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COVID-19 Digital sentiment insights

Survey results for German market



May 14th, 2020

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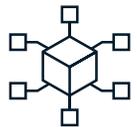
In order to analyze Digital sentiment in Germany and the potential impact of COVID-19 we launched the first set of surveys

Survey information:



- +1200 German users between **18-85 years old**
 - **May 4th to May 10th**
 - Digital consumption **pre, during and expected post COVID-19**
 - **Main industries surveyed: Banking, Insurance, Grocery, Apparel, Entertainment, Social Media, Travel, Telco and Public sector**
 - **Conclusions to be revised with further results**
-

Target groups



1 | “Digital savvy” users (~1/3)

6+ services used on average twice a week



2 | “Digital friendly” users (~1/3)

3-5 services used on average once a week



3 | “Non-digital” users (~1/3)

2 or less services used on average once a month

Executive summary: Digital sentiment in Germany

What is the current impact of COVID-19 on Digital sentiment?



Digital adoption has increased by 28pp during COVID-19 (89% users now use at least 1 service)

Customers are now accessing 120% more industries digitally (from 2.1 to 4.6)

- **High growth:** Banking, Entertainment and Social media (2.6x) / Banking has highest penetration (75%)
- **Low growth:** Utilities and Travel (1.8x growth)

Still **37% of users who needed digital channels didn't use them** (main reason: preference for call center)

Web channel is preferred by respondents (~59%), while App is far behind (~38%)

63% of respondents using digital offering for the first time **have purchased products/services**

What is the perspective on digital services?



Digital services **satisfaction is high across industries** (peak at Entertainment and banking)

Satisfaction among first time users is high (88% satisfied or above) and **close to that of regular users**

Customers are unsatisfied for: usability of web/app and lack of products/services

~90% of users are performing only 1-2 actions in digital channels (most frequent searching for information and purchasing goods/services) across industries

How will usage continue post COVID-19?



72% of regular users will continue using the digital channels with the same frequency on the next normal

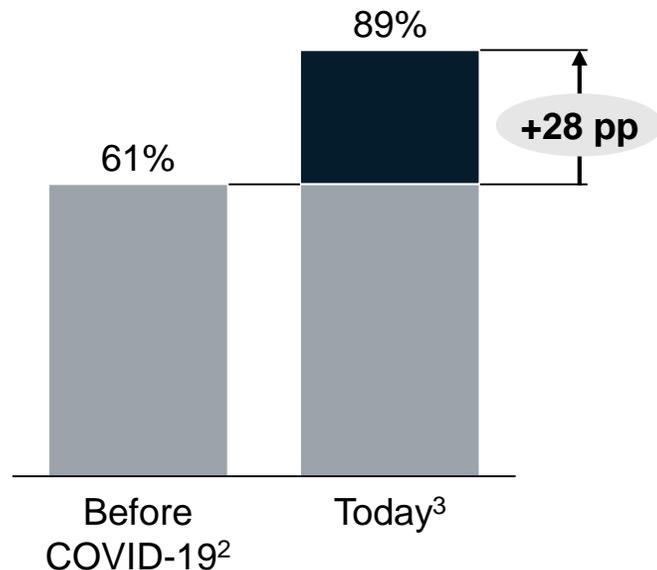
77% of new users will continue using the digital channels on the next normal scenario

Technology is playing a key role in customers lives and use has grown significantly in this crisis

Digital adoption¹ has increased by 28 pp while users have started using digital channels of 119% more industries

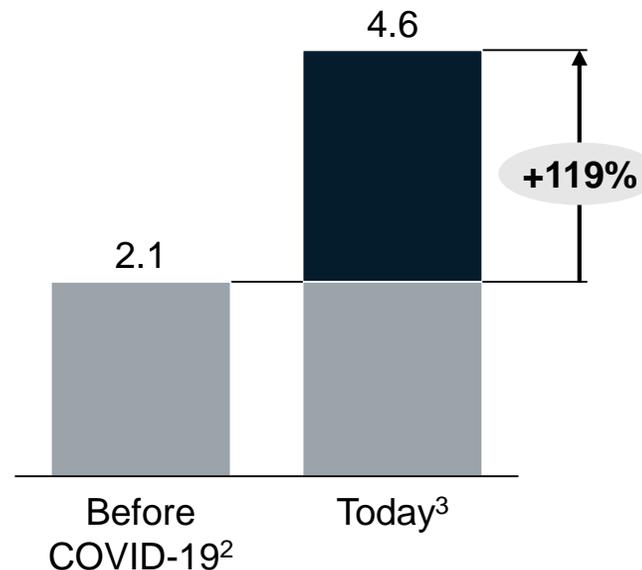
Digital adoption¹

% of users that accessed at least one service



Digital channels usage

of industries accessed digitally of the 10 surveyed²



Digital adoption has increased from 61% to 89% during the COVID-19 crisis

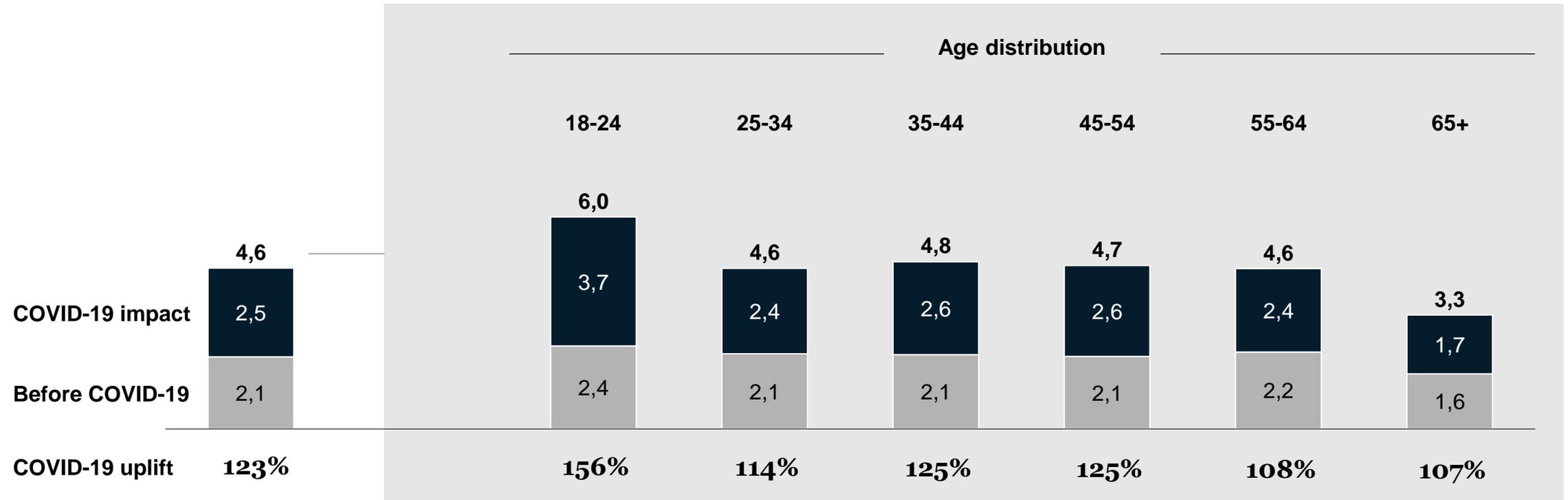
Customers are using digital channels in more industries during COVID-19, with ~120% growth, from 2.1 to 4.6 industries accessed per user

