

Digital resilience: Consumer survey finds ample scope for growth

Opportunities are there for the taking in mobile, new digital services, and improved digital experiences.

by Neira Hajro, Kate Smaje, Benjamim Vieira, and Rodney Zemmel



Digital is here to stay, with 125 million new consumers in the United States and Europe adopting digital channels since the onset of the COVID-19 pandemic. But there are still plenty of opportunities out there, according to McKinsey's third annual global consumer sentiment survey.¹

That should be welcome news for CEOs and other business leaders who are looking to bolster their companies' resilience in this period of economic and geopolitical uncertainty.

The survey uncovers three “opportunity sets”:

- new opportunities with consumers in large demographic segments, such as those in rural areas, younger populations, and emerging markets, who are digitally underserved
- engagement opportunities through specific services consumers are looking for, particularly in banking and telco, with mobile channels emerging as perhaps the most important digital route to engage with consumers
- opportunities to protect, where companies need to shore up their flanks, such as addressing both consumer dissatisfaction with digital experiences and their concerns with how their data are used and protected

The following charts examine the survey findings and reveal insights on digital users and where further opportunities exist.

¹The 2022 Global Digital Sentiment Survey, conducted in April–May 2022, captured responses from more than 54,000 consumers in 38 countries across five regions: Europe (Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Switzerland, and the United Kingdom); North America (Canada and the United States); Latin America (Argentina, Brazil, Chile, Colombia, Mexico, and Peru); Asia–Pacific (Australia, China, India, Indonesia, Japan, and Singapore); and Africa and the Middle East (Egypt, Nigeria, Saudi Arabia, South Africa, and the United Arab Emirates).

The big surge in digital adoption is the real deal

Any concerns that digital habits would evaporate with the end of pandemic safety measures can be put to rest. With the pandemic waning, adoption (that is, individuals accessing businesses digitally or digitally with assistance) is still strong even as consumers venture out of their homes to shop and conduct business. Consumers are accessing twice the number of industries online, on average, as they did before the pandemic, even after an expected leveling off of digital adoption numbers.

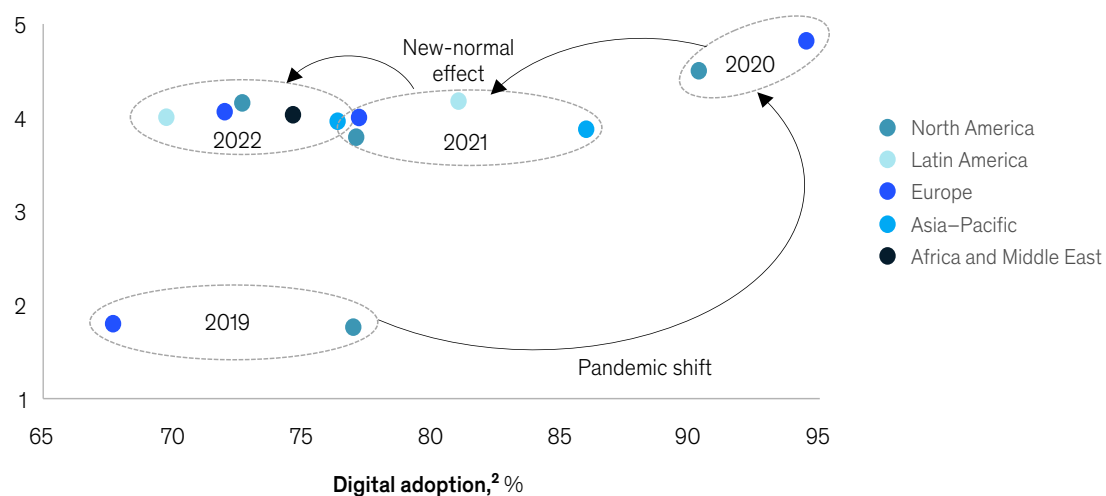
But there is more. Our survey shows there are 25 million consumers in the United States and Europe who “tasted” digital during COVID but have since settled back into old habits. They represent billions of dollars of untapped value if businesses can lure them back. And that doesn’t even account for the massive opportunity of the metaverse, which has the potential to generate up to \$5 trillion in value by 2030; some 79 percent of consumers active in the metaverse have made a purchase.² With large swaths of people still digitally underserved (see more on this in the next section), we believe that digital adoption has not yet hit 50 percent of its full potential.

The leader in digital adoption rates so far? Asia, with Europe and North America not far behind.

‘New normal’ across regions shows big global jump in digital adoption.

Digital adoption three years into the pandemic

Number of industries accessed digitally/remotely, per user¹



¹Average number of industries accessed in the past 6 months in a fully digital or digitally assisted way per user surveyed.

²Users who have interacted digitally with an industry in the past 6 months (average).

