and a collapse of the healthcare system. As people have to stay at home and practice social distancing, many businesses and industries are facing serious issues.

On the other hand, the spread of digital technologies and the internet allows humans to still connect and communicate – and companies are able to interact with their customers despite being physically distant.

The spread of technology further allows brands and merchants to still sell their products to their clients and maintain – at least partially – their business activities.

In this report you will find how consumers in 9 countries have embraced e-Commerce for still being able to buy their products. The report reveals that especially in countries where the share of active online shoppers was lower, people felt increasingly encouraged to order online. And in many of these markets, we can expect that consumers will remain confident in the use of digital as a purchasing channel.

Businesses that tackle this challenging period for setting up a strong digital presence with a long-term perspective will have significantly higher chances to thrive in the post-COVID-19 future.

Yomi Kastro
CEO, Inveon
www.inveon.com

OBJECTIVES & METHODOLOGY

OBJECTIVES

This is the first survey undertaken to examine the effect COVID-19 on the online purchasing behavior on consumers in Brazil (see next slide), China, Germany, Italy, Republic of Korea, Russian Federation, South Africa, Switzerland and Turkey.

RESEARCH METHODOLOGY

Online quantitative research

At least 200 completed questionnaires for each country from an international Panel

Total: at least 1600 completed questionnaires

Interview length: 15 minutes

Survey date: early June 2020

RESPONDENTS

Total 1819 respondents

220 Italian respondents
233 South African respondents
216 German respondents
225 Turkish respondents
221 respondents from Russian Federation
227 Chinese respondents
220 respondents from Republic of Korea
257 Swiss respondents

50% Female
50% Male

METHODOLOGY: BRAZIL (1/2)

Target population

- Internet users 16 years old or older

Coverage

National

Sample

- **Methodology:** Quota sample
- **Number of respondents:** 2,627

Collection

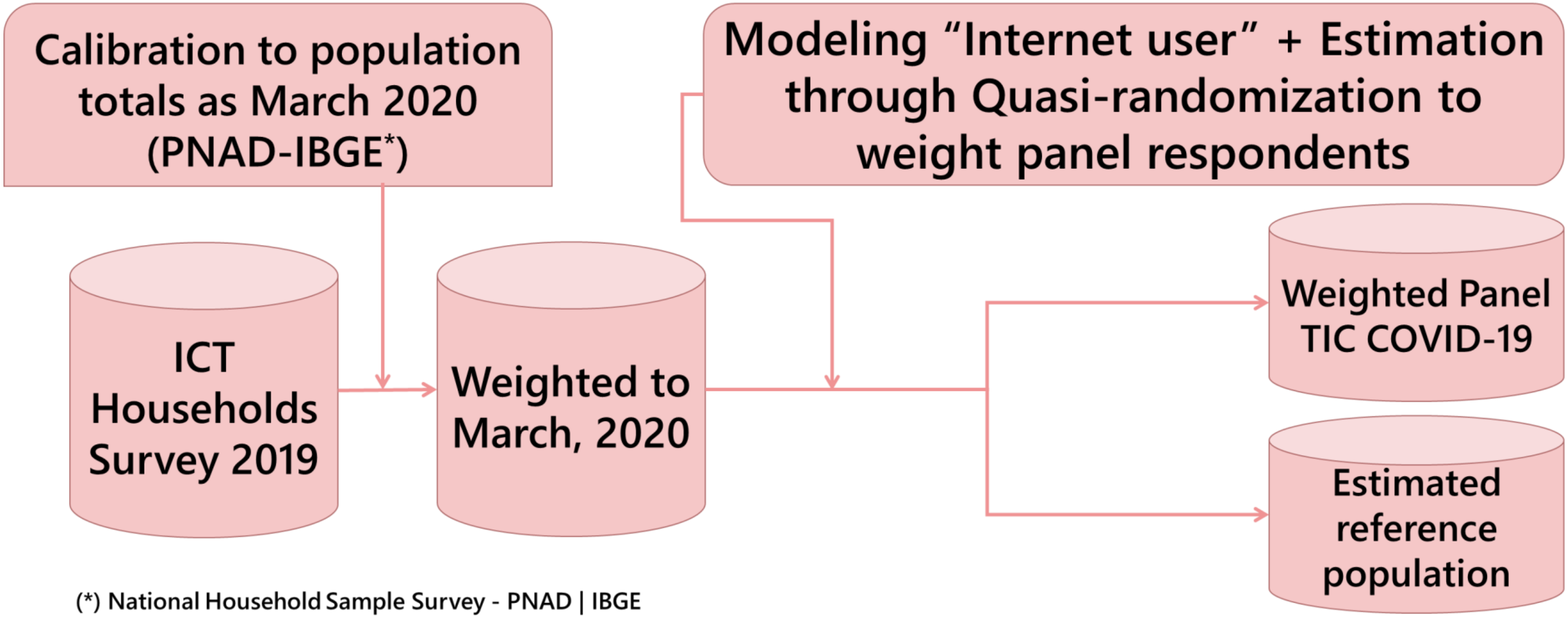
Date: Between 06/23 and 07/08 2020

Mode: CAWI and CATI

Themes

- Internet activities
- Culture
- E-commerce

METHODOLOGY: BRAZIL (2/2)



(*) National Household Sample Survey - PNAD | IBGE

THE SAMPLE INCLUDES 9 COUNTRIES ACROSS ALL GLOBAL REGIONS, DIFFERING IN SIZE AND ECONOMIC DEVELOPMENT

	Population in millions	GDP per capita	Individuals using the internet (%)	Inhabitants shopping online (%)	B2C e-Commerce Index value
Brazil	221.00	8,717.20	68	24	57
China	1,397.70	10,216.70	54	39	69
Germany	83.10	46,258.90	92	75	93
Italy	60.30	33,189.60	74	35	82
Russian Federation	144.40	11,585.00	81	26	78
Republic of Korea	51.70	31,762.00	96	54	89
South Africa	58.60	6,001.40	56	8	54
Switzerland	8.60	81,993.70	94	63	96
Turkey	83.40	9,042.50	74	25	74

Sources: ITU, UNCTAD, World Bank.

Note: all data refer to 2019.

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1

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY (1/3)

- This survey examines the effects of COVID-19 on consumer behavior for the use of digital technologies and e-commerce in 9 countries representing both emerging and developed economies. In the years before COVID-19, developed countries usually have shown a higher share of active online shoppers as internet access is available at a broad scale. **The survey** allows for a direct comparison of the online consumer behavior in both types of countries and in how far digital technologies can support economic growth in emerging economies. This cross-country survey represents the first of its kind.

- Over the first half of 2020, COVID-19 evolved into a global pandemic affecting people's daily lives all over the world. For the first time, digital technologies offered an alternative channel for maintaining business activities, social interactions and consumption in times of strict preventive measures such as lockdowns.

- The majority of participants from China, Turkey and the Republic of Korea declared to have been shopping online **more often** since the outbreak of COVID-19. On the other hand, **much fewer** consumers in the developed economies of Germany and Switzerland increased their online purchasing activities. Economies with a smaller share of active online shoppers before COVID-19 are more likely to see a stronger increase in online shopping activities.

- Across the countries, people with tertiary education and female consumers were the most likely to have increased their online purchases.

- The e-Commerce sectors of *consumer electronics & ICT products*, *tools gardening & do-it-yourself*, and *pharma & healthcare products* represent the categories with the *largest growth of active users* due to COVID-19 across all countries. *Cosmetics & personal care* and *food & beverages* are the categories with the *most active users* during the pandemic.

EXECUTIVE SUMMARY (2/3)

- Participants across all countries indicated to have lowered their average expenditures per online purchase for most of the categories. *Food & beverage*, *books & media*, and *tools, gardening and DIY* represent the only categories with an *increase*. The decline was the **most pronounced** for travel & tourism, consumer electronics & ICT products, and fashion & accessories.

- In terms of communication platforms, participants in Germany, Italy, Russian Federation, South Africa, Switzerland and Turkey mostly increased the use of Microsoft Teams and Zoom. **The use of** well-established platforms such as WhatsApp or partially Facebook Messenger remained relatively constant. **In China, home-grown communication platforms dominate,** led by WeChat followed by Ding Talk.

- For most of the participating countries, consumers mostly use traditional means of payments for online shopping. Chinese consumers mainly pay with mobile payments such as Alipay or WeChat Pay. Swiss consumers show a unique preference for paying against an invoice.

- The vast majority of respondents from all countries prefer home delivery of their online acquisitions. Consumers in the Russian Federation **are also often picking** up their orders from a retail store.

- COVID-19 had further implications on consumer decisions. Participants from emerging economies more often declared to focus harder on essential products and to postpone larger expenditures. These countries are also seeing a stronger increase in Internet use for accessing health-related information and in the use of tech devices.

EXECUTIVE SUMMARY (3/3)

- Consumers from emerging economies more often anticipate that they will shop more online in the post-COVID-19 future. In these countries, the use of the Internet for finding health-related information is also expected to increase.

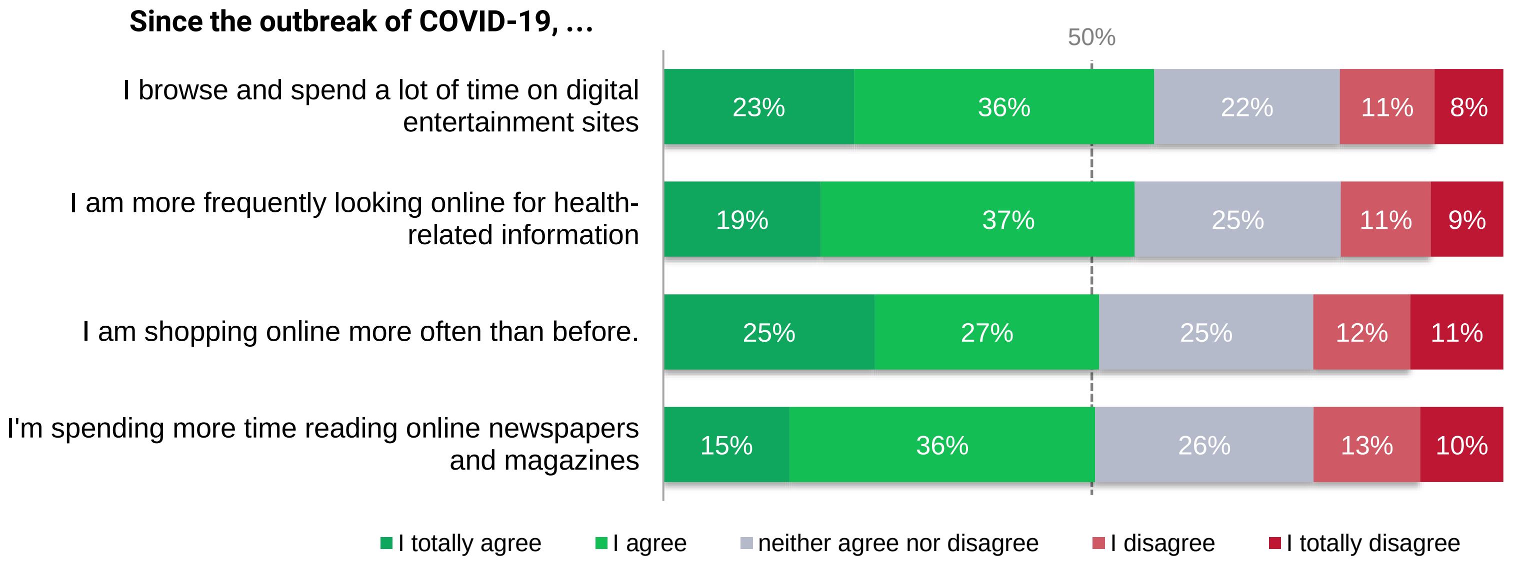
- In terms of future purchasing channels, consumers in China and Turkey express a strong preference for buying more often online than in physical stores. German, Italian, Swiss and Russian consumers indicate a preference for a balanced approach between digital and physical retailing.

