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The future urban reality

A digital urban life shaped by the pandemic: a future reality imagined by consumers

An Ericsson ConsumerLab Insight Report
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Contents

Methodology

This report presents insights based on a quantitative study conducted among internet users in Algeria, Argentina, Australia, Brazil, Canada, China, Egypt, Ethiopia, France, Germany, India, Indonesia, Italy, Japan, Kenya, Mexico, Morocco, Nigeria, Philippines, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Thailand, Turkey, the UAE, the UK and the US. The sample consists of 1,000 to 2,000 respondents from each country, with an age range of 15–79 (15–69 in some markets). The insights in this report are representative of the opinions of 2.3 billion consumers.

The study was carried out between October 2020 and January 2021, and explores consumers' experiences, concerns, challenges and opportunities in their lives, in the context of the current COVID-19 pandemic. The study also covers consumers' outlook on a new future urban reality for 2025, beyond the circumstances posed by the current pandemic, while identifying the role of information and communication technologies (ICT) in assisting their daily lives.

About Ericsson Consumer & IndustryLab

Ericsson Consumer & IndustryLab delivers world-class research and insights for innovation and sustainable business development. We explore the future of connectivity for consumers, industries, and sustainable society, by using scientific methods to provide unique insights on markets and consumer trends.

Our knowledge is gained from global consumer and industry research programs, including collaborations with renowned industry organizations and world-leading universities. Our research programs cover interviews with over 100,000 individuals each year, in more than 40 countries – statistically representing the views of over 1.1 billion people.

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A time of uncertainty and new opportunities

As the peak of the pandemic appears to be passing, there is opportunity for the global community to move toward a greener, more equitable and digitally inclusive future.

Over the last year, the global pandemic has wreaked havoc on the world, bringing forth the biggest socioeconomic crises in modern history. This has been accentuated in cities, which, as engines of economic prosperity and connectors to towns and smaller communities, have acted as corridors for the continued spread of the virus. The pandemic has laid bare the prevalent inequalities and imbalances in urban areas and aggravated them further by hitting marginalized and vulnerable groups in society the hardest.

With an estimated loss of more than 3.6 million lives (at the time of publication) and 255 million jobs; around 120 million people falling back into extreme poverty; 170 million children being left out of school for a year;[1] and – as the particularly hardest hit group in society – an estimated USD 800 billion in loss of income for women globally;[2] the mounting challenges, sorrows and hardships are many and severe.

Yet this pivotal moment encourages hope; as the world continues to navigate the ongoing pandemic, the vaccine rollouts mean governments, businesses and citizens can look toward the future. A future where the immediate task is to re-build societies, communities and economies, and shape new opportunities for future urban landscapes to become more inclusive, resilient and equitable. Such preparedness would mean better access to critical societal functions in the event of future global crises.

The pandemic has also triggered new and significant digital behavior shifts in consumers, with more than ever before using online platforms to manage numerous aspects of daily life.[3]

Among the global online population, access to the internet has been a fundamental factor for maintaining daily activities and keeping in touch with loved ones during lockdowns and strict social distancing.

As we mark more than a year of the pandemic, we explore which of consumers' most significant digital habits are expected to shape daily life in the "next normal" we now enter. We also study the factors consumers believe will shape their societies and lifestyles in the year 2025, and what this will imply for ICT in their daily lives.

Key findings

Living through the pandemic is causing consumers to prioritize differently
Anything routine will happen online by 2025: 1 in 2 expect to use e-learning for upskilling and over half of the consumers globally believe all their entertainment activities will happen online. Over one-third will mainly order their groceries online going forward.

Consumers look to a future filled with opposing predictions
Sixty-four percent expect heightened stress-levels within society: more than three in five believe that the majority will juggle multiple jobs to maintain a decent income. At the same time, 7 in 10 expect to lead healthier lives.

Convenience will come at the cost of privacy
As more of life's key activities are expected to move online, consumers expect their privacy concerns will increase. While 75 percent of consumers predict that life will be steered by convenience in 2025, 7 in 10 also expect to pay more attention to their online security and privacy.

Local shopping will lead the way
Driven partly by environmental concerns, half of consumers globally expect to shop for more locally made products and produce as a new future norm.

Half of consumers express a concern for climate change and pollution, yet 67 percent are looking to increase their leisure travel going forward.
There is a collective responsibility to make sustainable travel options accessible in order to address this growing interest. For the time being, one in three are expressing a will to refrain from flying when traveling for leisure in the future.

Consumers will have added 10 hours per week of online time, and 2.5 more services to their daily online activities as they enter the next normal
It's necessary to place digital inclusivity high on the agenda for rebuilding resilient future societies, given consumers' expectations of expanding their digital habits by 2025.

1. Remarks to the 2021 Economic and Social Council Forum on Financing for Development | United Nations Secretary-General
2. An equal economic recovery from COVID-19 must support women | World Economic Forum (weforum.org)
3. www.ericsson.com/en/blog/2021/4/pandemic-influence-digital-habits

The next (digital) normal

Consumer predictions about life after the pandemic focus on a more digitally enabled lifestyle and a change in priorities.