Note: Asia-Pacific and Latin America not available before 2021; Africa and Middle East not available before 2022; regional averages calculated with data from the countries surveyed each year.

Source: McKinsey Global Digital Sentiment Insights Survey

² “Value creation in the metaverse,” McKinsey, June 14, 2022.

But not all consumers are onboard with digital yet

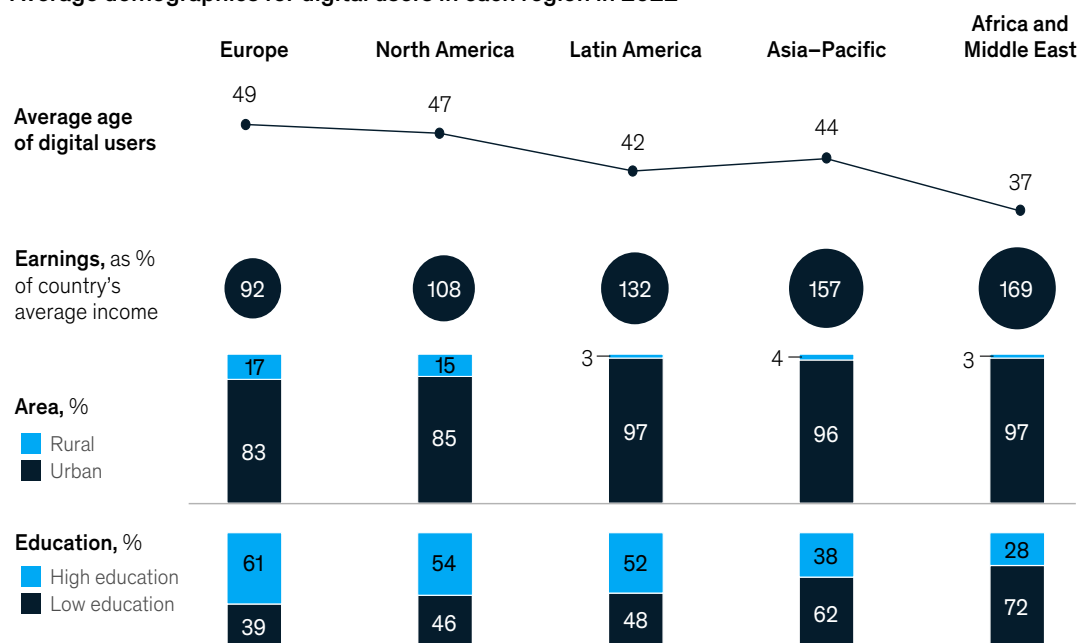
The surge in digital adoption hides a compelling fact: there are still millions of customers who are not yet digital adopters. In Europe and North America, for example, the average age of digital adopters during this period is 45 and 46, respectively, well above the highly sought after 18–34 demographic. Businesses in these regions should renew their focus on younger consumers who are traditionally more likely than other age groups to use technology.

Poring through the demographic data, a number of other underrepresented groups stand out. In Europe and North America, for example, more than 50 percent of digital users have higher levels of education (at or above a college or university-level education), while in emerging markets, that number is as low as 28 percent.

Similarly, in emerging markets around the world, going digital is primarily an urban affair, with an astounding nearly 100 percent of adopters living in and around cities and towns.³ That leaves a significant group of people who are underserved digitally. Given the high penetration of mobile phones in many of these markets (see more on this in the next section), there is an opportunity to bring these consumers important digital services.

For many population groups, digital adoption is not yet mainstream.

Average demographics for digital users in each region in 2022



Source: McKinsey Global Digital Sentiment Insights Survey

³ Urban areas are defined as places with more than 5,000 people.

Mobile is the most effective on-ramp to digital growth

The Who's 1971 classic "Going Mobile" or Beyoncé's 2008 "Video Phone" could be the anthem for digital growth. Industries where mobile apps are the main channel of contact tend to have a larger share of digital adopters. That "mobile premium" is particularly pronounced in emerging markets, where mobile phone penetration, including smartphones, is strong and is the most-used channel for interacting with businesses (40 percent compared to 30 percent in Europe and North America).