2

RESULTS

EFFECTS OF COVID-19 ON THE USE OF DIGTIAL TECHNOLOGIES

COVID-19 HAS LED MORE PEOPLE TO GO DIGITAL IN MULTIPLE WAYS

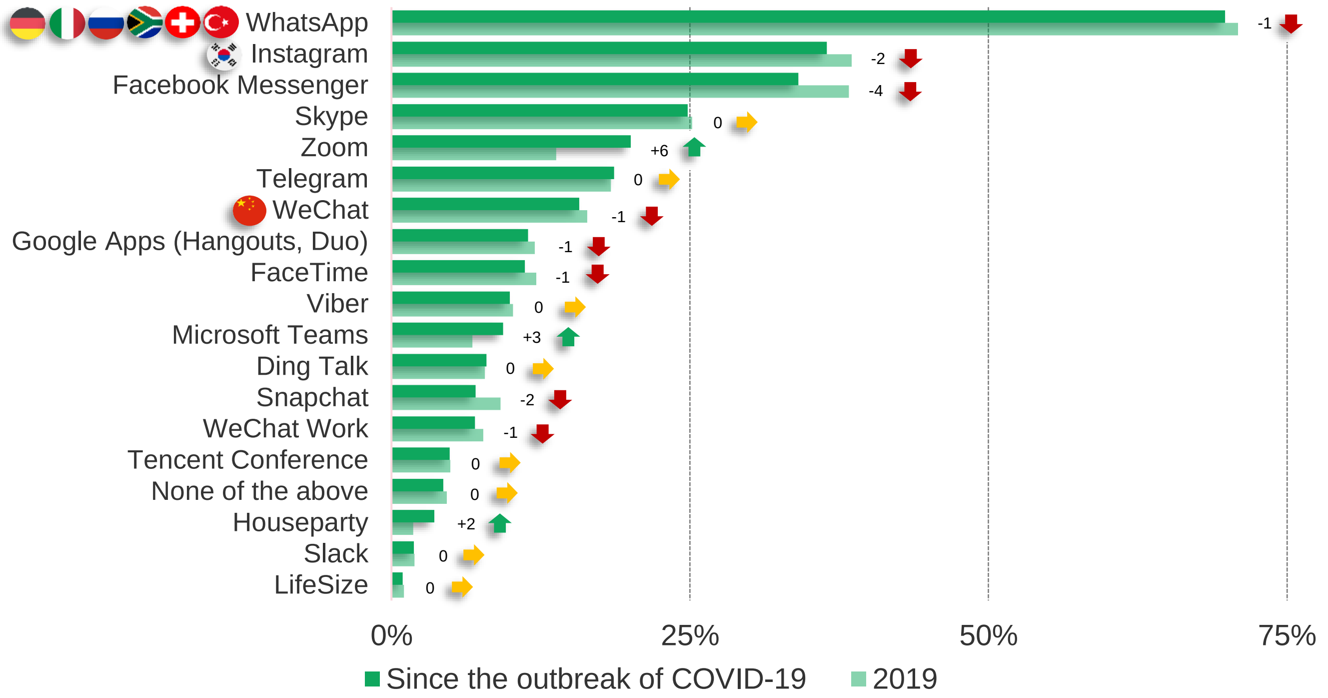


Q: Please indicate how strongly you agree with the following statement.
Total sample N=1819; Single answer

Note: the results for Brazil are not available for this question due to methodology differences, with exception of “shopping online more” (*N=3697*).

DURING THE COVID-19 CRISIS MANY ONLINE COMMUNICATION PLATFORMS WERE WIDELY USED; ZOOM, MS TEAMS AND HOUSEPARTY GREW MOST

(% of total responses; most used per country)



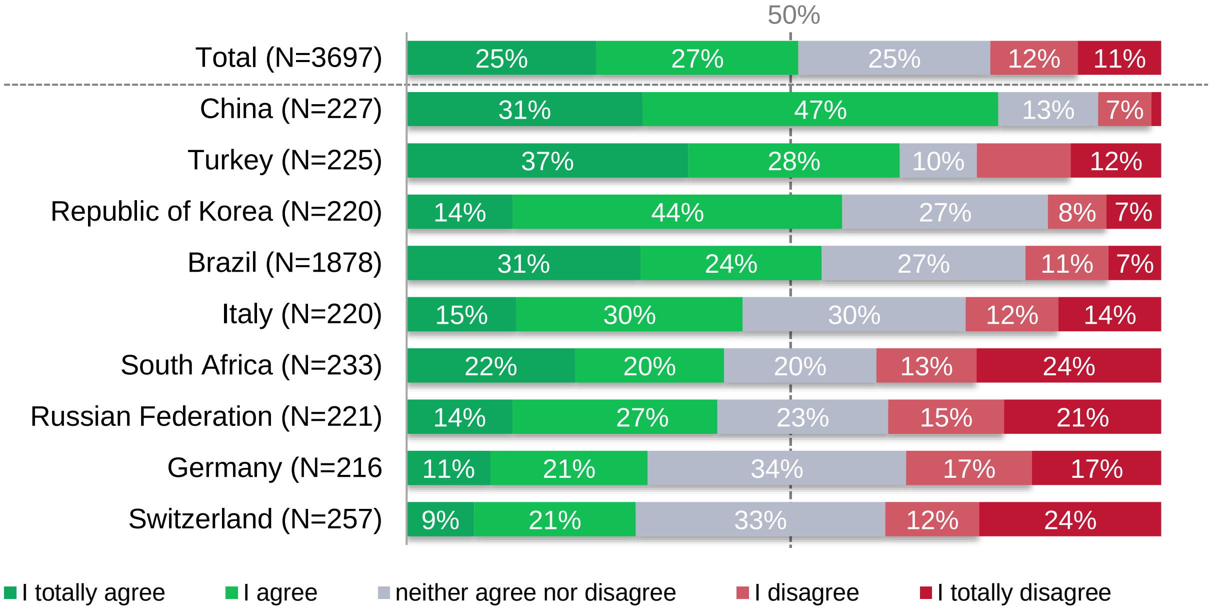
Q: What kind of apps and platforms have you used both for private and work-related messages and calls?
Total sample N=1819; Multiple answer

Note: the results for Brazil are not available for this question due to methodology differences.

EFFECTS OF COVID-19 ON ONLINE SHOPPING

CONSUMERS IN EMERGING ECONOMIES SAW GREATEST SHIFTS TO ONLINE SHOPPING

Since the outbreak of COVID-19, I am shopping more often online than before.

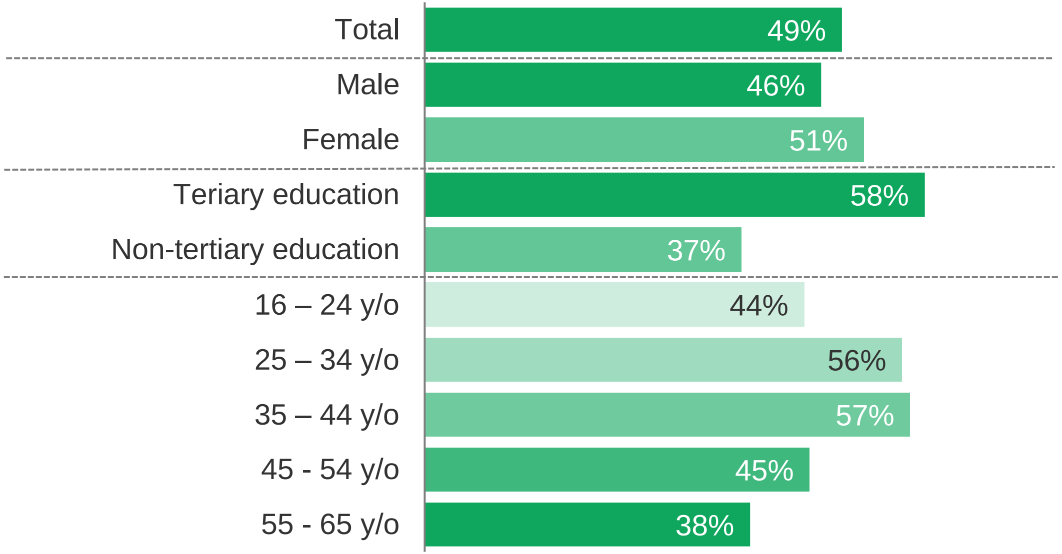


Q: Please indicate how strongly you agree with the following statement.
Total sample N=3697; Single answer

Note: The results for Brazil only allow for a limited comparison with other countries due to methodology differences.

SHIFT TO E-COMMERCE MOST PRONOUNCED FOR WOMEN, HIGHLY EDUCATED CONSUMERS AND THE 25–45 YEARS OLD

Since the outbreak of COVID-19, I am shopping more often online than before.

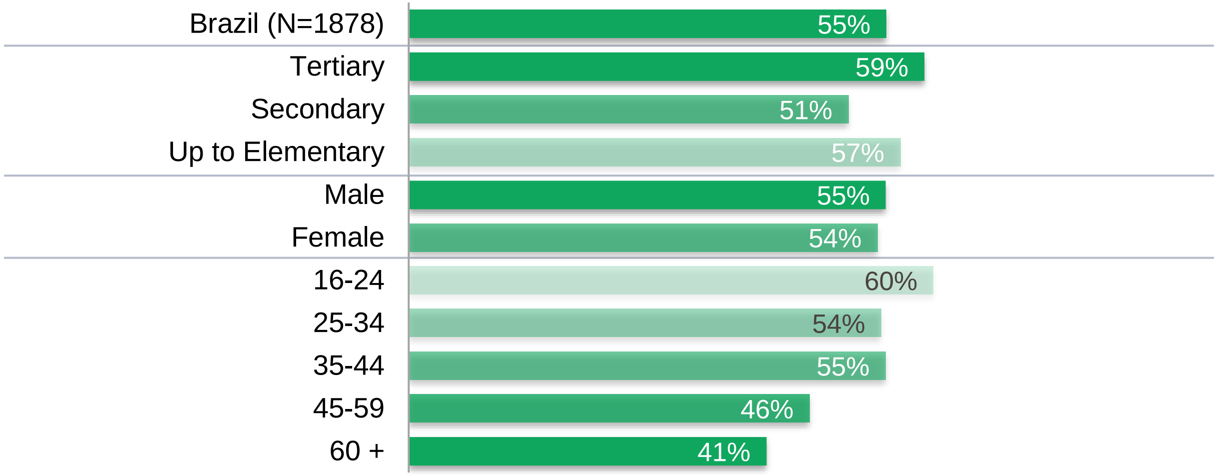


Q: Please indicate how strongly you agree with the following statement.
Total sample N=1819; Single answer

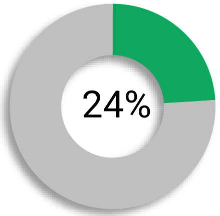
Note: the results for Brazil are not available for this question due to methodology differences.