1. Users with at least one digital service in the last 6 months
 2. Industries: Banking, Insurance, Grocery, Apparel, Entertainment, Social Media, Travel, Telco carriers, Utilities, Public Sector
 3. Before COVID-19 has been determined as the difference between the usage of digital during last 6 months and the usage of digital specifically during COVID-19
 4. Today includes the industries visited digitally during the last 6 months
- Q1: Which of the following industries have you used/visited digitally (mobile app or website) in the last 6 months?
Q2: Which of this services have you started to use digitally during COVID-19?

By age groups, growth of digital channels usage is specially high for people under 25 (2.5x increase) and decreases with age

Digital channels usage

of industries accessed digitally of the 10 surveyed



Digital channels usage varies between age groups in the range of 3.3 to 6.0 industries per user, peaking at the 18-24 years group

COVID-19 uplift on digital channels usage is highest among the 18-24 group (156%) and lowest on 65+ years users (107%)

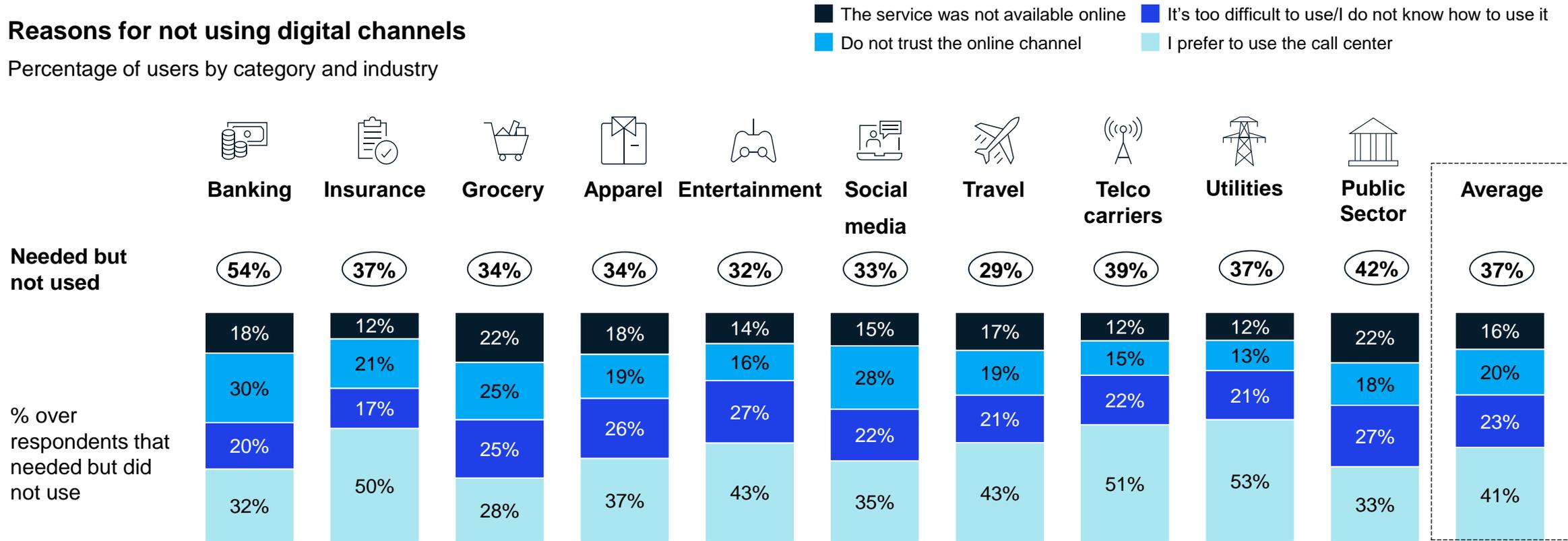


When surveying the reasons for not using digital channels when needed, 43% of the users say they have usability or trust issues

Users not using digital channels

Reasons for not using digital channels

Percentage of users by category and industry



Overall, 43% of customers who need digital solutions still have trust or usability issues



Lack of available online service was the reason for 22% of the customers for not using digital channel in Grocery

Q: Why are you not using the following industries digitally even after the COVID-19 restriction?

US: Multiple answer: no need to use the service, I prefer to call the call center, I don't know how to use it/too difficult, I do not trust the online channel, service was not available online



Users 18-24 and 35-44 are the segment with less usage of digital channels when needing the service (~53%)