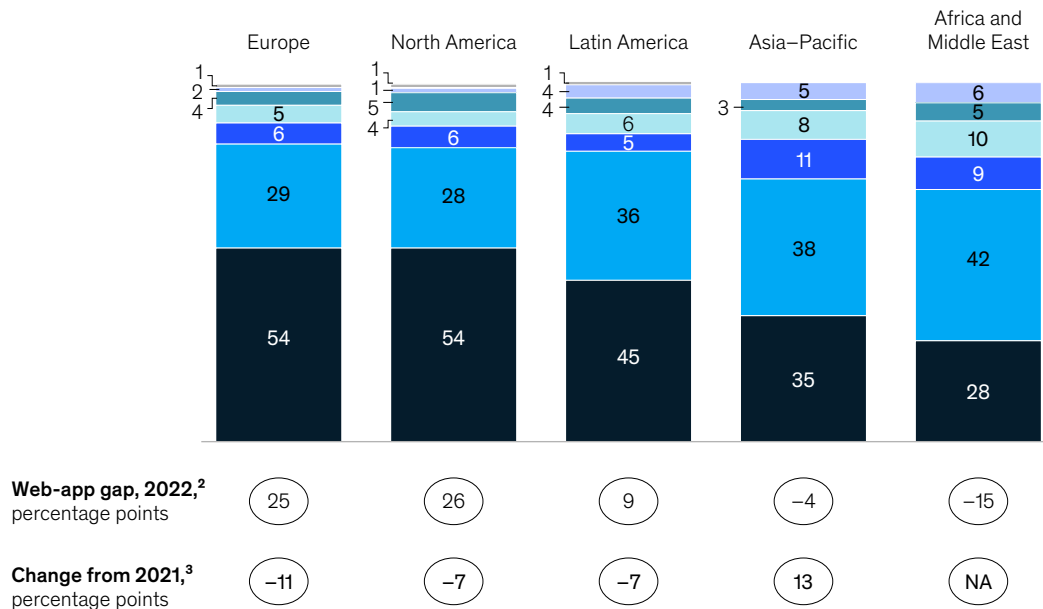
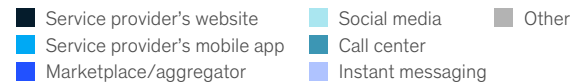
The value potential of mobile is poised to become even more pronounced. For one thing, mobile use is still growing (460 percent from 2011–21), while use of other media has decreased over that same period.⁴ In the United States, retail and grocery sales in mobile are expected to grow by 20 percent year over year, about three times more than sales through other devices. In banking, our analysis shows that about a third of customers will use mobile payments by 2024, up from around 25 percent today.

One area to watch is social commerce, which is primarily conducted over mobile. By 2025, nearly \$80 billion in purchases of goods and services, or 5 percent of total US e-commerce, is expected to be made through social-commerce channels, up from \$36 billion in 2020.⁵ On a global basis, the social-commerce market is expected to grow to more than \$2 trillion by 2025.⁶ In China, which is at the forefront of social commerce, brands have seen conversion rates on social platforms approaching 30 percent.⁷

Europe and the Americas are 'web first,' while Asia-Pacific and Africa and the Middle East use more mobile apps. The global trend is toward mobile.

How consumers access digital services

Most common way to access digital services¹
% of users by most-used channel



Note: Figures may not sum to 100%, because of rounding.

¹Q: What is the most common way you access the digital services of these industries? (difference between users answering "website" and "mobile app")

²Totals vary slightly because of rounding.

³Difference between web-app gap in 2022 and in 2021 (negative = gap reduced); results for the Americas and Asia-Pacific based on a wider set of countries in 2022 than in 2021.

Source: McKinsey Global Digital Sentiment Insights Survey

⁴ Aran Ali, "The rise and rise of media on your mobile phone—in one chart," World Economic Forum, May 3, 2021.

⁵ "Social commerce gross merchandise value (GMV) in the United States from 2022 to 2028," Statista, September 16, 2022.

⁶ "Value of social commerce sales worldwide from 2022 to 2026," Statista, September 16, 2022.

⁷ Andrew Lipsman, "US social commerce is following in China's footsteps," Insider Intelligence, February 5, 2021.