BRAZILIAN CONSUMERS YOUNGER THAN 45 YEARS ARE ACCELERATING THEIR ONLINE PURCHASES

Since the outbreak of COVID-19, I am shopping more often online than before
Measured as “I totally agree + I agree”



INHABITANTS SHOPPING ONLINE 2017*



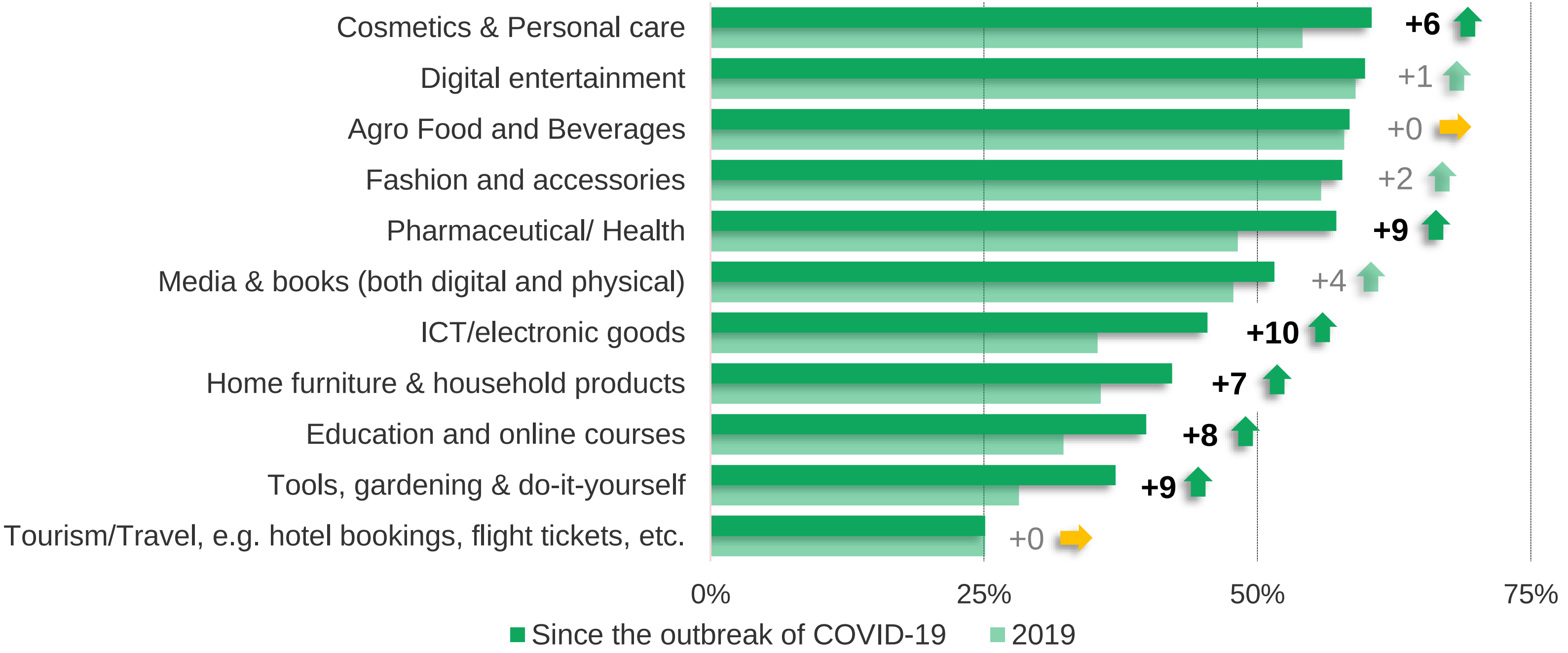
*Source: UNCTAD 2019

Q: Please indicate how strongly you agree with the following statement.
Total sample Brazil N=1878; Single answer

Note: the results for Brazil only allow for a limited comparison with other countries due to methodology differences.

NUMBER OF ONLINE SHOPPERS INCREASED FOR MOST PRODUCTS DUE TO COVID-19

% of active online shoppers conducting at least one online purchase every 2 months

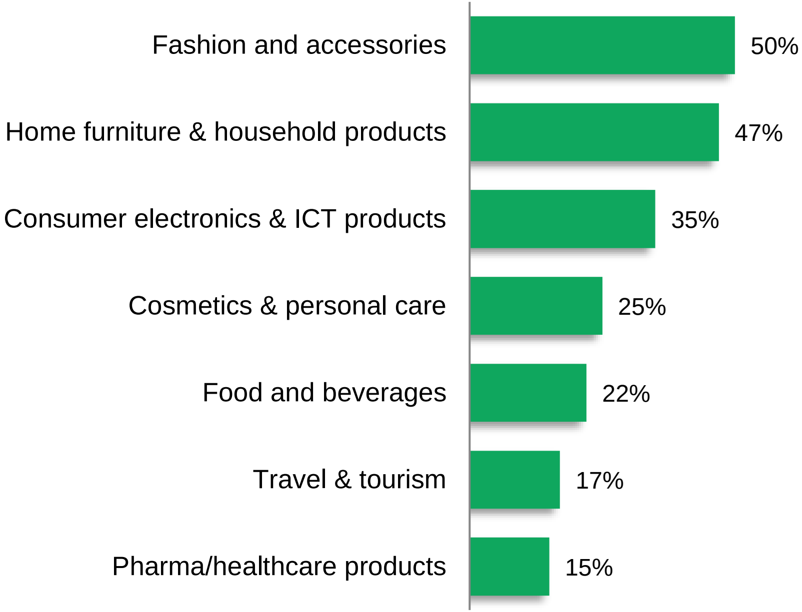


Q: Which of the following product categories have you been buying in 2019?
Total sample N=1819; Multiple answer

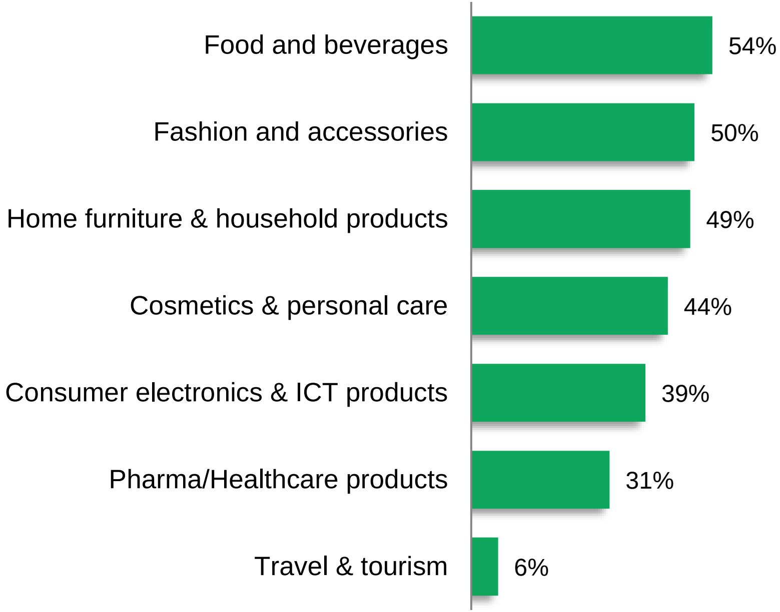
Note: the results for Brazil are not available for this question due to methodology differences. No data available for consumer electronics & ICT products for Switzerland due to different questionnaire design

FASHION GOODS WERE MOST OFTEN ONLINE-PURCHASED CATEGORY IN BRAZIL IN 2018; FOOD DURING COVID-19

% of active online shoppers in 2018
(At least one completed purchase per year)



% of active online shoppers during COVID-19
(At least one completed purchase since COVID-19 outbreak)

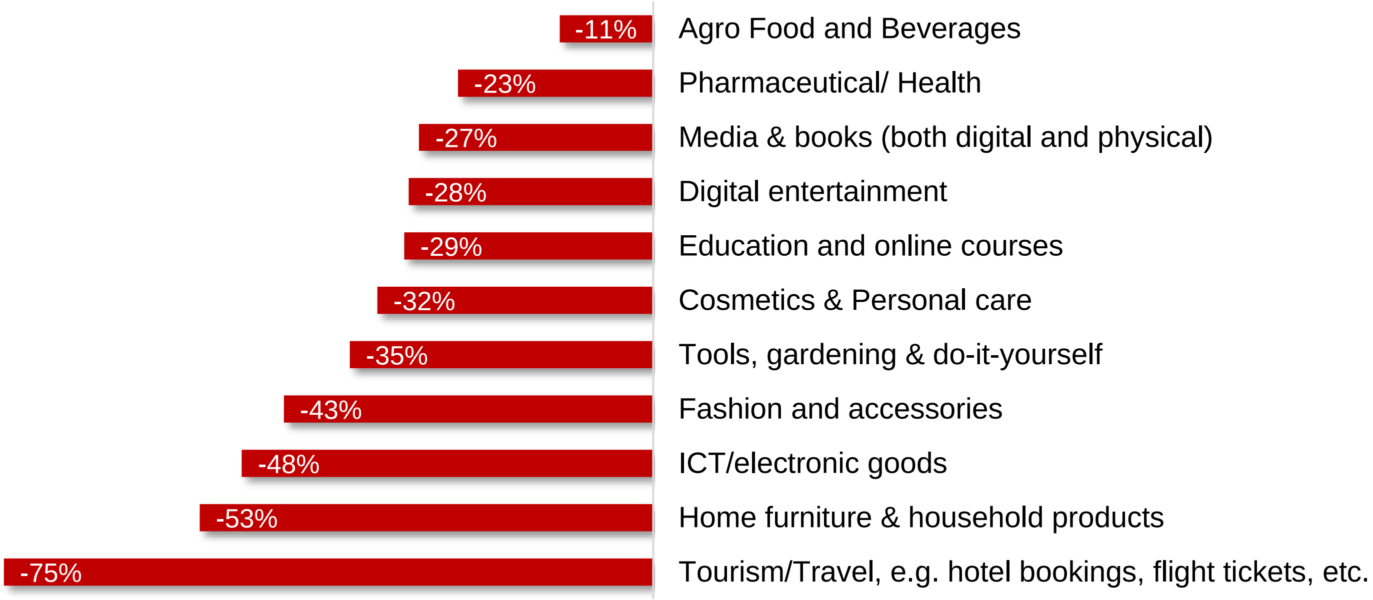


Q: Which of the following product categories have you been buying in 2018?
Total sample N=1878

Note: the results for Brazil only allow for a limited comparison with other countries due to methodology differences.