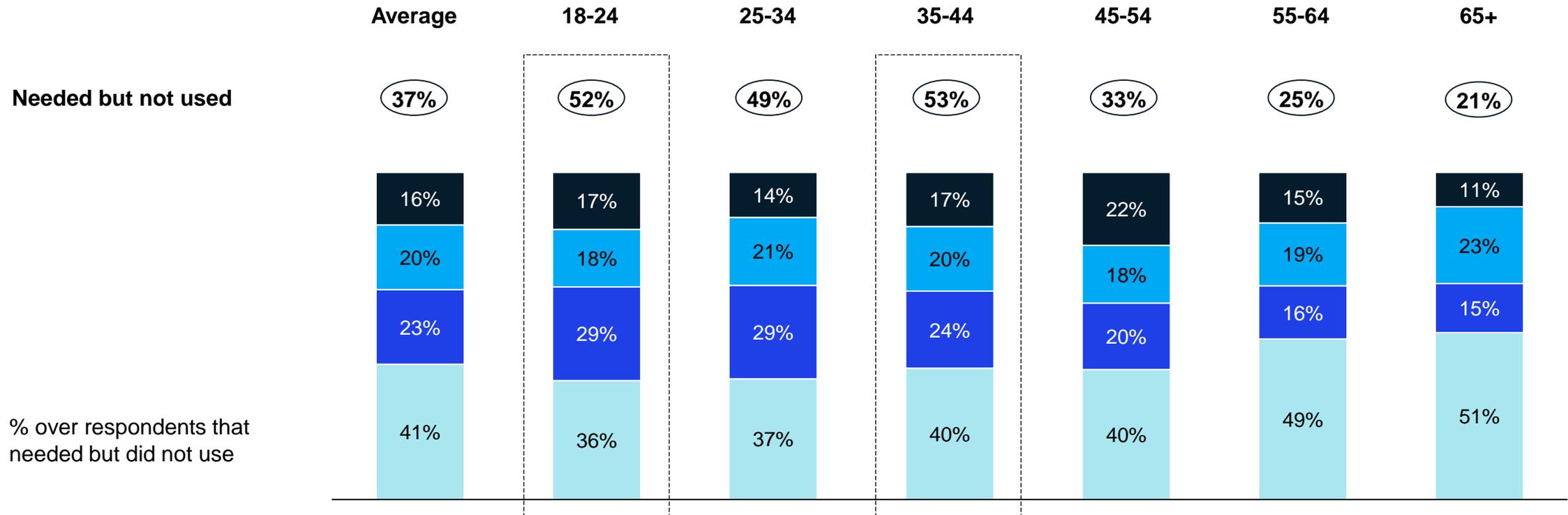
Users not using digital channels

Reasons for not using digital solutions

Percentage of users by category and industry

- I prefer to use the call center
- Do not trust the online channel
- It's too difficult to use
- The service was not available online

Age distribution



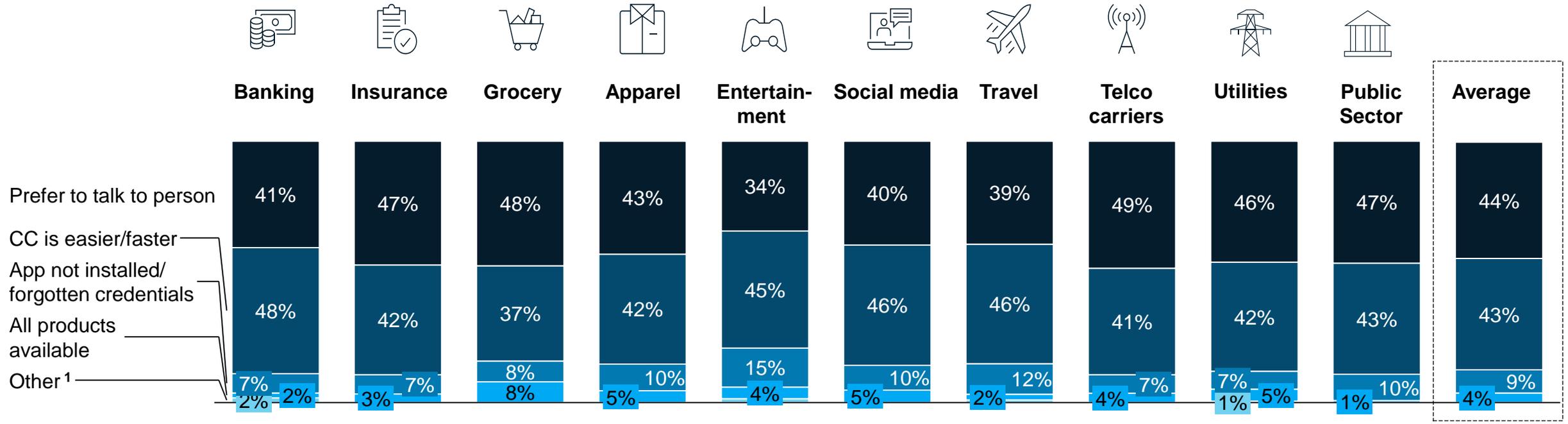
Q: Why are you not using the following industries digitally even after the COVID-19 restriction?

US: Multiple answer: no need to use the service, I prefer to call the call center, I don't know how to use it/too difficult, I do not trust the online channel, service was not available online

Preference for human interaction and easiness/speed vs digital are equally important reasons for those who choose call centers

Main reasons to prefer Call Centers over digital channels

Percentage of users that prefer Call Center by category for each industry



Additionally, people value that the call center is easier and faster

Having all the product catalog available was the reason ~20% of Apparel and Entertainment customers prefer CC

Q: Why do you prefer call centers?

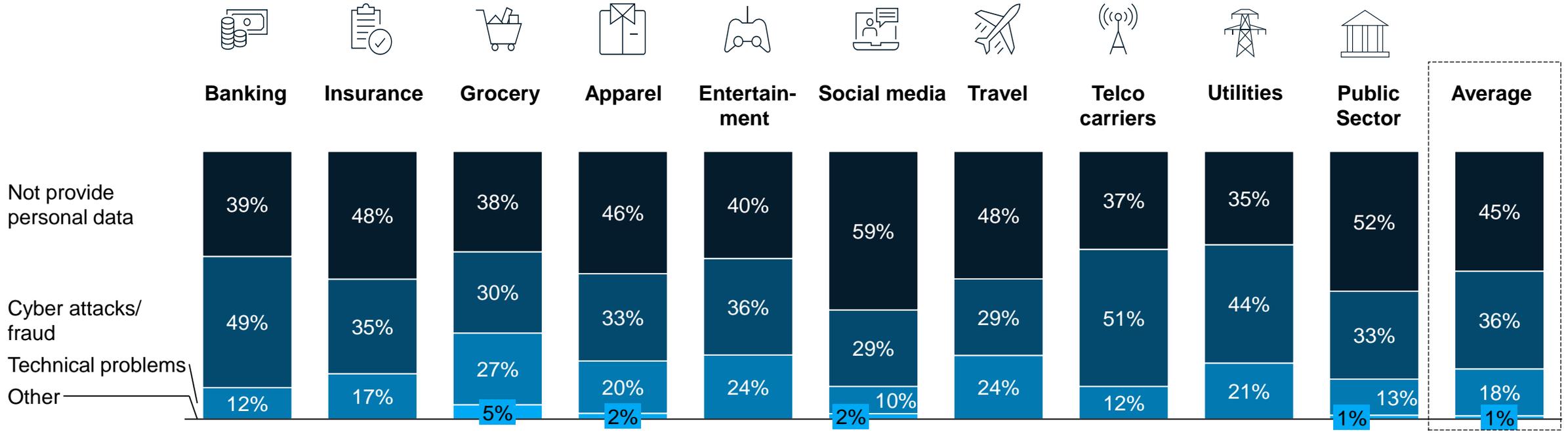
US: I prefer to talk/trust more a person, Call center is easier/faster, I do not have App installed/I have forgotten my access credentials, All products/offers are available, Other

1. Others include for example: I don't have a smartphone

~80% of users who do not trust digital channels are mainly concerned about privacy and cybersecurity

Main reasons not to trust digital channels

Percentage of users that don't trust digital channels by category for each industry



Overall, not providing personal info was the reason 45% of customers did not trust digital channels

Fear to cyber attacks and fraud is the main reason of distrust in Banking

Q: Why do you not trust the online channel?

