



Our new technology habits

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As governments formulate their strategies for kick-starting the economic recovery, there are many different forecasts of how long economic normalisation might take. One way to monitor changes in household sentiment and spending habits is our proprietary dbDIG Household Surveys. They point to a fragile state of mind among households and great caution in regard to returning to pre covid-19 behaviour. They also point to important changes in household behaviour, which may prove permanent in some cases, especially if lockdowns persist for lengthy period of time.

According to the British Journal of General Practice, it takes on average 66 days for a new behaviour to become automatic, with simpler behavioural changes become permanent more quickly than complex ones. Some social distancing practices may, in this way, become permanent.

So, as the life cycle of covid-19 plays out, we may witness a profound shift in our society, including in consumer behaviour. For example, this crisis could lead to even more widespread acceptance of digitalisation in our lives, permanently changing the way we work, consume, socialise, entertain, and learn.

At least on a part-time basis, working-from-home (WFH) is likely to become permanent, with video and audio conferencing replacing the majority of face-to-face meetings (see our piece 'The future of work from home'). Our household surveys suggest that while a third of respondents are now WFH in China, South Korea, France, Germany, Italy, Spain, and the UK, more than one-third of respondents would like to be able to do so, at least on an occasional basis, even after an end of the outbreak. Most, however, believe that their employer will not be receptive to this option. If the latter turns out to be false,

we could see a normalisation of WFH that could not only reduce costs but also address inclusive agendas going forward. To do this, technological constraints still need to be addressed: half of households report they cannot currently effectively work from home.

Other consumer behaviours could also become permanent habits now that covid-19 has given them a start. Our surveys indicate significant changes in consumer behaviour, reflecting the avoidance of crowded venues like restaurants, bars, theatres, among others. Households are spending more online than they used to, especially older and lower income households, which previously spent much less online. The shift is most notable in Asia, followed by the US, while it has been rather more limited in Europe where logistics infrastructure may be an issue. Even well-developed economies are facing capacity constraints in meeting the surge in digital spending, particularly with regard to grocery purchases, which were turning increasingly digital even before the outbreak. Indeed, Deutsche Bank's food retail survey reports that about one-third of grocery shoppers in the US made their first online purchases within the past two months, up from around 20 per cent in early 2019. Acceptance of such services is growing: only a quarter of US households are uninterested in online grocery shopping, versus 40 per cent before the covid-19 lockdowns.

The extent to which these behaviour shifts become permanent after the threat of covid-19 recedes may depend on the robustness of providers. Indeed, some platforms have struggled to keep up with demand. The surge in online shopping has resulted in delays in deliveries due to capacity constraints among logistics companies. The latter in turn has led to companies like Amazon hiring more workers – about 30 per cent more in the US – and reopening

warehouses to non-essential items as it plans for sustainably higher demand. China has also seen a surge in online grocery purchases, as has South Korea, stretching its capacity.

Not only has online shopping allowed people to access necessities at a time of social distancing, it has other benefits that many people are only just experiencing for the first time. Online shopping saves consumers' time, freeing them up for other activities, but it could also contribute significantly to cutting their carbon footprint. For example, according to an EPA study, if consumers are flexible about delivery times, they can reduce their carbon footprint by half by making their grocery purchases online, allowing economies of scale in transportation by more energy-efficient delivery vehicles.

During the covid-19 outbreak, entertainment has also become more digital, with a surge in online content demand. Online entertainment companies, including TV/movie streaming and gaming, have reported a surge in users amid strict social distancing. Netflix's global streaming memberships have risen nearly 10 per cent to 182.9m since the beginning of the year, with most of that growth coming in March with lockdown orders in many countries. Chinese technology firm Tencent has also benefited from a rise in mobile gaming subscriptions. Moreover, robust growth in subscriptions, traffic, and user engagement have offset weakness in advertising revenues in Alibaba's digital media and entertainment segment. Live-streaming video service platforms have also reported an increase in new users and viewers, as personal trainers and educators have turned to online platforms during lockdowns. Where infrastructure allows, many governments have also taken national education online. Although they are unlikely to replace traditional schools, online platforms are likely to become more accepted as a core element in the delivery of education.

As the covid-19 shifts consumers online, and that behaviour becomes permanent, the impact will be felt beyond commerce. National education is likely to move more online and thus further build the case for addressing internet access as a basic human right at an institutional level. Access to real-time, mobile data has proved highly valuable in strategies

for tracking close contacts of infected persons and thereby helping to contain the spread of the virus. In China, although the covid-19 outbreak has posed challenges to the daily operations of telecommunications, it has also accelerated the demand for digitisation. Clearly, further digitalisation of services will require substantial investments in infrastructure. That comes as the EU has had to limit the streaming of high-definition video over mobile data networks to ensure they remain accessible by all subscribers.

New technologies giving access to massive data sets are likely to play a part in the reopening of economies or the management of social distancing policies in a persistent pandemic scenario. China, Singapore, South Korea and Taiwan, have used geolocation, travel and financial data, among others, to track close contacts of infected people in an effort to contain the spread of the virus. China went further by using users' past and current medical conditions to develop a Health QR Code which, depending on the score, either allows access to activities such as shops and public transportation stations, or orders people to self-quarantine. Governments can provide real time alerts to the public regarding the risks of infection, allowing them to choose how much distance to keep from others and thereby cutting short the transmission of the disease.

Of course, privacy concerns may constrain the acceptance of these new technological applications. About half of households we surveyed are unprepared to accept constant monitoring of their health by the authorities for the indefinite future. Reflecting these concerns, Apple and Google have partnered on covid-19 contact tracing technology, with user security central to their design.

Privacy concerns need to be better addressed, but in this time of covid-19, we are making great advances in digitalisation, especially as some social distancing practices are becoming permanent. Such a significant shift in behaviour is being accommodated by the adoption of new technologies, which may also help address other pressing goals such as the mitigation of climate change. We may not return to pre-covid norms of behaviour, but our path may be a more sustainable and thoughtful one after having faced such an existential threat.

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