Five sectors are surging ahead of their peers, and one is falling way behind

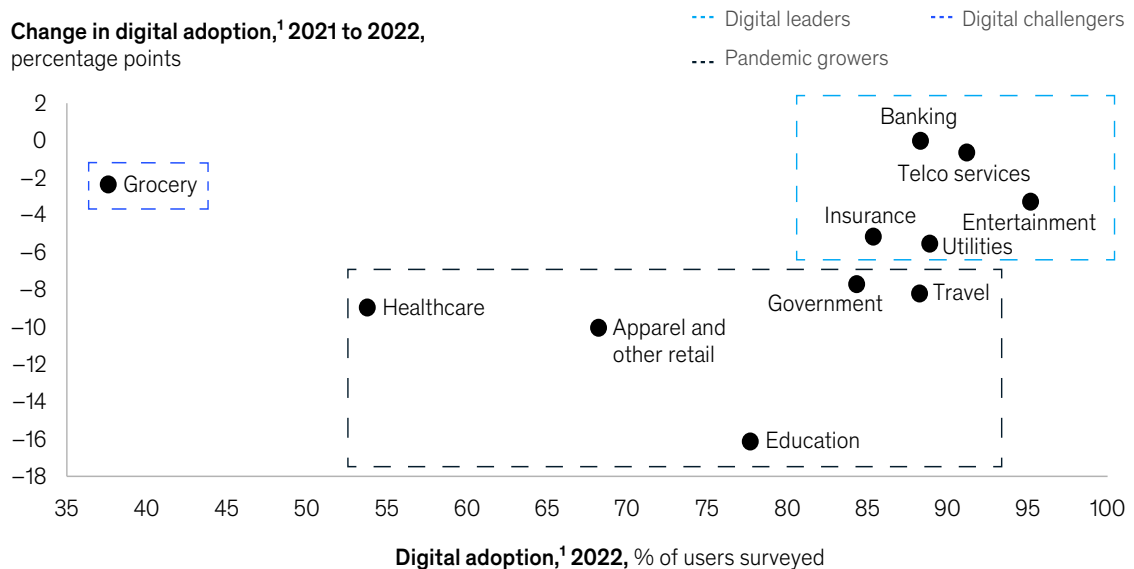
The big digital-adoption leaders, at least so far, are banking, telco, insurance, entertainment, and utilities. Digital adopters make up 90 percent of consumers in these sectors. The opportunity for these businesses lies in the fact that they have shown plenty of digital staying power, losing only three percentage points of adopters as pandemic-driven growth has begun to settle. These industries can “translate” that stickiness into revenue by digitizing more-complex transactions that users still mainly do in person or via paper, such as mortgage applications and insurance claims.

The followers fall into the following sectors: government, retail, healthcare, and travel. They had strong pandemic-driven digital growth but are struggling to keep digital customers. Digital adoption for government services, for example, has declined by some seven percentage points. These institutions have yet to connect online services across multiple channels, which frustrates users. The laggards, including apparel, telemedicine, and education, are those in which consumers prefer face-to-face interactions, and these sectors are struggling to maintain digital-adoption levels. Grocery is furthest behind (see more on possible reasons later in the article).

Digital adoption diverges across industries, with digital leaders consolidating gains and pandemic growers losing more than ten percentage points.

Evolution of digital adoption in the past year

Change in digital adoption,¹ 2021 to 2022, percentage points



¹Users who have interacted digitally with an industry in the past 6 months.
Source: McKinsey Global Digital Sentiment Insights Survey

Demand for new features and solutions in digital banking

Consumers worldwide are primed for new digital-banking solutions. In developed economies, fintechs are driving digital competition and consumers' digital expectations. About 60 percent of consumers in Europe and North America say they would increase their use of digital banking if these institutions offered new features. A similar percentage would consider digital solutions for all of their banking needs.

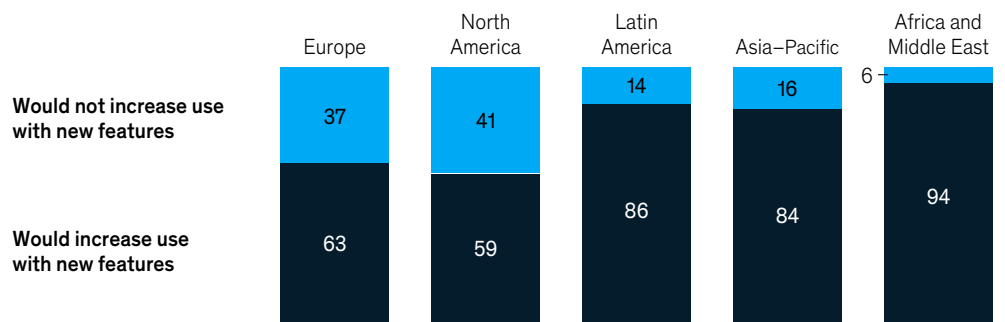
Emerging markets have the strongest appetite in this area. More than 80 percent of Asia–Pacific, Latin American, Middle Eastern, and African consumers say they would increase digital use if more banking services were on offer. A similarly high percentage would consider doing all their banking digitally. The most in-demand service across the globe? Instant transfers outstrip other needs, including cards; buy now, pay later; and cryptocurrency. Latin American consumers have the strongest desire for all digital-banking services, including virtual cards, buy now pay later, and cryptocurrency.

In emerging markets, instant-transfer capability is the main driver of increased use of digital banking.

Banking

Drivers of increased use of digital banking

% of users who have indicated they would increase their use of digital banking if new features were available



% of users who would increase their use of digital banking if the following features were available



Source: McKinsey Global Digital Sentiment Insights Survey

Telco consumers want more services and entertainment

Telcos have significantly larger opportunities in emerging markets than in developed countries. Consumers in these countries are nearly twice as likely as their peers in North America and Europe to say they would increase their spending if there were better services. Better connectivity is the main driver for increased spend for some 50 percent of emerging-market consumers. This compares to slightly more than 20 percent of consumers in North America and Europe, where infrastructure is more developed.