US: I prefer not to provide personal information through online channels, I am afraid of cyber attacks/frauds, Online channels are frequently under technical problems, Other

1. Others include for example: No need, no time to learn, discretion

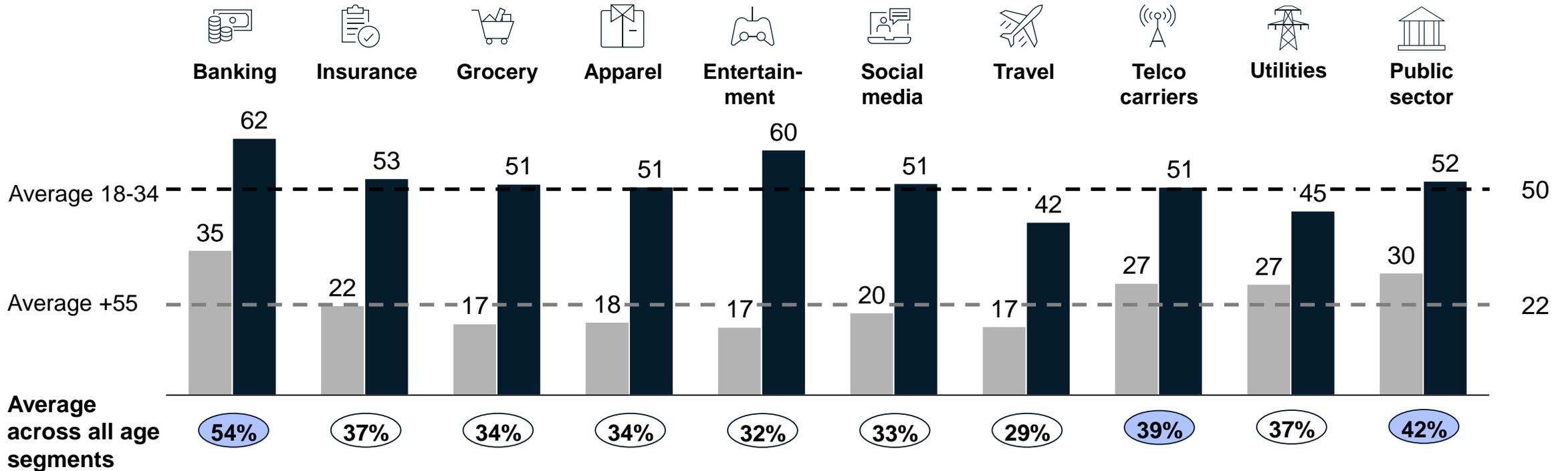


Comparing different age brackets, potential to increase digital channels usage seems to be much larger in the younger segments

Users that needed service but did not use digital channels because of preference or service

Age +55
 Age 18-34
 Largest overall values

Percentage of users by age segment and industry

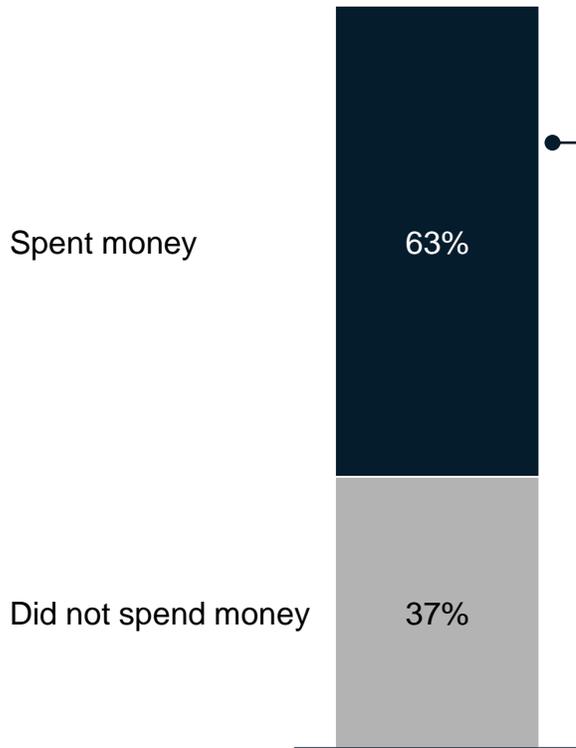


Q: Why are you not using the following industries digitally even after the COVID-19 restriction?

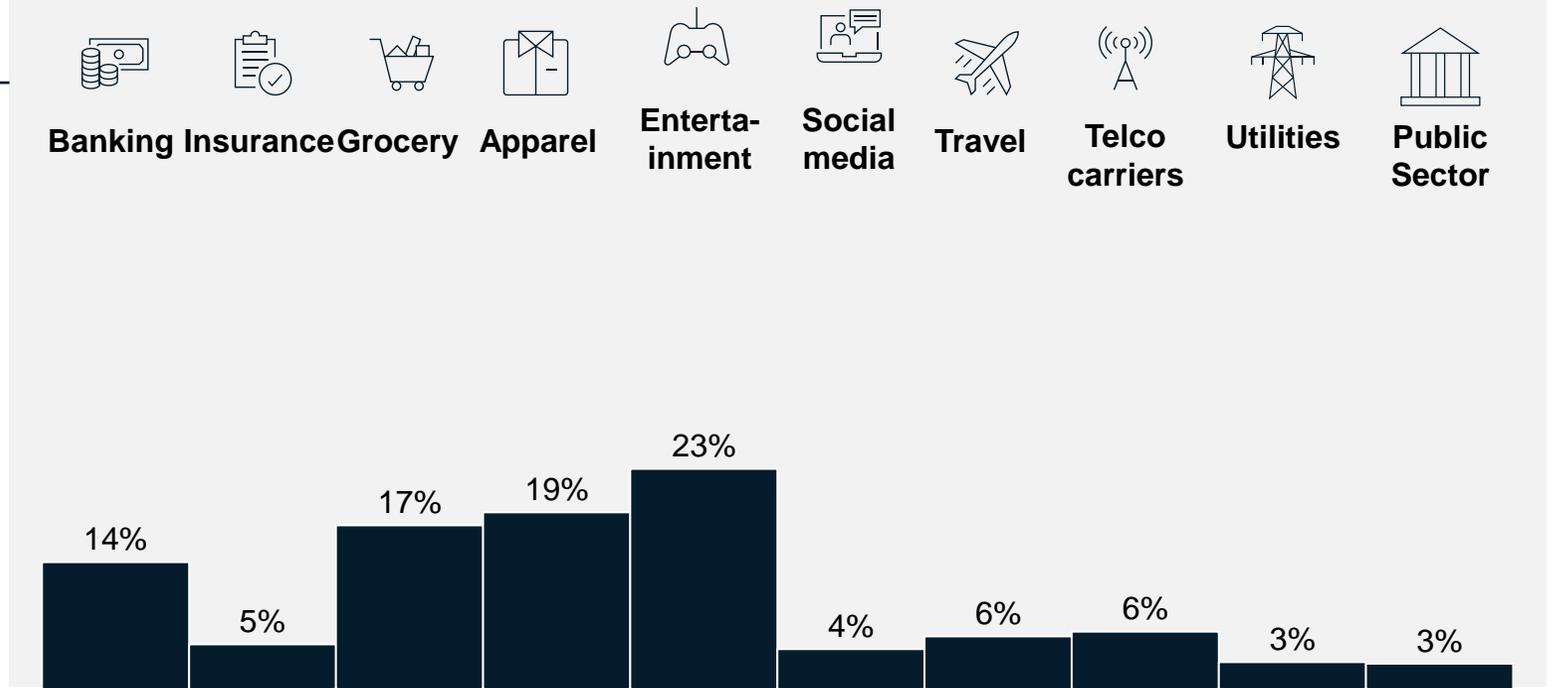
US: Multiple answer: no need to use the service, I prefer to call the call center, I don't know how to use it/too difficult, I do not trust the online channel, service was not available online