MONTHLY AVERAGE SPENDING ONLINE HAS DROPPED DURING COVID-19; LESS FOR FOOD, MORE FOR TRAVEL

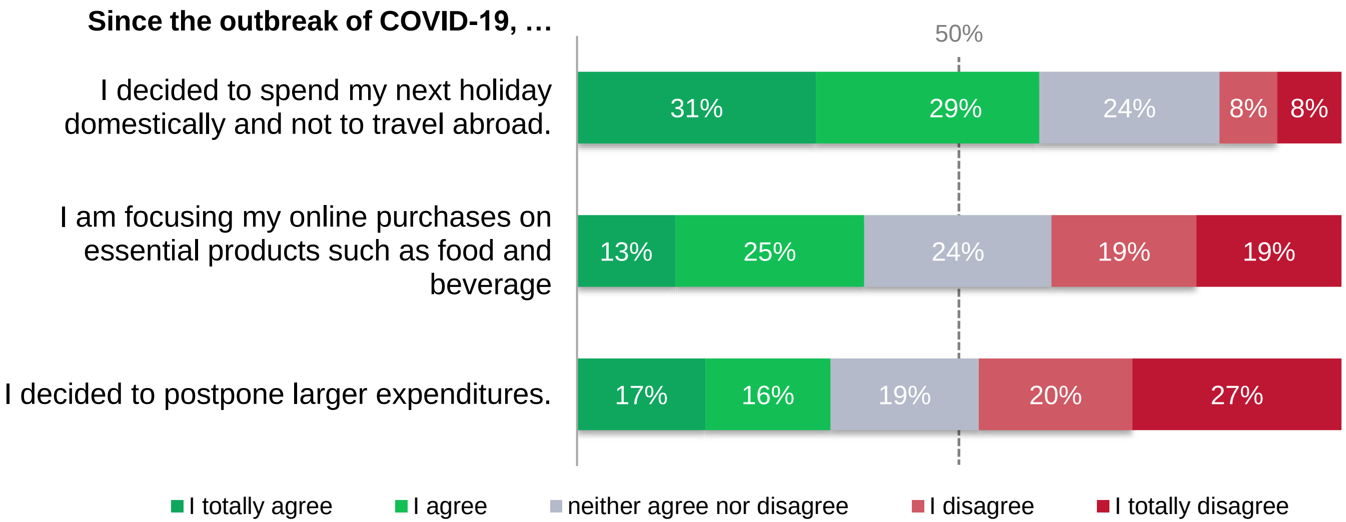
(Growth of average spending)



Q: How much did you spend on average for online purchases in a month in each of the following sectors?
Total sample N=1819

Note: the results for Brazil are not available for this question due to methodology differences.

MOST WILL TRAVEL MORE LOCALLY, SOME POSTPONED LARGE EXPENDITURES AND FOCUSED ON ESSENTIALS



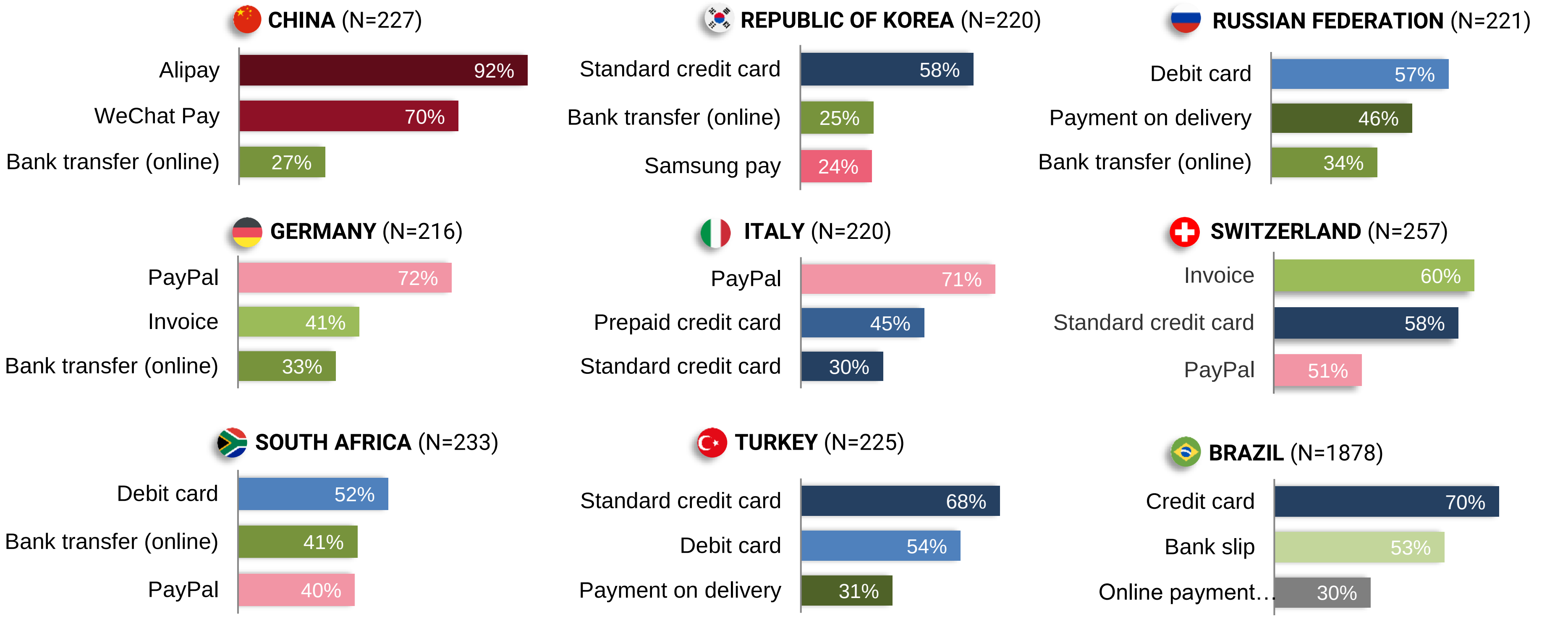
Q: Please indicate how strongly you agree with the following statement.
Total sample N=3697; Single answer

Note: the results for Brazil are not available for "holiday/travel" item due to methodology differences (*N=1819*).

EFFECTS OF COVID-19 ON THE USE OF DIGITAL CHANNELS

CHINESE CONSUMERS MOSTLY USE THE UNIQUE MEANS OF PAYMENT WITHIN THE DOMESTIC ECOSYSTEM

Use of payment methods for online purchases during COVID-19

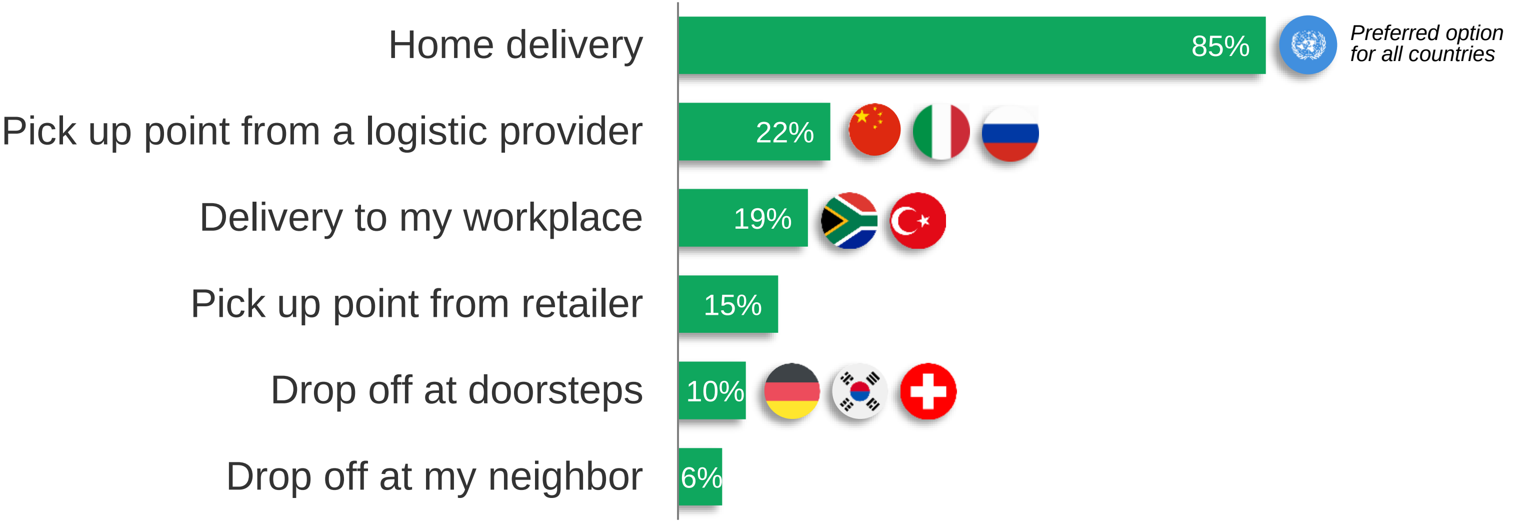


Q: What payment methods do you usually use for completing your online purchases?
Total sample N=3697; Multiple answer

Note: the results for Brazil only allow for a limited comparison with other countries due to methodology differences.

HOME DELIVERY IS PREFERRED BY CONSUMERS IN ALL COUNTRIES, WITH MORE DIFFERENTIATION IN ALTERNATIVE DELIVERY OPTIONS

(% of total responses; first and second preferred option per country)