New technologies, including low-to-mid-frequency 5G and the next generation of Wi-Fi (Wi-Fi 6), are improving connectivity in emerging markets. In addition, the number of under-connected consumers, who only have access to 3G or less, is expected to drop by 50 percent by 2030, from 40 percent of the world's population to only 20 percent. Globally, twice as many consumers say they are willing to purchase entertainment from telco providers as those who would buy home security or utilities.

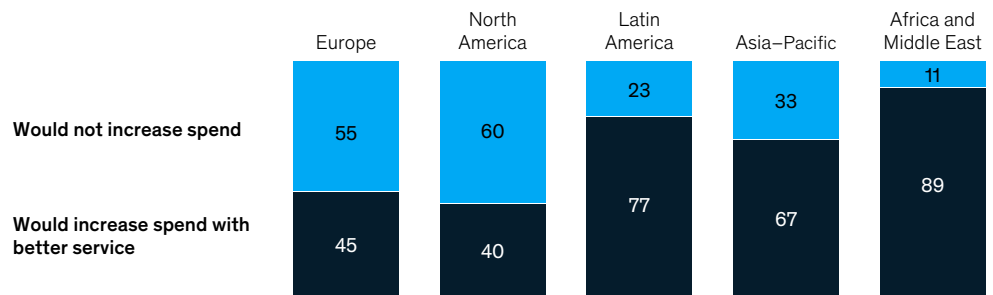
Content aggregation (media from multiple sources accessed via a single platform) and unlimited streaming are strong drivers of increased media purchases in Europe and North America. Some 60 percent of consumers would increase their spending on digital media if these were available. Content aggregation is in especially high demand in Latin America: almost 90 percent of consumers say its availability would boost their purchases of digital media.

Telco users would pay more for better connection and more entertainment, especially in emerging markets.

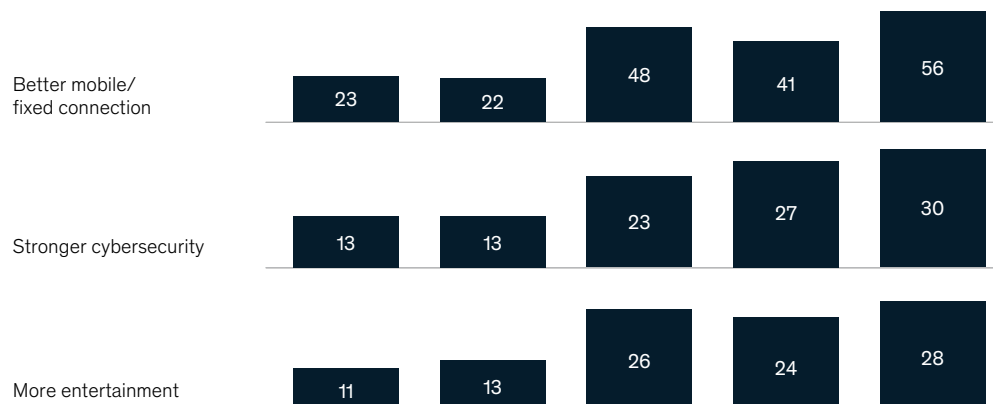
Telco services

Willingness to pay for better telco services

% of users who would consider increasing their spend in digital telco services if improved



% of users who would pay more for their telco services if the following were improved



Source: McKinsey Global Digital Sentiment Insights Survey

Cutting grocery delivery costs may fuel growth

In just five months, the grocery industry saw as much digital growth as it had during the previous five years. That growth rate has substantially slowed as people have resumed in-person shopping.

Reducing delivery costs may offer the largest payoff in redressing that rollback. Some 50 percent of consumers worldwide would increase their online grocery shopping if delivery costs weren't as high as they are. In fact, low delivery costs are far more important to consumers than faster delivery, greater availability of stock, and the ability to track orders in real time.