63% of customers using digital channels for the first time have purchased products, mostly from Grocery and Entertainment

Purchasing in digital channels
Percentage of customers using digital for the first time during COVID-19



Industry with the highest spending per user on digital products/services during COVID-19
Percentage of customers over total of first time customers



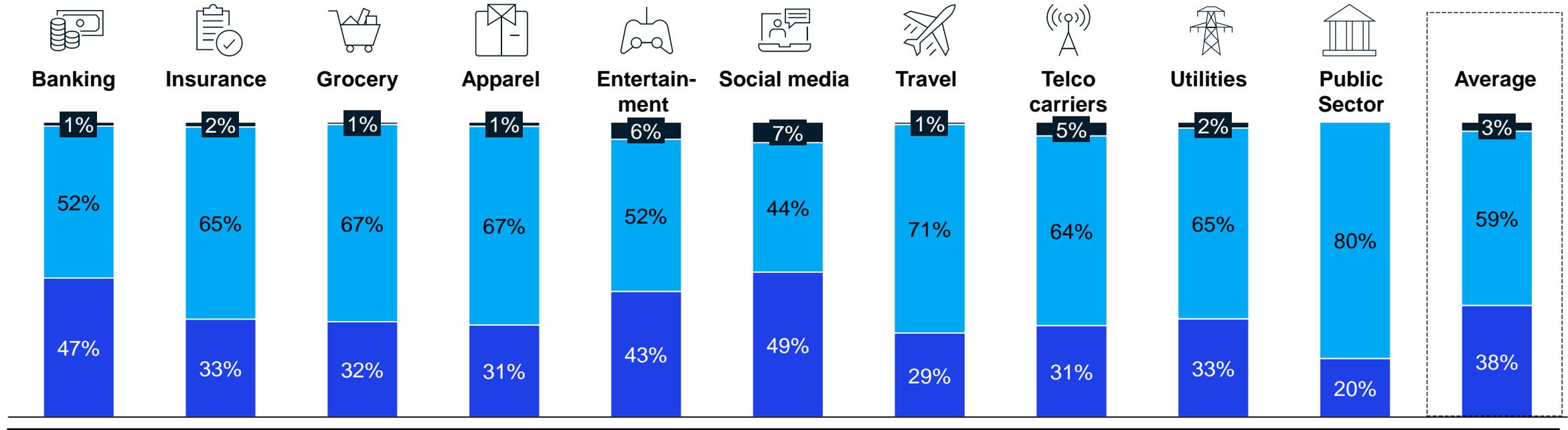
Q: In which industries have you spent money in a digital solution?
US: Multiple answer with industries

Web is the preferred digital channel in all industries except Social media, Mobile app also very relevant in Banking

Digital channel preference

Percentage of users by category and industry

■ App ■ Other (e.g., Whatsapp)
■ Web



Banking, Entertainment and Social Media are the industries with the highest preference for app channel (>43%)

In Public Sector clients clearly prefer web (80%)

Q: What online channel have you used more to access the digital service?
US: Mobile app, Mobile Web, Desktop web, Other (e.g. WhatsApp)



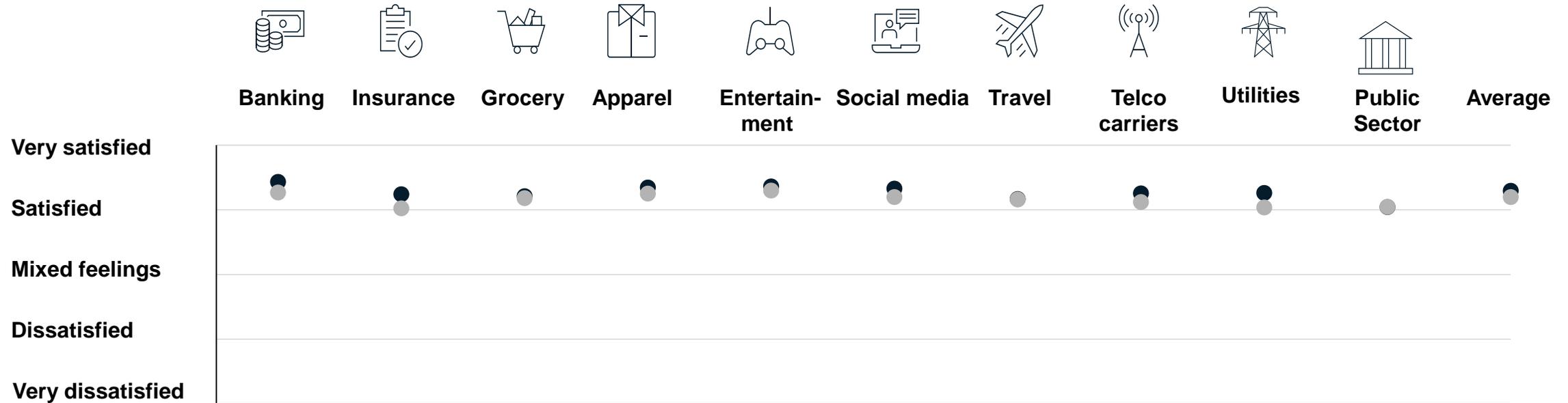
Overall customers are satisfied with digital solutions, without significant difference between regular and first time users

All users (first time and regular)

Customer satisfaction with digital solutions

Average degree of satisfaction by industry for both first time and regular users

● First time users
● Regular users



Overall, customers are satisfied with digital channels (Entertainment scoring the highest)



Insurance and Utilities are the industries with the lowest customer satisfaction, but showing improvement within first time users

Q1: How satisfied are you overall with the new digital services that you are using during COVID-19 crisis?