The severity and duration of the pandemic has had an impact on perspectives, creating an opportunity for people to prioritize their time differently in the future. Productivity and routine activities are expected to happen digitally, making way for those things most longed for in life: having new experiences, creating memories with others and spending more time outdoors.

The shift to remote working
Fluctuating waves of contagion over the course of the pandemic rendered all attempts at leading a normal life impossible. This, in turn, led consumers to drastically change their routines in the long run. For example, students performed 85 percent of their study hours online where possible, while over 50 percent of work hours were performed remotely by the global working population. Many professions have been unable to make the digital shift, but remote work is expected to stay: one in four expect to continue working fully remotely after the pandemic. This increases even further to one in three among the working population in countries such as Thailand and Brazil. Similarly, university students also expect that over 60 percent of their study hours will be spent online in the next normal.

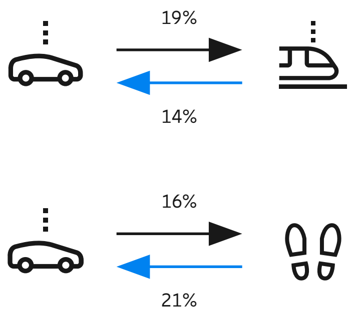
Mobility patterns will also change in the next normal but perhaps not in the way one might expect: one in four expect to switch their commuting methods for those with less environmental impact, such as using public transport, biking or walking. However, many consumers take the opposite view, with their primary choice being car travel. Around 1 in 3 consumers believe they will increase the overall time they spend commuting and traveling short distances, with a rise of 13 percent. This increase takes into account activities planned in the consumers' home cities, such as strolling and socializing.

The online shopping evolution
Shopping is an area of dual purpose: a pastime and social activity for some, while being a practical necessity for others. Over the course of the pandemic, shopping in physical stores became challenging, and online shopping grew to be a more attractive option.

Before the pandemic, online shopping accounted for around 34 percent of all consumer product purchases globally, including fashion, technology and home décor. During the pandemic, this rose to 53 percent. Consumers predict online shopping will become a more common feature in the next normal for their shopping needs. While shopping in physical stores will still likely be a prevalent habit in the future, online purchasing is expected to account for 42 percent of all shopping activities.

The most significant predicted growth in online shopping is among consumers in large cities, in countries such as Argentina, Kenya and Ethiopia, where growth of between 12 to 14 percentage points is expected.

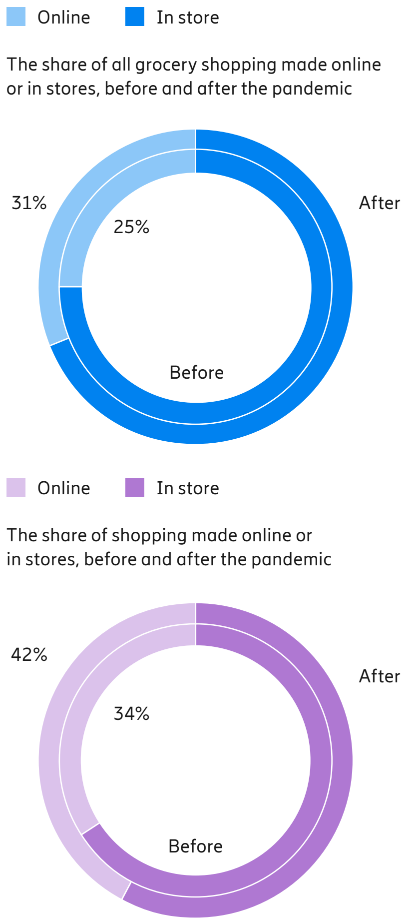
Figure 1: Consumers expect a shift in their chosen mode of transport going forward