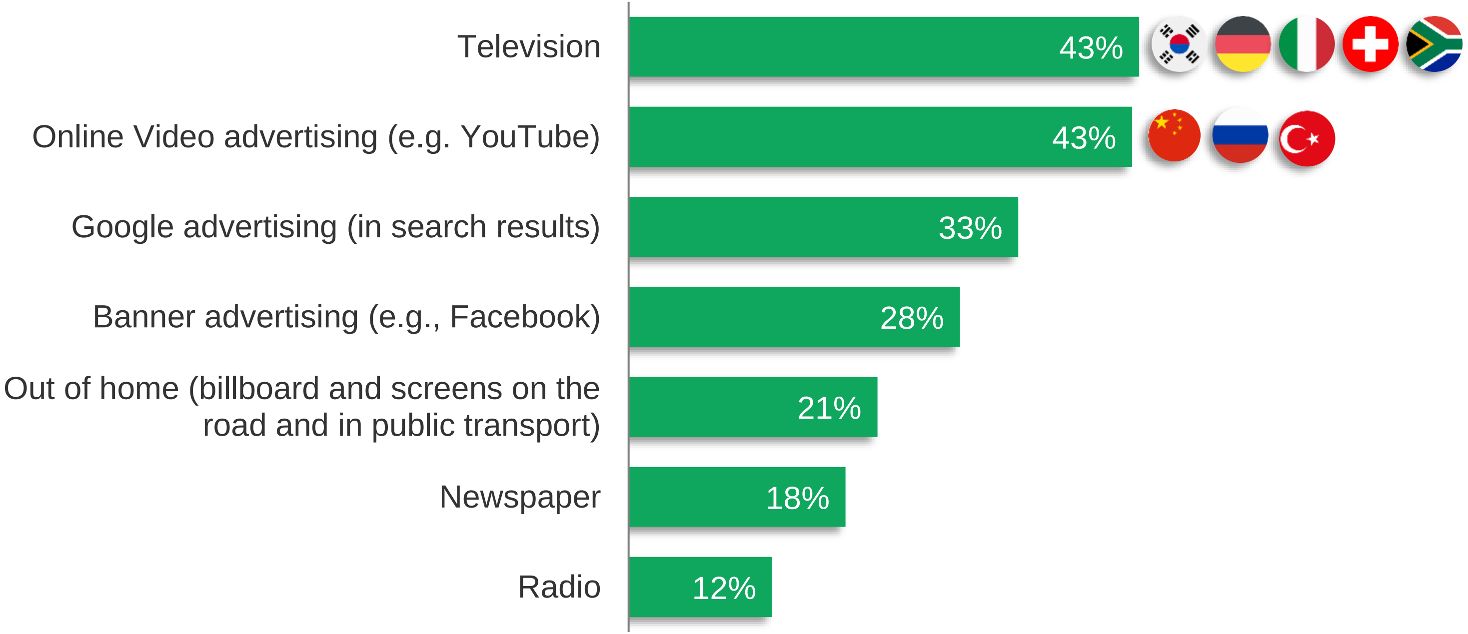


Q: What delivery options did you usually prefer for your online purchases?
Total sample N=1819; Multiple answer

Note: the results for Brazil are not available for this question due to methodology differences.

TELEVISION AND ONLINE VIDEO ADS INSPIRE ONLINE CONSUMERS THE MOST

(% of total responses; preferred option per country)

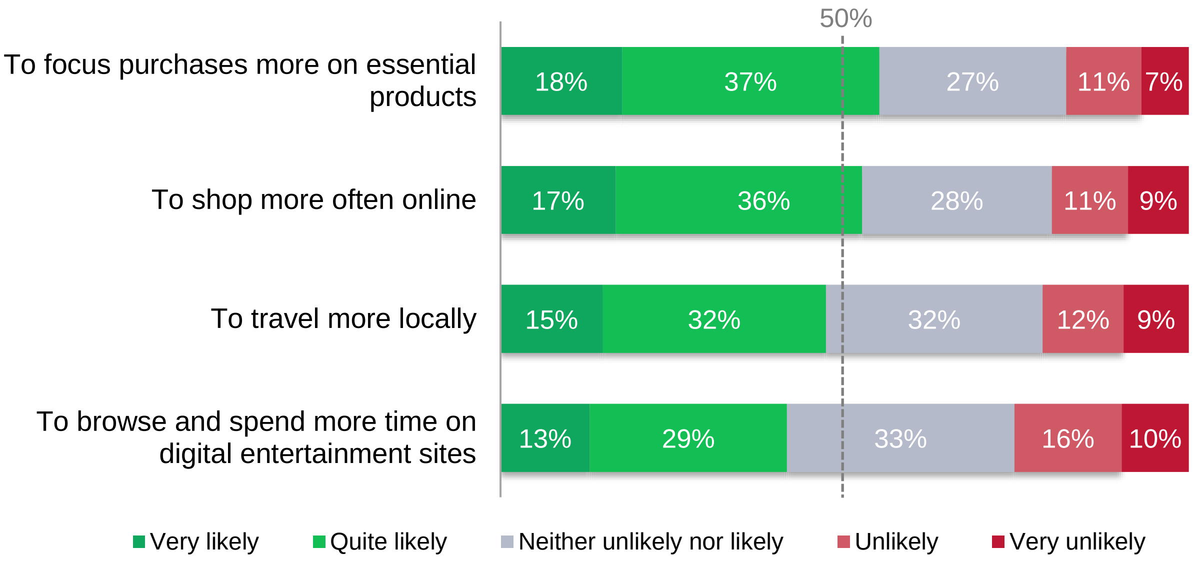


Q: Which of the following advertising channels inspires you the most for your online purchases in general?
Total sample N=1819; Multiple answers

Note: the results for Brazil are not available for this question due to methodology differences.

COVID-19 IMPACT ON CONSUMER DECISIONS

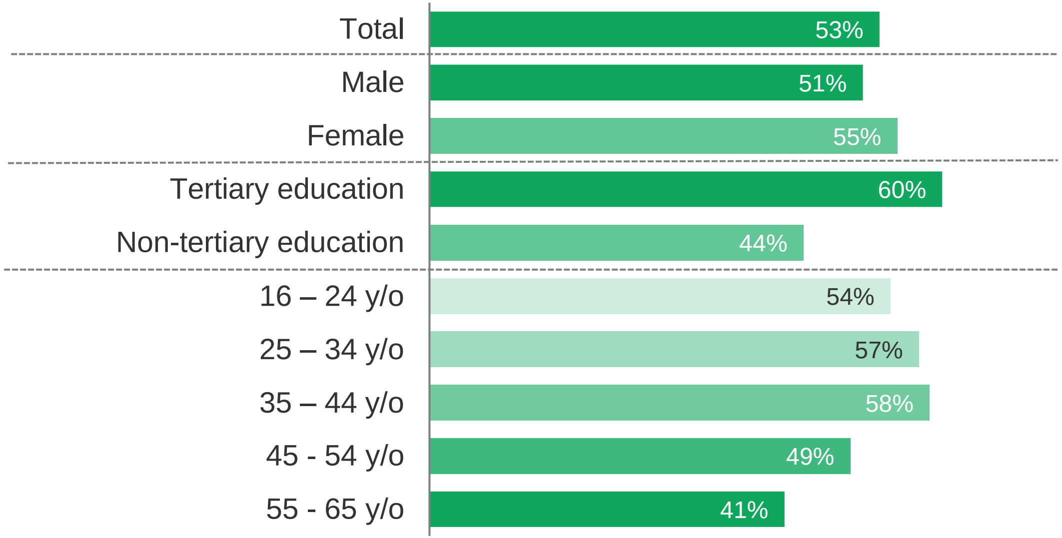
MANY CONSUMERS EXPECT TO CONTINUE DIGITAL HABITS ADOPTED DURING THE COVID-19 OUTBREAK



Q: How likely do you think you will continue to adopt the habits adopted during the COVID-19 emergency outbreak at the end of this period?
Total sample N=1819; Single answer

Note: the results for Brazil are not available for this question due to methodology differences.

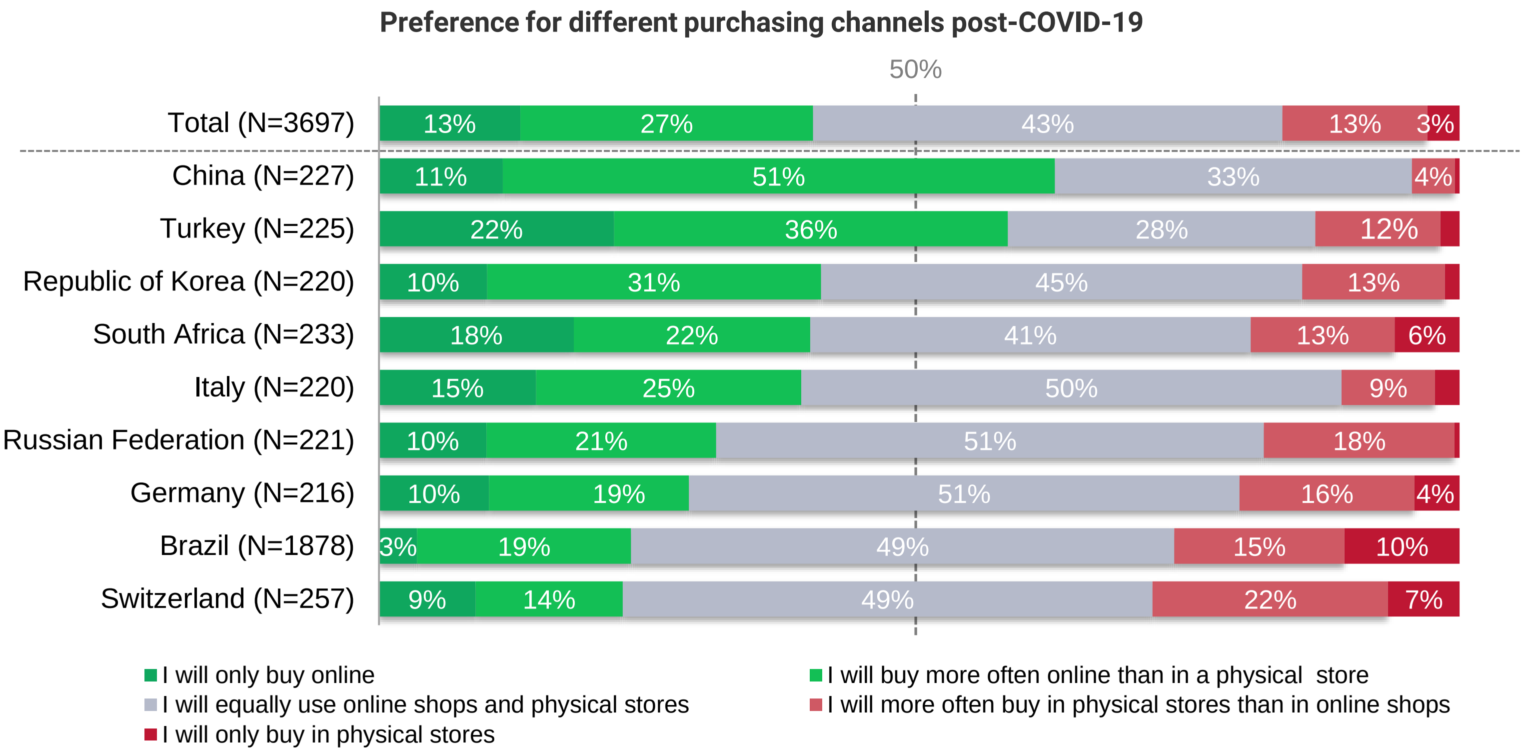
CHANGE IN ONLINE SHOPPPING DEMOGRAPHICS SINCE COVID-19 ARE EXPECTED TO CONTINUE



Q: How likely do you think it is that you will continue to adopt the habits adopted during the COVID-19 emergency outbreak after this period?
Total sample N=1819; Single answer

Note: the results for Brazil are not available for this question due to methodology differences.