US: Very satisfied, satisfied, mixed feelings, dissatisfied, very dissatisfied

Q2: How satisfied are you overall with the digital services that you already used and are using during COVID-19 crisis?

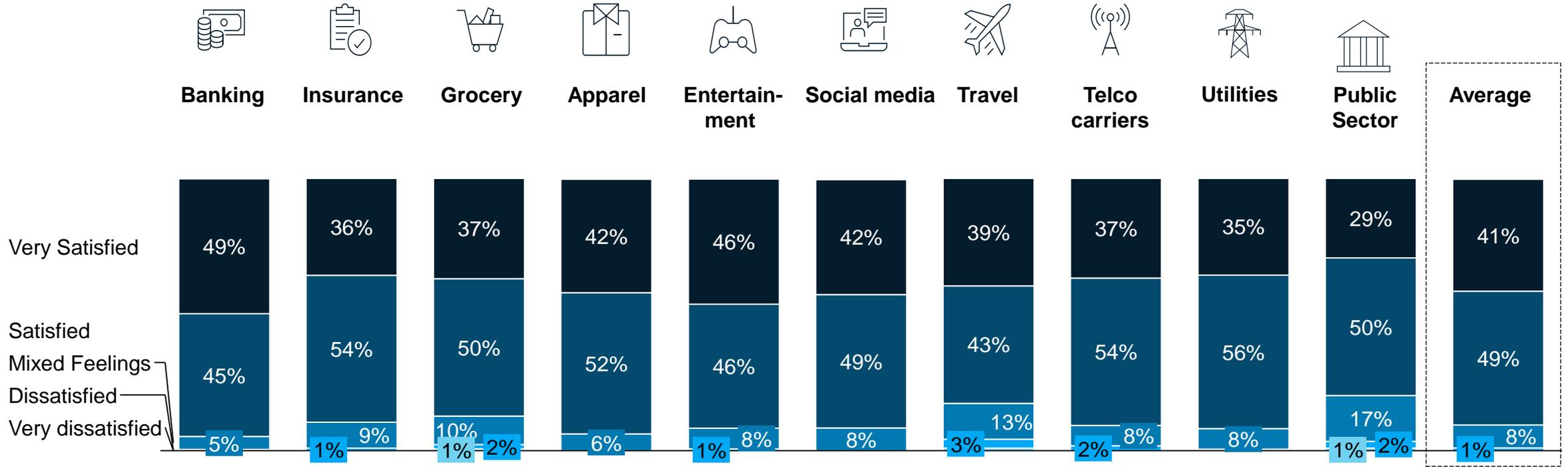
US: Very satisfied, satisfied, mixed feelings, dissatisfied, very dissatisfied

Satisfaction for first time users is high across all industries; with Travel, Public Sector and Grocery slightly behind

First time users

Customer satisfaction with the digital solution used for the first time during COVID-19

Percentage of users by degree of satisfaction for each industry



New digital customers are specially **satisfied** in **Banking** with ~95% of them satisfied or more

Grocery ranks slightly below **average** in satisfaction, despite the large increase in new digital users

Q: How satisfied are you overall with the new digital services that you are using during COVID-19 crisis?

US: Very satisfied, satisfied, mixed feelings, dissatisfied, very dissatisfied



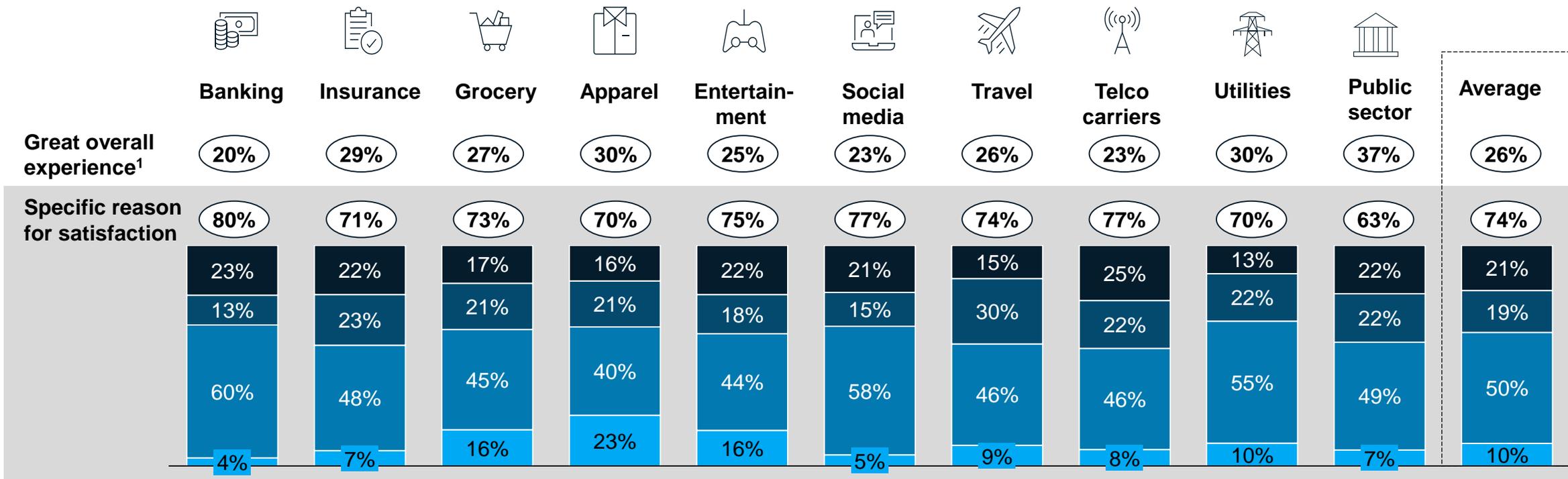
For satisfied users, Website/Mobile app ease of use stands out as the main factor of satisfaction; speed and design very relevant

Satisfied users (first time and regular)

Main reasons for satisfaction using digital solutions

Percentage of users by reason of satisfaction for each industry

- App/web is very fast
- Easy to use
- Great looking design
- There is a great offering (e.g., discounts)



Secondary reasons for satisfaction are **mobile app/website speed, great looking design** and in the case of Apparel, **discounts**



Banking customers are the **most sensitive to quickness** and the **least caring about appearance**

Q: What are the main reasons of your satisfaction?

