PwC Global › Global industries and sectors › Consumer markets › Global Consumer Insights Survey June 2023

The Leadership Agenda
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June 2023 Global Consumer Insights Pulse Survey

Decision points: Sharpening the pre-purchase consumer experience

In today's challenging marketplace, it is vital for companies to connect with consumers higher up the purchasing process and address the point of decision.

June 26, 2023 Share

In a world where it's hard to get more out of existing consumer spending, converting or finding new customers takes on new urgency. Our June 2023 Global Consumer Insights Pulse Survey of 8,975 consumers in 25 countries and territories reinforces a clear imperative for companies seeking a competitive advantage: empower your consumers by providing them with the necessary tools, information, technology and support for their decision-making.

The theme of the previous **Global Consumer Insights Pulse Survey, published in February 2023**, was removing frictions at the point of sale or in the purchase experience. This June edition speaks directly to removing frictions *before* the purchase experience, and offers a road map on how to reach consumers at crucial points of decision. What follows will amplify the voice of the consumer in areas that have long been important, but that are evolving against a backdrop of heightened pressure and innovation: how to leverage technology such as generative AI and chatbots; where to invest in customer relationship management (CRM), mobile apps and social media; where to build out direct-to-consumer (D2C) and subscription capabilities; how to meet customers where they are on issues of environmental, social and governance (ESG) and sustainability; and where to capture growth in consumer spending in the coming months.

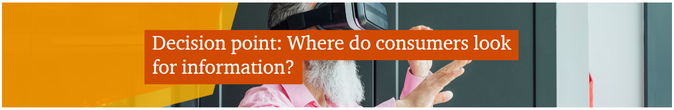
By bringing greater focus and resources to the point of decision, businesses can get closer to their customers, fostering both paid and earned loyalty. And by doing so, they can contribute to a more efficient, responsible and profitable marketplace.

1/2
Half of those polled intend to boost their online spending over the next six months

55%
More than half of consumers rank search as their top source for pre-purchase information

63%
A majority of consumers (63%) have purchased products directly from a brand's website

8/10
Eight out of ten consumers said that they would pay up to 5% more for sustainably produced good



Decision point: Where do consumers look for information?

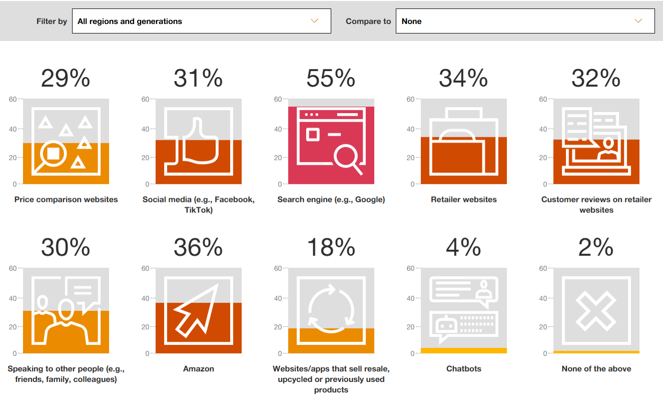
Today's consumers are tech-savvy. By the time they unload their shopping cart—either at the end of an in-store queue or on an e-commerce website—they have already made a lot of crucial decisions. The decision-making starts when they reach the point of deciding they need to make a purchase. This is followed by a series of pre-purchase behaviours, usually technology-enabled, that ultimately result in experiences they regard as frictionless and effective.

In our most recent survey, consumers told us that they begin by scouring the internet to amass information about a particular product or service, compare prices, read reviews and consider retailers. This marked the first time we asked consumers to identify their research preferences. More than half (54%) ranked search engines as the top source of pre-purchase information. E-commerce aggregator Amazon came in second, at 35%, followed closely (33%) by individual retailers' websites, which are also used by 31% of respondents to pore over customer reviews. Sites that specialise in price comparisons are visited by 29% of pre-purchasers—a majority of whom are gen Z (see chart below).