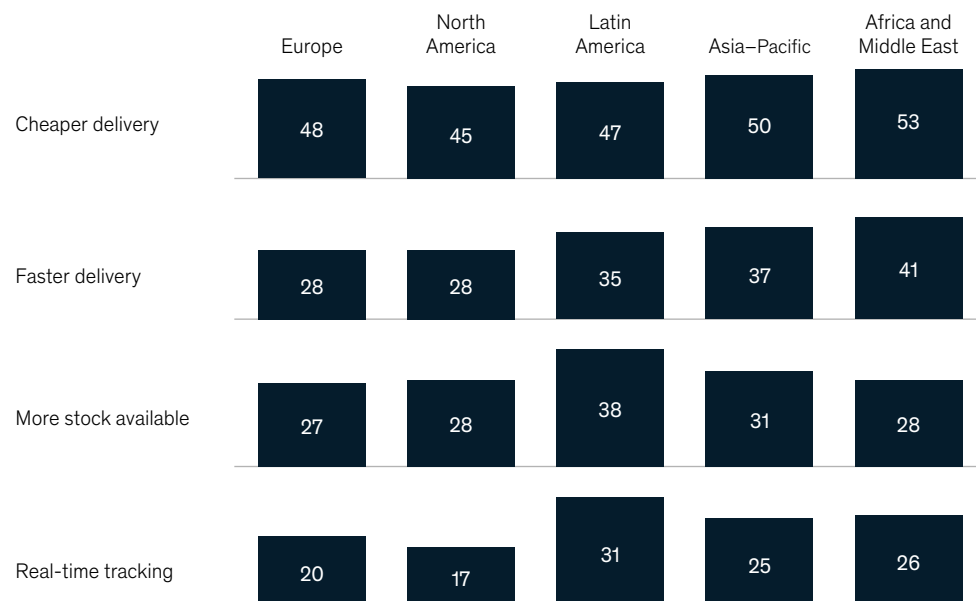
To minimize capital outlays and move forward quickly, grocers have started to work with technology companies to provide cheaper and faster delivery. Grocers are also partnering with third-party delivery services to control costs and expand delivery options.

Cheaper delivery is the main driver of increases in online grocery shopping.

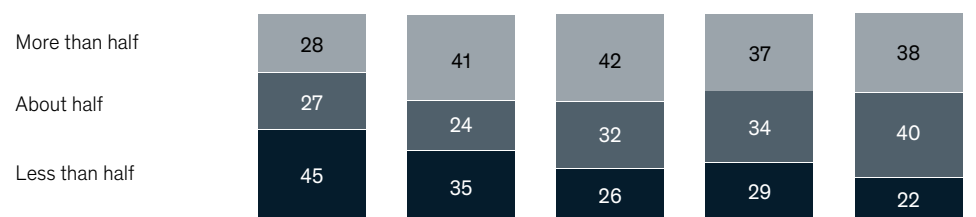
Grocery

Drivers of increased digital grocery shopping

% of users who would increase their online grocery shopping if the following features were available or improved



Online spend of digital grocery shoppers, %



Source: McKinsey Global Digital Sentiment Insights Survey

Customer satisfaction is stumbling

Customer satisfaction with all channels has been declining globally during the three years of this survey. Many businesses around the world moved quickly to meet digital demand during the pandemic. Customer experience suffered, with consumers most dissatisfied with product selection and payment experience.

While customer satisfaction has actually increased in Asia, consumers there complain that they can't figure out if a product fits their needs. Companies can address these challenges by providing more detailed product information and using virtual reality to provide customers with a more precise understanding of how a product will look or fit.

Digital satisfaction is highest in North America but decreasing globally, mainly because of poor UX/UI experience.

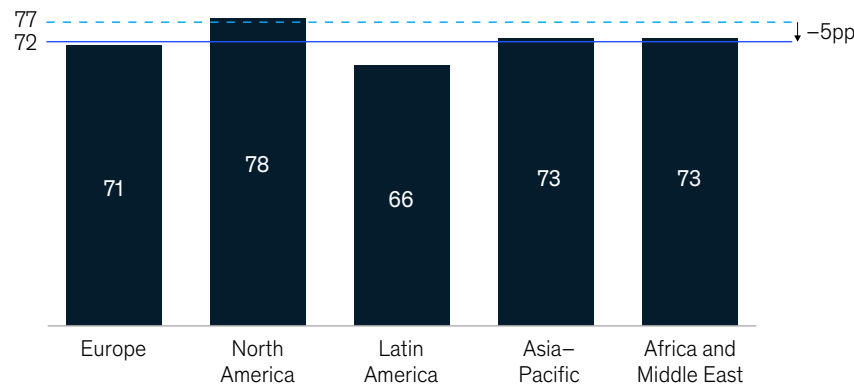
Customer satisfaction with digital channels

Satisfaction with digital channels

Net satisfaction,¹ regional averages, %

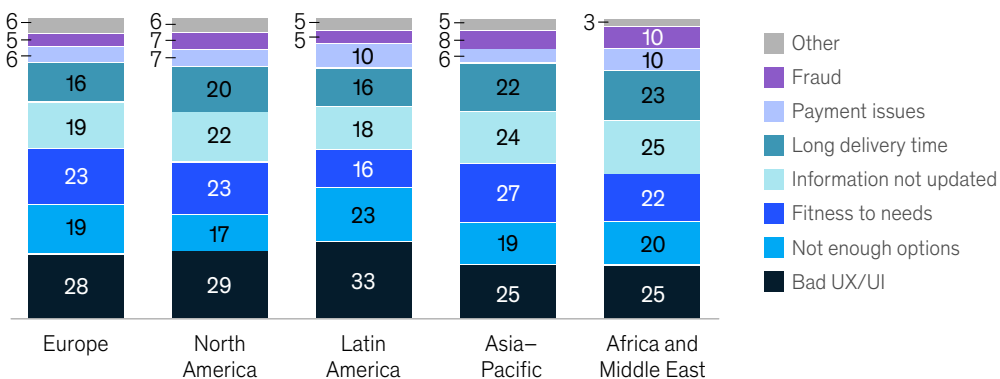
--- World average 2021

— World average 2022



Main dissatisfaction reason

% of dissatisfied users² choosing each reason



¹Difference between the share of satisfied/very satisfied users (scores 4 and 5) and dissatisfied/very dissatisfied users (scores 1 and 2).