CHINESE AND TURKISH CONSUMERS MOST KEEN ON DIGITAL PURCHASE CHANNELS POST COVID-19

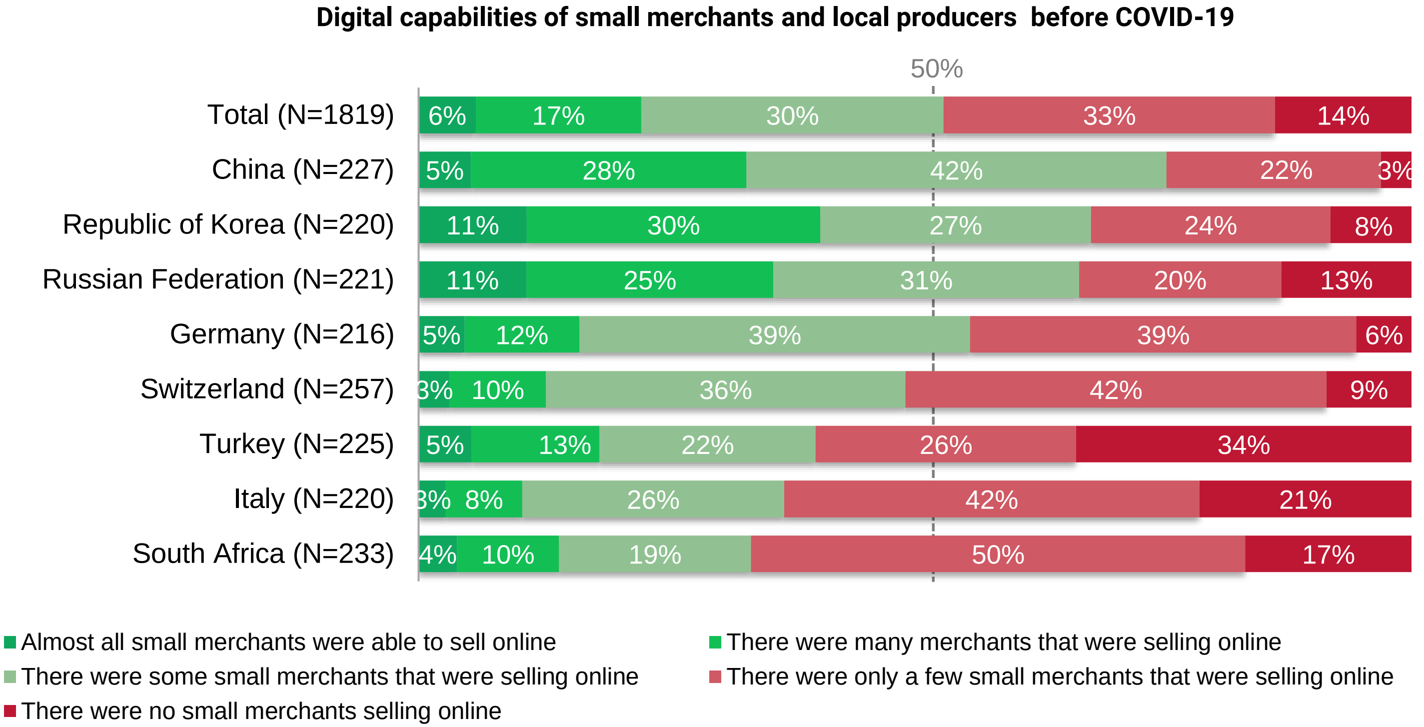


Q: Which purchasing channel do you think will you prefer once the COVID-19 pandemic will be over?
Total sample N=3697; Single answer

Note: the results for Brazil only allow for a limited comparison with other countries due to methodology differences.

PERCEIVED DIGITAL READINESS OF LOCAL BUSINESSES

CONSUMERS IN CHINA AND REP. OF KOREA FIND DIGITAL CAPABILITIES OF SMALL MERCHANTS WELL DEVELOPED



Q: Thinking about the 12 months before the outbreak of COVID-19 in your country, do you think that small businesses and local producers have been sufficiently equipped with digital capabilities such as online shops?
Total sample N=1819; Single answer

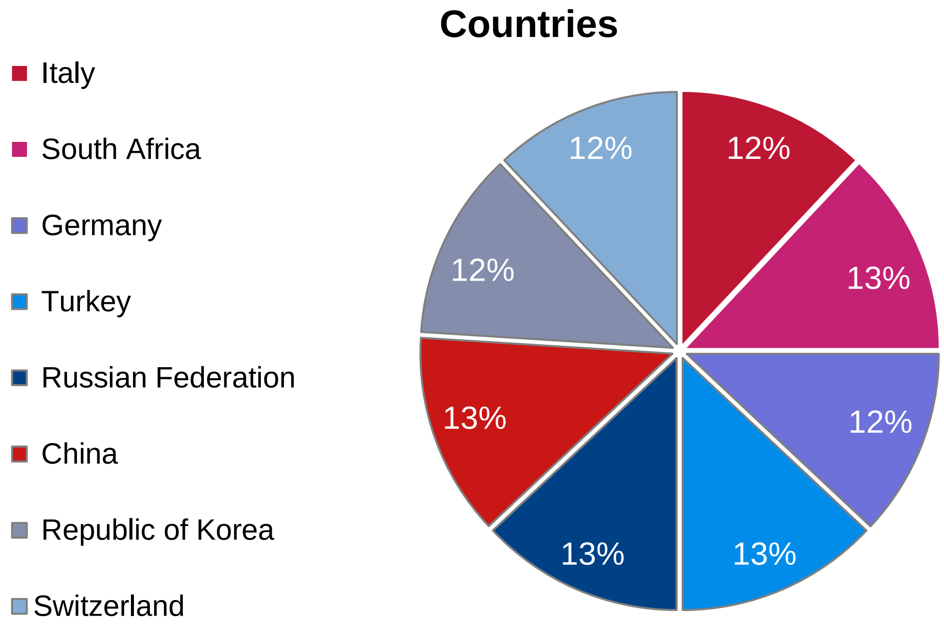
Note: the results for Brazil are not available for this question due to methodology differences.

3

APPENDIX

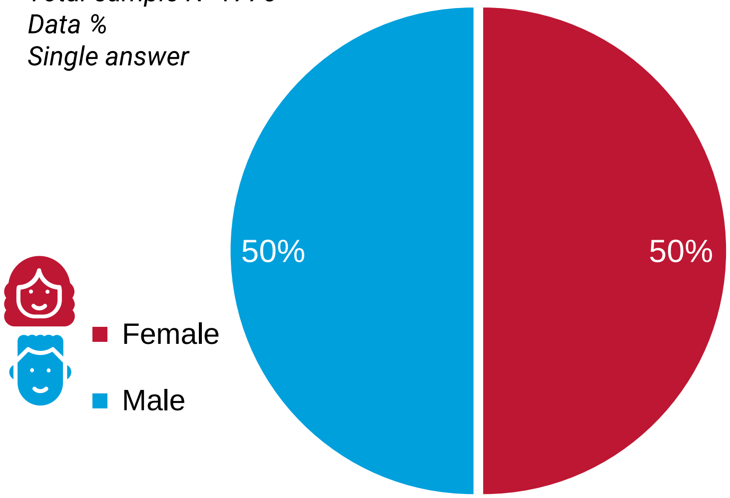
SAMPLE - countries

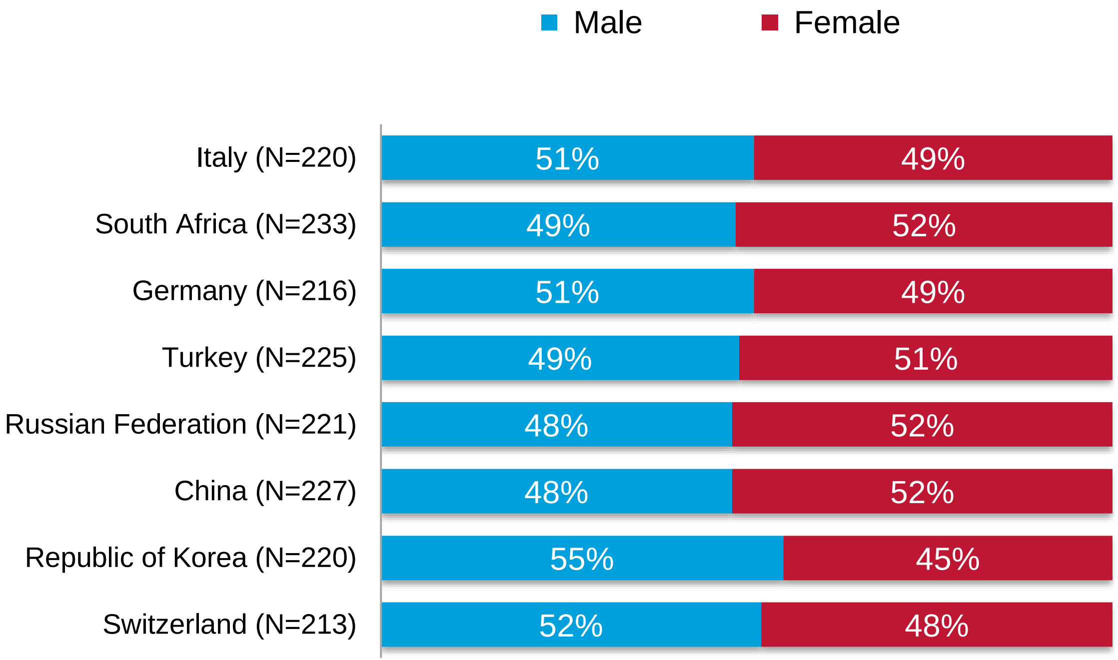
Total sample N=1775
Data %
Single answer



SAMPLE- gender distribution

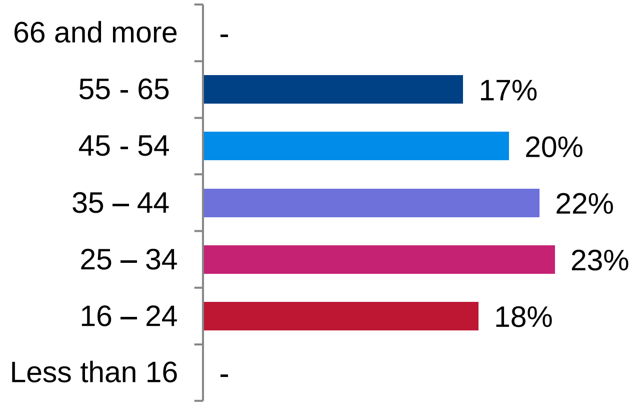
Total sample N=1775
Data %
Single answer