And although online marketplaces for buying and selling used or upcycled clothing, crafts, electronics and other goods have flourished globally, only 18% of the consumers surveyed said they utilised such websites and apps for pre-purchase research.

Although search engines and retailer websites are the top sources of pre-purchase information, social media is also important for gen Z

Question: In general, where do you typically research the items/products that you intend to buy?


Filter by All regions and generations

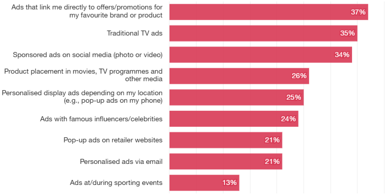
Compare to None

Next, we asked what devices consumers decide to use when they access these sources. Unsurprisingly, more than half of surveyed consumers answered that they almost always or frequently rely on mobile devices—especially smartphones—and apps for pre-purchase research (56%) and reviews (54%). And they increasingly rely on mobile devices when they themselves are mobile. Four in ten consumers use their phones while walking up and down store aisles to access online product information and comparisons. More than a third (36%) use them while standing in front of a product to compare the price on a competing retailer's outlet or website.

Marketers and retailers continue to expand their use of social media—and social media use has important implications for the decision-making process. Targeted advertising and promotions have captured the attention of 31% of respondents, a number that jumps to 43% among gen Z. When asked what types of ads influence pre-purchase decisions, 37% of respondents say they prefer those that directly link them to offers and promotions for their favourite brand or product. About a third (34%) are attracted by sponsored ads on social media. And in a signal that the demise of traditional TV may be greatly exaggerated, 35% of respondents say their decisions are still influenced by that medium. Not surprisingly, nearly half (49%) of that (TV-watching) cohort are baby boomers. Furthermore, this indicates potential ad growth on streaming platforms targeted to these audiences as they further embrace digital media (see chart below).

Offers and promotions top consumers' ad preferences, and TV remains strong

Question: Which types of advertisements do you find most influential in making a purchase decision?



Base: All respondents (8,975)
Source: PwC's June 2023 Global Consumer Insights Pulse Survey

Another platform for visibility, the **metaverse**, promises to deliver the ultimate in frictionless shopping technology, though that immersive virtual world in which your avatar does the work is still unfolding in complexity and usage. Once again, consumers were asked about their metaverse activities over the past six months. Although usage is hovering at around 10%, awareness and interaction have grown. An additional 32% of respondents are at least familiar with the metaverse, though they've never used it.

Consumers show a willingness to adopt generative AI

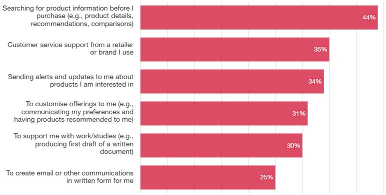
In the rapidly evolving world of e-commerce, retailers are continually seeking innovative ways to enhance the pre-purchase decision-making process for customers. Generative artificial intelligence (AI) is a transformative tool that holds immense potential for businesses. By leveraging generative AI, e-commerce retailers can revolutionise the way consumers explore, evaluate and ultimately decide on their purchases.

Notably, only 4% of respondents say they interact with chatbots. Considering today's exponential growth in generative AI platforms, widely anticipated as game-changing tools for both marketers and consumers, that single-digit number is certain to grow.

Shoppers seem eager to have chatbots act as their digital assistants—but they are less enthusiastic about receiving communications from them (see chart below). When asked about how the rise of AI functionality might affect their near-future shopping behaviours, a substantial 44% of consumers say they would be interested in using chatbots to search for product information before they make purchase decisions. Only about a third, though, would look to chatbots for retailers' customer service support (35%), sending alerts about delivery times and product availability (34%), personalised communications (31%), and assistance in writing assignments for work or school (30%). Because AI exemplifies cutting-edge technology, it's no surprise that the percentages among a group of early adopters we call tech embracers are considerably higher for each of the scenarios (see 'Tech-enabled decision-making' below).

Shoppers are willing to engage chatbots as digital assistants

Question: Recently there have been major increases in the capabilities of what chatbots can do. Which, if any, of the following functions of a chatbot would you be interested in using?