US: App/website very fast, great looking design, easy to use, overall experience

1. Respondents who stated positive overall experience as main cause for satisfaction, not providing a specific reason

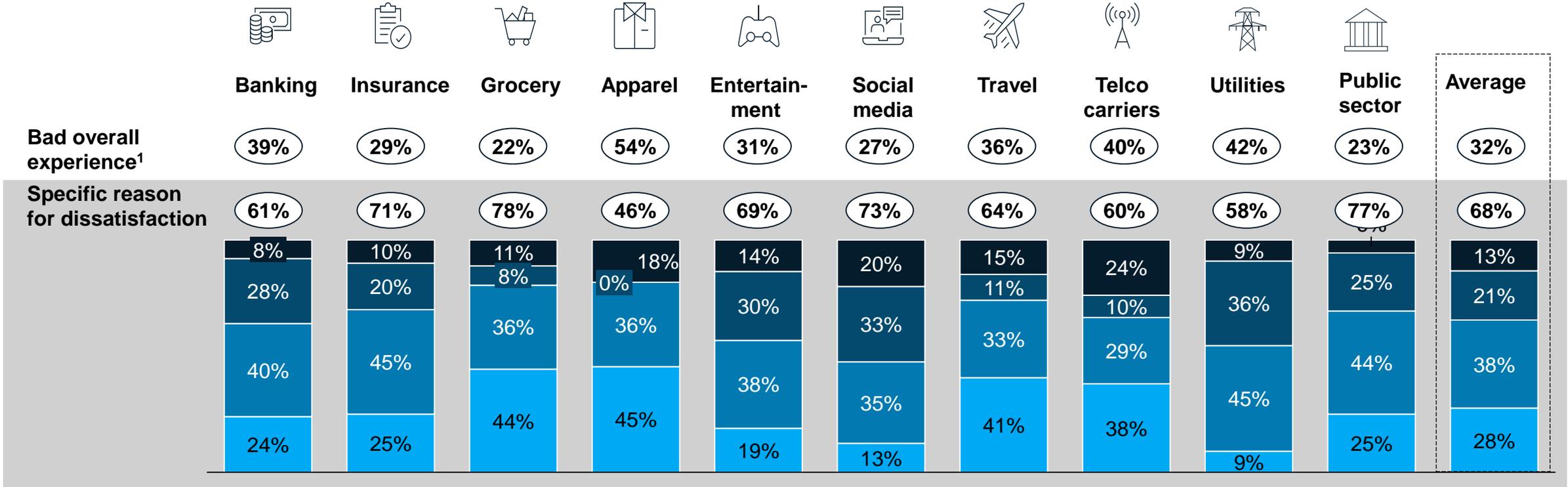
For unsatisfied users, easiness and product availability (specially in Grocery and Apparel) are the main areas for improvement

Unsatisfied users (first time and regular)

Main reasons for dissatisfaction with digital products/services for first time users

Percentage of users by reason of dissatisfaction for each industry

■ App/Web very slow ■ Difficult to use
■ Poor design ■ No products /offers available



Main reason for dissatisfaction varies across industries, from difficulty to use in Banking to speed in Utilities

No product available was the main reason for dissatisfaction for 28% of customers, specially relevant in Grocery and Apparel

Q: What are the main reasons of your dissatisfaction?

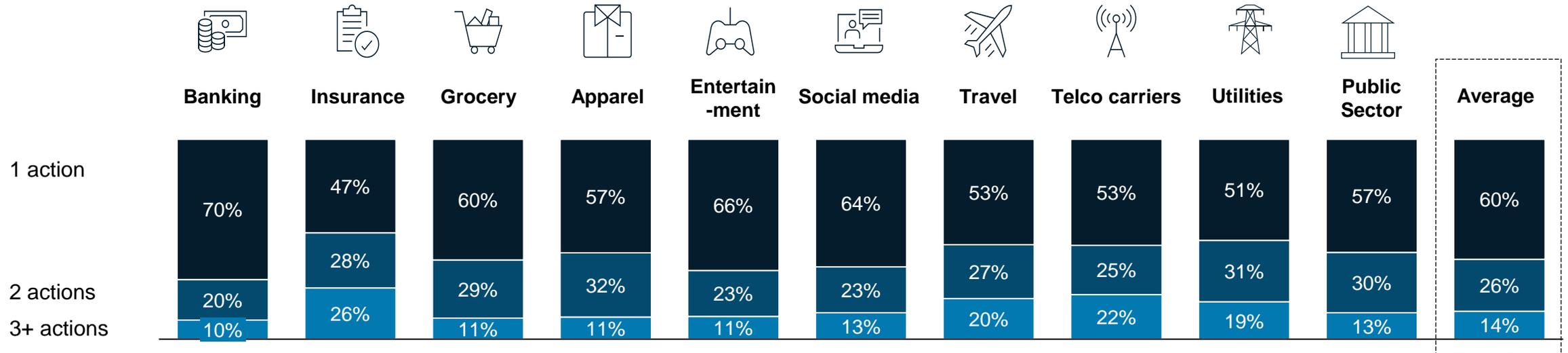
US: Multiple answer: app/website very slow, bad looking design, hard to use, bad overall experience, no products available..

1. Respondents who stated negative overall experience as main cause for dissatisfaction, not providing a specific reason

75% of users or more performed only 1-2 actions in digital channels across most industries during COVID-19