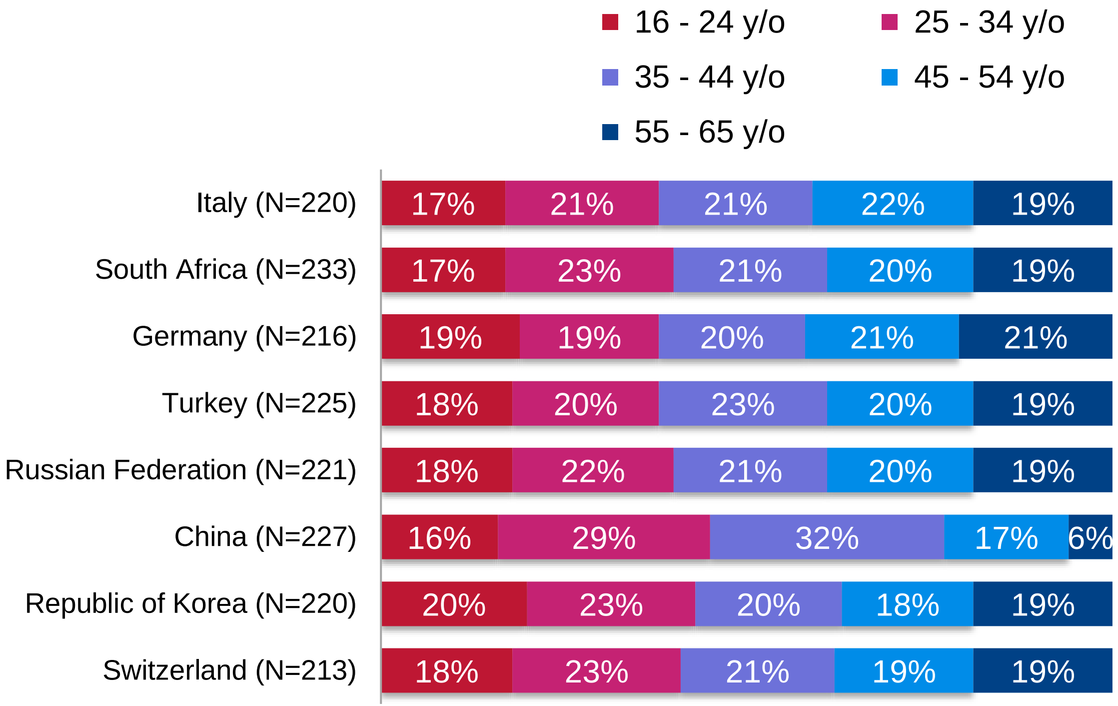




SAMPLE- age distribution

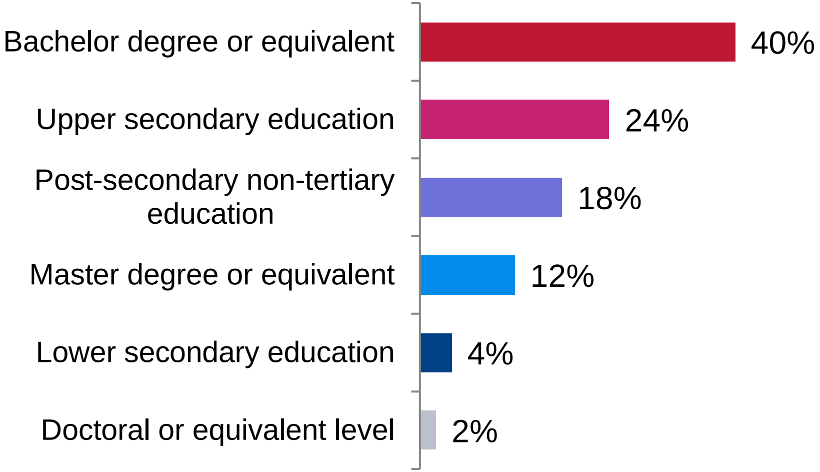
Total sample N=1775
Data %
Single answer