²Users who ranked their satisfaction level from 1 to 3 (on a scale from 1 to 5) for each answer; multiple answers were possible.

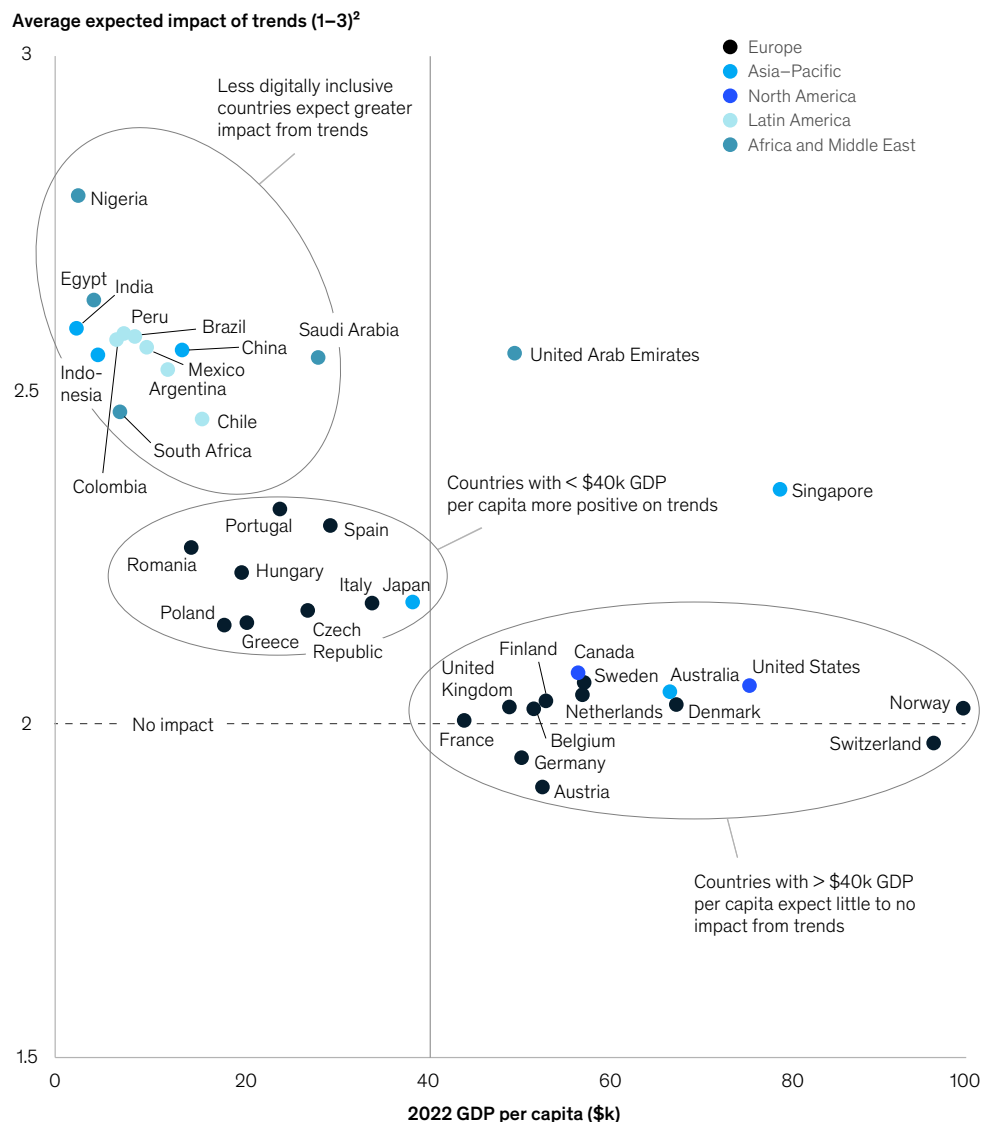
Source: McKinsey Global Digital Sentiment Insights Survey

Concern about new tech is strong in countries with higher incomes

Two groups of consumers have a positive outlook on new and emerging tech trends, such as artificial intelligence: those in emerging markets and those in European countries whose per capita GDP is less than \$40,000 per year. They believe technologies such as AI, the metaverse, and crypto will have significant impact on their societies. Reflecting this sentiment, the Chinese government has set a goal to become the world's leader in AI by 2030.⁸ Consumers in North American and European countries above that \$40,000 per capita income line, however, have a less positive outlook, expressing concerns about what impact these new technologies might have. The reason for this hesitancy is unclear, though concerns about how these new technologies might threaten jobs or be used without sufficient accountability may be contributing factors.