Digital actions performed per industry as of today

Percentage of users performing different number of digital actions



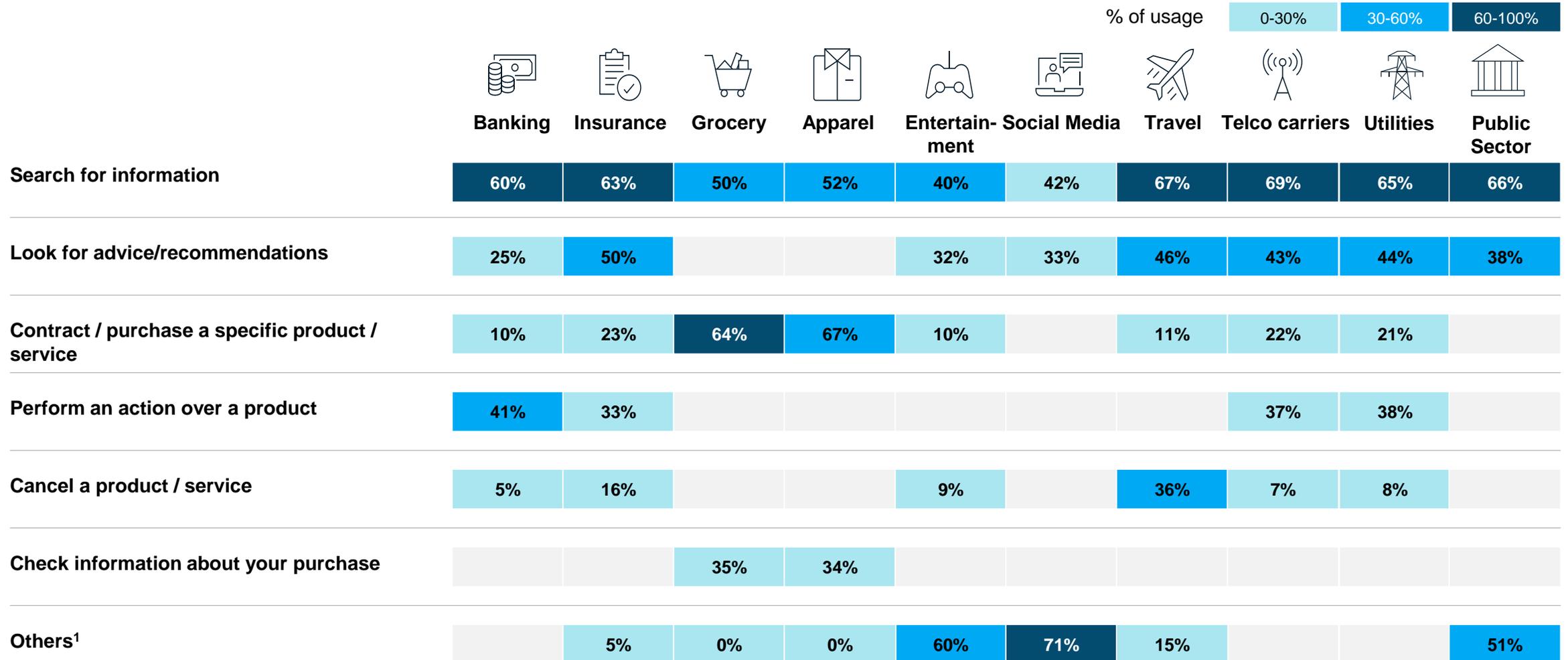
Most frequent action	Search for information	Search for information	Purchase goods	Purchase goods	Enjoy the product	Communicate with friends	Search for information	Search for information	Search for information	Search for information
#2 frequent action	Perform an action over a product	Look for advice	Search for information	Search for information	Search for information	Search for information	Look for advice	Look for advice	Look for advice	Carry out administrative transactions
#3 frequent action	Look for advice	Perform an action over a product	Check info about purchase	Check info about purchase	Look for advice	Look for advice	Cancel a trip	Perform an action over a product	Perform an action over a product	Look for advice

Q: Which of this actions have you performed?

US: Multiple answer: search for information, purchase goods, enjoy the product digitally, communicate with friends, other



Actions performed vary across industries, with searching for information and looking for advice being broadly used



Q: What are your top performed actions?

US: Multiple answer: e.g. search for information, look for advice, enjoy the product...

1. Others include Communicate with friends and family, Enjoy the product and Work remotely

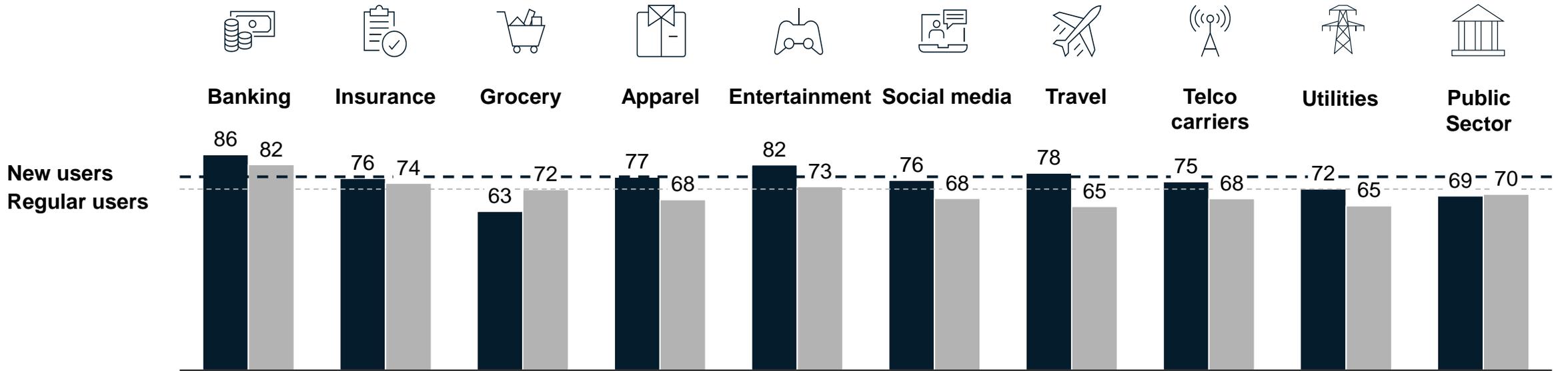


~77% of first time and 72% of regular users are planning to continue using digital channels after COVID-19

Digital channel attachment per industry after COVID-19

Percentage of users planning to continue using digital solutions with the same frequency or higher

■ First time users
■ Regular users



COVID-19 boost of digital usage also amongst regular customers, ~72% of them most likely to remain after the crisis



Grocery has below average engagement after COVID-19, despite the unprecedented growth in digital adoption (from 22% to 47%)

Q: Which of these services do you plan to continue using after the COVID-19 crisis?

US: Please select all that apply (Banking, insurance, grocery retail, apparel retail, media and entertainment, social media communication, travel, telecommunication carriers, utilities, public sector, none)

Glossary

	Description
Digital adoption/penetration	Percentage of users who have used/visited digital channels (i.e., web, app) in the last 6 months (from the date of the survey); log-on is not required to be included in the digital adoption percentage
Digital channels usage	Numbers of industries accessed digitally in the last 6 months among those considered for the survey (e.g., banking, insurance, travel, grocery)
Regular users	Users who have used/visited digital channels (i.e., web, app) in the last 6 months with digital usage/visits before the start of the COVID; log-on not required to be considered a user
First time users	Users who have used/visited digital channels (i.e., web, app) only during the COVID period in the last 6 months (i.e., no digital usage/visits before the start of the COVID); log-on not required to be considered a user
Spend increase for first time users	Percentage increase on the money users spent during COVID-19 due to available digital services on top of what users spent before COVID-19 (on average)
Great overall experience for satisfied users	Percentage of satisfied users who stated positive overall experience as main cause for satisfaction using digital channels, but not providing a specific reason
Bad overall experience for dissatisfied users	Percentage of dissatisfied users who stated negative overall experience as main cause for dissatisfaction using digital channels, but not providing a specific reason
Digital channels attachment	Percentage of first time users planning to continue using digital solutions or percentage of regular users planning to continue using digital solutions with the same frequency after COVID-19 crisis

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