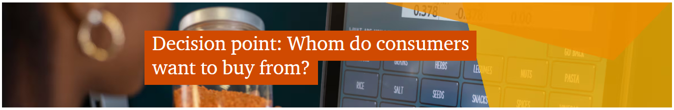
Base: All respondents (8,975).
Source: PwC's June 2023 Global Consumer Insights Pulse Survey

Take action on search and tech

- Optimise search engine optimisation (SEO) beyond a keywords strategy. High-quality, relevant, and unique content helps you get noticed by search aggregators and deliver targeted messaging directly to consumers.
- Increase the investment of data into AI applications to optimise assortment, pricing and supply chain, among other functions. Establish clear leadership through a distinct stakeholder, such as the chief data officer (CDO), to allow for consistency and scalability from the outset.
- Adopt a "launch and learn" approach to generative AI, including virtual try-on and visualisation, intelligent product recommendations, the use of chatbots and virtual assistants, user-generated content analysis, and optimisation of pricing strategies.

Tech-enabled decision-making

Want to better understand tech adoption? Consider our consumer segmentation models.



Decision point: Whom do consumers want to buy from?

One salient finding from our survey is that consumers are increasingly making the decision to eschew traditional middlemen and marketplaces in favour of buying directly from brands. A majority of consumers (63%) say they have purchased products directly from a brand's website, and we expect that number to grow. An additional 29% say that although they haven't done so yet, they are considering the D2C option.

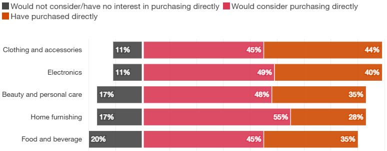
Firms would do well to capitalise on D2C trends; with the right marketing tools and technologies, they can connect more often with the end consumer, bypassing their retailer partners. Indeed, those who are able to maintain sophisticated e-commerce channels and optimise digital marketing technology have increased control over the customer experience, access to valuable customer data and insights, and improved profit margins and revenue opportunities.

To date, aggregators and e-commerce giants have had the advantages of scale, price and often ease of use. But it is clear that D2C brands and companies have their own advantages. Fully half of consumers say the main reason they're drawn to D2C websites is the authenticity of products, particularly when they are shopping for clothing, electronics, and beauty and personal care items. Nearly as many (47%) cite the greater choice of products, and 43% say that competitive pricing and better availability of stock are key purchase drivers.

The two most popular D2C categories were clothing and accessories (44%) and electronics (40%; see chart below). What's more, among those respondents who have taken the D2C plunge—70% of whom are millennials working full time—85% say they are significantly more likely to increase their spending across as many as 11 product categories over the next six months. In a finding that should be heartening to electronics brands, 82% of consumers buying directly from a brand's website say they like to buy cutting-edge technology as soon as it's available.

Popular categories in D2C purchases

Question: Which, if any, of the following product categories have you purchased or would consider purchasing directly from the brand's website?



Base: 8,244
Source: PwC's June 2023 Global Consumer Insights Pulse Survey

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Subscriptions: A shift from growth engine to contested decision point

The decision to subscribe is, in effect, a decision to purchase a given product or service over a fixed period. And subscriptions have been popular. The subscription economy—for items as varied as underwear and audio books—grew more than 300% from 2012 to 2019, with three-quarters of D2C companies saying they would offer subscriptions by the following year.[1] Then the pandemic hit, and subscriptions rose to even loftier heights. But now the bloom appears to be coming off the rose, as consumers take a second look at their discretionary spending and competition expands to more categories—with knock-on effects on brand loyalty.

What emerges clearly from our survey is that consumers are rethinking how and when they engage with brands. Roughly 12% of subscribers to the top four categories—clothing/fashion, grocery delivery, health products/supplements, and cosmetics—have cancelled subscriptions in the past. To glean more context on this topic, consumers were asked why they are currently signed up or plan to subscribe to a given product or service. Convenience (51%) was the primary reason, followed by cost-effectiveness (47%), lifestyle (42%), personalisation (41%) and trying new products (41%; see chart below). Conversely, when asked why they cancelled subscriptions, they gave as their top three reasons that they no longer needed the product or service (39%), the goods had become too expensive (39%), or they were unhappy with unexpected or increasing fees (31%).