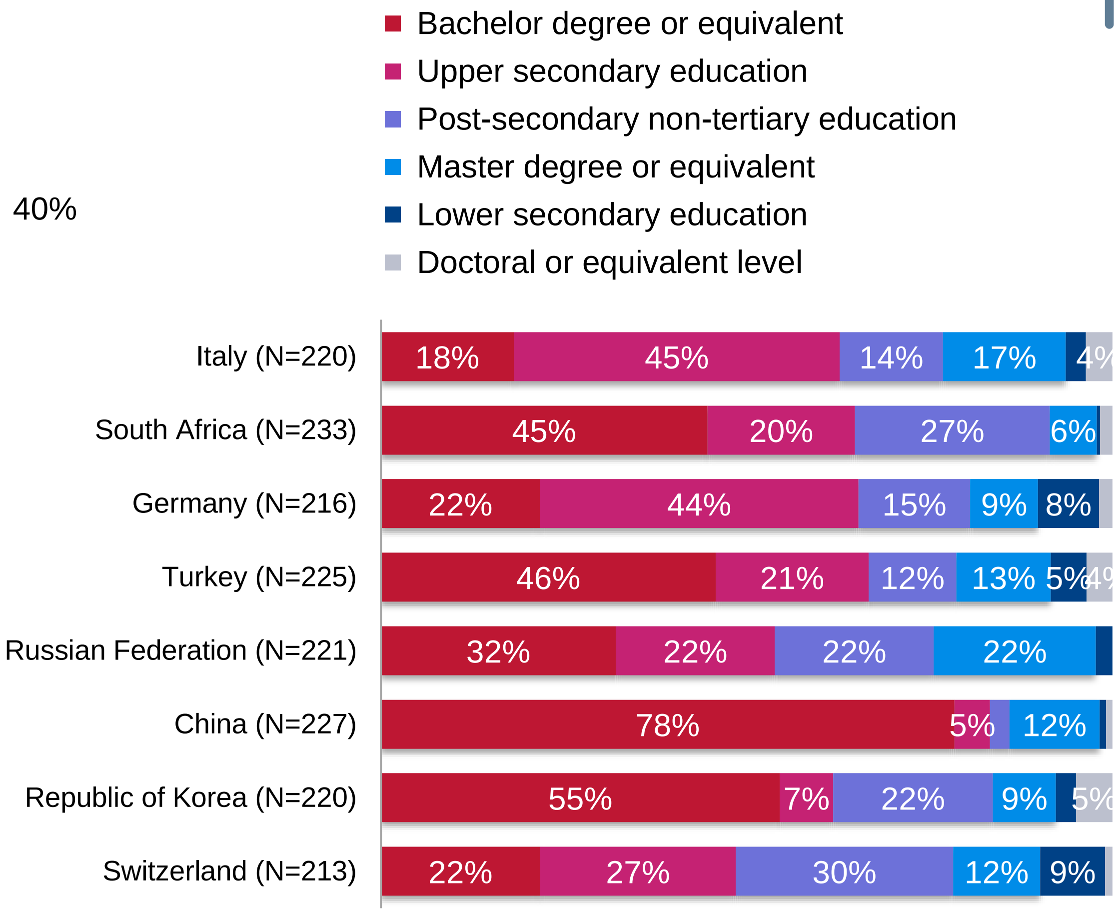




SAMPLE- education degree

Total sample N=1775
Data %
Single answer



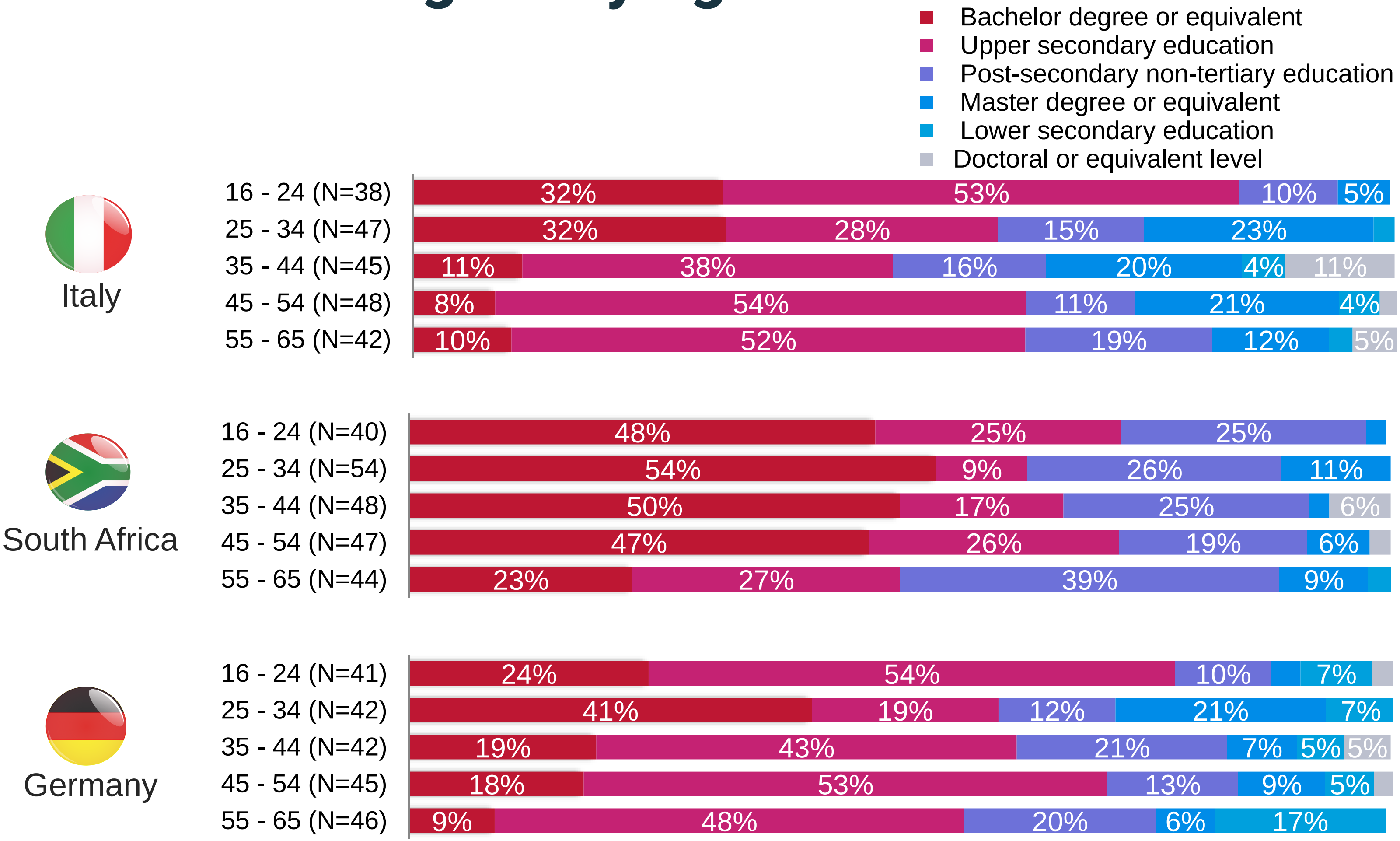


SAMPLE- education degree by age 1/3

Total sample
Italy N=220
Data %
Single answer

Total sample
South Africa N=233
Data %
Single answer

Total sample
Germany N=216
Data %
Single answer



SAMPLE- education degree by age 2/3

Total sample
Turkey N=225
Data %
Single answer

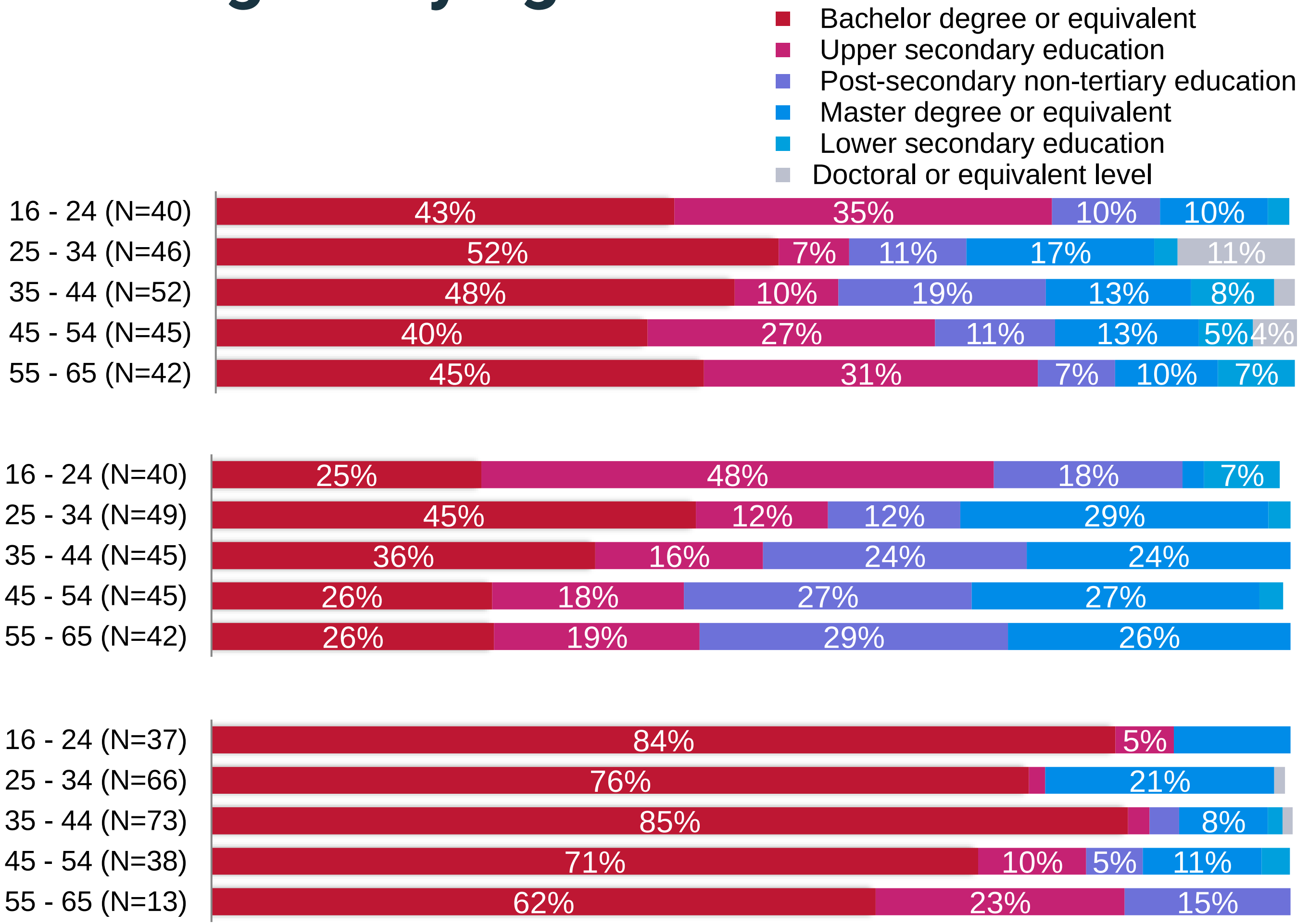
Turkey

Total sample
Russian Federation N=221
Data %
Single answer

Russian Federation

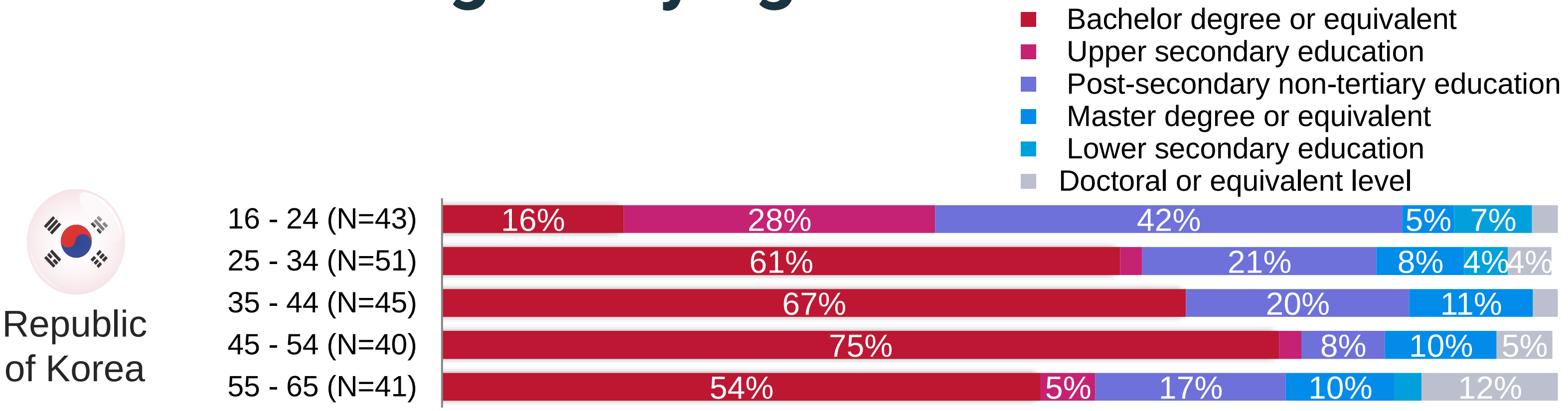
Total sample
China N=227
Data %
Single answer

China

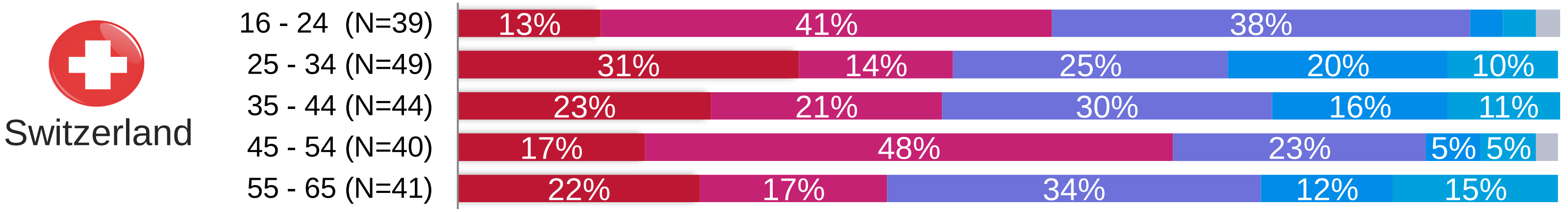


SAMPLE- education degree by age 3/3

Total sample
Republic of Korea N=220
Data %
Single answer



Total sample
Switzerland N=213
Data %
Single answer



4

REPORT AUTHORS
& PARTNERING ORGANIZATIONS

KNOWLEDGE. ONE CLICK AWAY.

Netcomm Suisse Observatory is the research unit of the Swiss e-Commerce Association Netcomm Suisse.
The Observatory's mission is to create a reliable source for market data, insights and knowledge for the Swiss e-Commerce market.
Access our knowledge here: **> https://observatory.netcommsuisse.ch/**

3 Main research activities:

QUALITATIVE RESEARCH:
identifying and sharing best practices on digital transformation through interviews with industry experts.

QUANTITATIVE RESEARCH:
gathering insights on consumer behaviour and identifying the adoption of new trends in Switzerland by conducting online surveys.

EXECUTIVE WORKSHOP:
facilitating the conversation among industry experts for knowledge sharing on specific topics and industries.

Custom studies:

Through our network, we are able to support decision-makers answering their specific questions.
Together with our partners, we are able to run consumer surveys, organise focus groups, and lead through insightful advisory workshops.
Contact us for more information: **> observatory@netcommsuisse.ch**

United Nations Conference on Trade and Development (UNCTAD)

Programme on E-commerce and the Digital Economy (ECDE)

UNCTAD is the part of the United Nations Secretariat that deals with trade, investment, and development issues. Its goals are to maximize trade, investment and development opportunities of developing countries and assist them in their efforts to integrate into the world economy on an equitable basis.

Through its ECDE Programme, UNCTAD is uniquely placed to address the cross-cutting development implications of e-commerce and digitalization. By providing leading-edge research and analysis (*Digital Economy Report*), technical cooperation (*eTrade Readiness Assessments*), and global platforms for multi-stakeholder policy dialogues (*eCommerce Week* and *eTrade for all*) in a holistic and integrated approach, it helps to rationalize efforts to help ensure that the digital economy brings inclusive and sustainable development.

eTrade for all
Connecting the dots

Inveon provides retail and consumer goods companies with a flexible and scalable digital commerce presence enabling sustainable growth, leading them towards the future of commerce since 2006.

Strong & Flexible Solutions

Built to meet all customer needs & exceed expectations

Global Client Base

Inveon solutions are used in 14 countries around the world: UK, Switzerland, USA, UAE, Turkey, Russia, Ukraine, Italy, Spain, France, Romania, Israel, Jordan, Morocco

$1B in Revenue

Annual e-commerce volume generated by companies using Inveon solutions

Extensive Ecosystem

All-encompassing approach through an extensive ecosystem of partnerships

40m Shoppers

Shoppers using Inveon solutions

Technology and Growth Experts

Over 130 technology and growth experts with extensive experience

In order to help companies achieve their digital potential Inveon offers the following products and solutions

inCommerce

- Omnichannel Commerce
- Order Management System (OMS)
- App-Commerce
- Marketplace Integrator

GrowthLab

- SEO
- UI/UX
- Growth Partnerships
- Performance Marketing
- Data Analytics

Coca-Cola | watsons | SAMSUNG | Unilever | gsk | SKECHERS | UNDER ARMOUR

Majestic | CHALHOUB GROUP | Columbia | COLIN'S | YARGICI | Schneider Electric | [yatas] GRUP

15 ANOS
PESQUISAS TIC
15 Years ICT Surveys

About NIC.br

The **Brazilian Network Information Center** (NIC.br) is a non-profit civil entity created in 2005 to implement the decisions and projects of the **Brazilian Internet Steering Committee** (CGI.br).

- Registry and maintenance of domain names under the ccTLD ".br"
- Allocation of Autonomous System Numbers (ASN), IPv4 and IPv6 addresses
- Treatment of and the response to security incidents
- Projects to enhance the Brazilian network infrastructure
- **Research, ICT-data & statistics production**
- Procedures, norms and technical and operational standards for the web

UNESCO
Organização das Nações Unidas para a Educação, a Ciência e a Cultura

cetic.br
Centro Regional de Estudos para o Desenvolvimento da Sociedade da Informação sob os auspícios da UNESCO

nic.br
Núcleo de Informação e Coordenação do Ponto BR

cgi.br
Comitê Gestor da Internet no Brasil

ApertaMente is a Market Research Company founded in 2007, with extensive expertise in the B2C and B2B sectors.

ApertaMente is a member of international research associations such as ESOMAR - Corporate Membership, GreenBook - Market Research Companies and MSPA - Mistery Shopping Professional Association.

OUR SERVICES

Marketing Insight Research (qualitative, quantitative)
National and international projects

ApertaMente Digital

APERTAMENTE s.r.l.

in a nutshell