High-GDP countries do not expect significant impact from trends. Lower-GDP countries expect positive impact.

GDP per capita vs expected impact of trends,¹ per country



¹Q: How do you think these new trends and technologies will impact your digital interactions in the future? Averages per country calculated as weighted average across trends.

²1 – negative impact; 2 – no impact; 3 – positive impact.
Source: McKinsey Global Digital Sentiment Insights Survey

⁸ Fabian Westerheide, "China—the first artificial intelligence superpower," *Forbes*, January 14, 2020.

Consumers are worried about hacking and data handling

Consumer trust in digital channels is moderate but shows signs of waning, especially in Europe and North America. Our survey found that trust has declined by six percentage points since 2021. Concerns about how their data are handled and cyberattacks top the list of trust issues.

Recent McKinsey research shows that companies have made varying degrees of progress in addressing these concerns.⁹ Only 41 percent of executives say their organization is mitigating cybersecurity risks across most of the enterprise; 31 percent report the same for data privacy. The research also shows that shoring up digital-trust practices could do more than provide protection and meet consumer expectations. Digital-trust leaders are not only less likely to experience downside risk via negative data and AI incidents but also more likely to see revenue and EBIT growth above 10 percent annually.

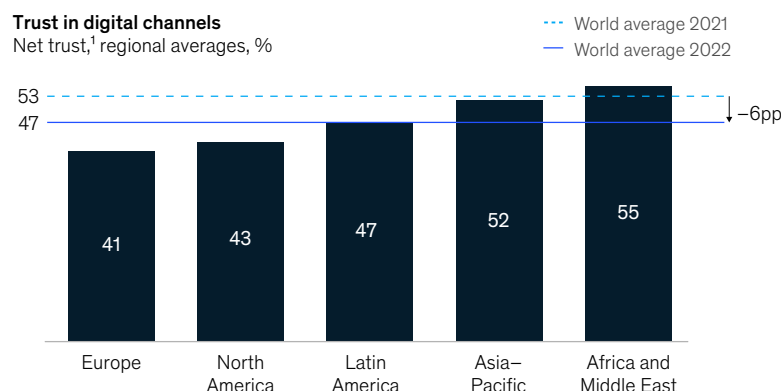
Businesses seeking to gain the public's trust in the digital experiences they offer should invest in strong customer-data practices, including collecting only the data that they need to conduct business, being transparent about the data they have and what they plan to do with it, and steering clear of capturing passive data, such as browsing history, unless it creates better shopping experiences. Similarly, they should invest in effective cybersecurity measures, such as implementing "security as code" practices and putting in place rapid-response teams and capabilities.

Data security and cyberattacks are top digital-trust issues for consumers.

Consumers' trust in digital channels

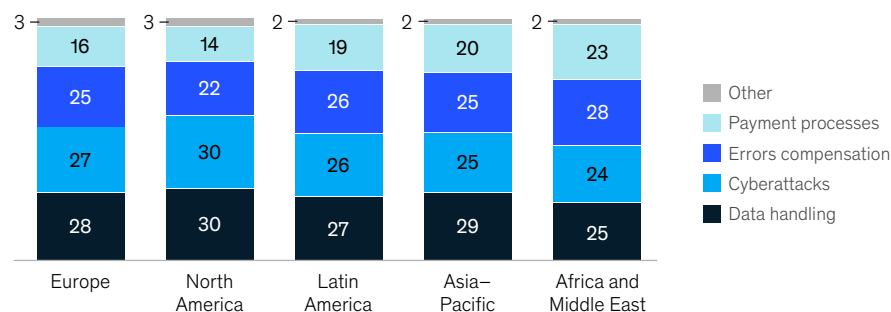
Trust in digital channels

Net trust,¹ regional averages, %



Main reasons for distrust

% of users² who cite each reason as source of distrust



Note: Numbers may not sum to 100%, because of rounding.

¹Difference between the share of users who have trust/complete trust (scores 4 and 5) and distrust/complete distrust (scores 1 and 2).

²Users who ranked their trust level from 1 to 3 (on a scale from 1 to 5) for answer choice (single answer).

Source: McKinsey Global Digital Sentiment Insights Survey

⁹ Jim Boehm, Liz Grennan, Alex Singla, and Kate Smaje, "Why digital trust truly matters," McKinsey, September 12, 2022.

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