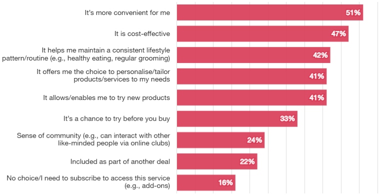
Tech embracers, though, are hanging in there; an average of 33% currently subscribe in those four categories. And among all respondents who plan to sign up for any subscriptions in the next six months—specifically clothing/fashion, grocery delivery, and health products/supplements—30% are millennials.

1 of 2

The subscription boom appears to be waning

Reasons to subscribe

Question: Why do you use or plan to use product/service subscriptions?



Base: Those who currently subscribe or plan to subscribe in next six months (6,379)
Source: PwC's June 2023 Global Consumer Insights Pulse Survey

Take action on D2C and subscription

- Prioritise a customer experience that is frictionless and omnichannel—ensuring consistency across your CRM tools, and in messaging and product information across your D2C website, mobile app, social media platforms, and physical stores.
- Consider your subscription offering in light of consumers' spending habits in the post-pandemic era—e.g., they are focusing on buying fewer discretionary items and looking for lower prices.

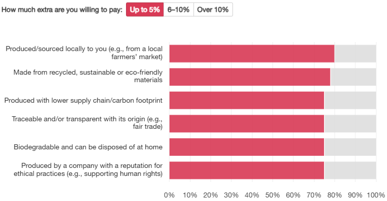
Decision point: What are consumers willing to pay for sustainability?

Consumers have made up their mind about sustainability, and they are willing to pay a premium for it. In our February 2023 survey, more than 70% of respondents said that they were willing to pay more for sustainably produced goods 'to some or to a great extent.' This is a positive trend. Consumers get the benefit of aligning their social concerns with purchasing practices; companies, for their part, may get some much-needed pricing power.

Our June survey delved deeper, asking consumers just how much above an average price they'd pay for a variety of different goods, such as locally produced food at a farmers' market, products manufactured with a lower carbon footprint and custom-made, or bespoke, items. Overall, eight out of ten consumers say that they would pay more: more than four in ten say they'd pay up to 10% above average, one in ten say they would go up to 30%, and nearly 7% say they would pay even higher prices. Millennials and gen Z, who typically espouse social consciousness and environmental justice, were the most open to spending more for the sake of sustainability (see chart below).

Consumers will pay a sustainability premium of 5% or more

Question: How much above an average price would you be willing to pay for a product that is…



Base: All respondents (8,975)
Source: PwC's June 2023 Global Consumer Insights Pulse Survey

Reducing returns

Another important decision point comes *after* the purchase. Returns have always been a fact of shopping life. With the evolution of e-commerce, however, returns have become a trickier issue for e-tailers than for brick-and-mortar retailers, mostly due to fluctuating shipping costs and logistics. The unexpected surge in online shopping during the pandemic only exacerbated the situation.

We posed a new question regarding e-tailers’ return policies, specifically about what factors would reduce the number of returns consumers make. Providing more accurate sizing information ranks on top for 45% of respondents, a percentage point above greater accuracy in product descriptions. Forty percent of those polled say reading other customers’ reviews would reduce the number of returns they make. Interestingly, 10% of online shoppers say they don’t typically return items.

Take action on sustainability

- Conduct product life cycle cost analysis to optimise a pricing strategy for sustainable goods.
- Effectively communicate the sustainability benefits of products through credible reporting that emphasises the long-term benefits and value proposition of sustainable choices.

Decision point: What are consumers’ future intentions?

Although the e-commerce landscape is in flux, amid increased competition and a decline in certain discretionary purchases, fully half of those polled intend to boost their online spending over the next six months, a significant jump from 43% in our previous survey.

That increase dovetails with consumers’ decision to do more business with retailers