Source: Ericsson ConsumerLab GTM 2021

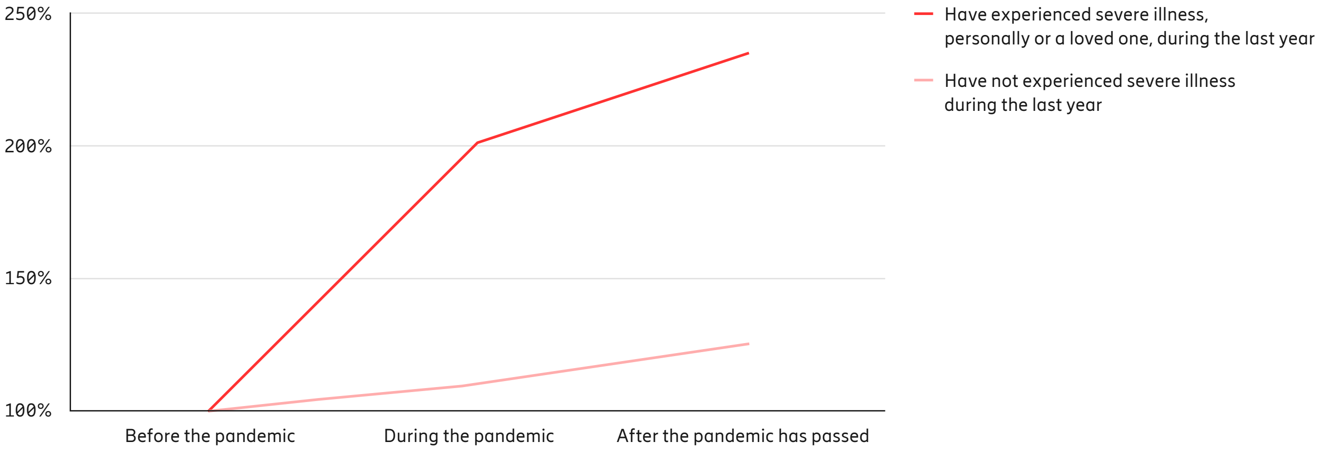
The efficiency and convenience of online shopping is becoming particularly evident for consumers in urban areas where online shopping previously had a lower starting point before the pandemic. Aside from general shopping, groceries are another purchase category and even this highly routine activity is set to be handled online. Globally, consumers estimate that one-third of all their grocery shopping will be handled by online platforms.

Figure 2: The effect of the pandemic on online and in-store shopping purchases



Source: Ericsson ConsumerLab GTM 2021

Figure 3: Benefits of e-health services evolve into long-term usage



Source: Ericsson ConsumerLab GTM 2021

A rise in e-health
The most critical area, subject to constant risk during the pandemic, has been health. With the healthcare sector placed under significant pressure, receiving an in-person consultation with a medical professional has either been challenging or avoided altogether. Now, more than ever, consumers are realizing the importance of taking care of their health. Some consumers have turned to e-health services for medical advice, and for many of them, this has been a relatively new experience. The use of e-health has been particularly beneficial for those who have experienced illness during the past year, either personally, or through loved ones.

Globally, the use of e-health services was an activity undertaken twice a month by the average consumer, before the pandemic. However, in some countries, it was much less common. Among those who have experienced illness in the past year, the frequency of using e-health services has risen to 4.5 times per month. The benefit of this experience during the pandemic means this group of consumers, in comparison to others, predict they will use e-health services even more in the future, with an expected frequency of 5.2 times per month.

4.5x

Among those who have experienced illness in the past year, the frequency of using e-health services has risen to 4.5 times per month.

Due to the pandemic, the uptake of e-health services increased as a preferred way to receive advice from clinicians in an efficient yet safe manner

A duality in urban life in 2025

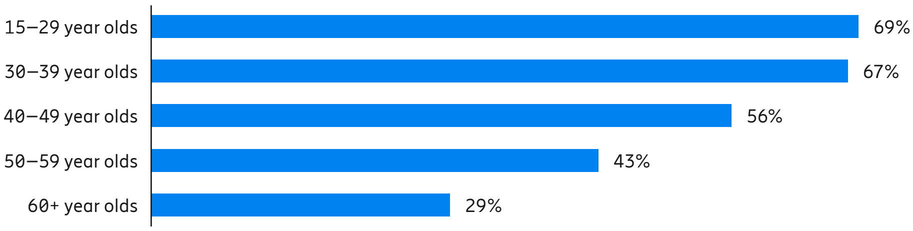
Consumer reflections on society and life in 2025 are contradictory, and shaped by current events.

The impact and severity of the pandemic, coupled with its duration and perseverance thus far, has left its mark on consumers' mentality, even as they look towards the more distant future. In exploring how consumers believe society will change by the year 2025, it becomes apparent that two underlying sentiments inform their predictions: worry and ambition. Worry – for a challenge-filled future; and ambition – for the different ways they expect to circumvent these challenges.

Stress levels and work-life balance
Globally, 64 percent of consumers believe that by 2025, the general stress level in their country will be much higher. This sentiment is felt most strongly among consumers in France, Italy and Argentina. More than three in five also believe the majority will need to hold a second or third job, in addition to their primary job, to maintain a decent income. Such circumstances would inevitably increase personal stress. While this may be the case, 7 in 10 consumers also expect to be leading a healthier life and 60 percent predict that they will practice more mindful living to a greater extent.

Consumers aim to strike a better balance in daily life by means of a greater reliance on connectivity and online services in the future. Undoubtedly, the pandemic has inspired consumers to handle more of their needs through online services. This is something they expect to extend into the next normal and beyond. In 2025, as many as 1 in 2 expect to turn to e-learning platforms to attend university degree programs or for up-skilling. This prediction is prevalent among both Gen Z and millennials, where more than two-thirds believe higher education will be available online to a greater extent in the future.

Figure 4: Exploring the share of consumers who predict a growth in uptake of e-learning platforms for higher education and upskilling



Source: Ericsson ConsumerLab GTM 2021

Predicting the future
While consumers see new opportunities on the horizon, there is an underlying worry in their future predictions. The prominence of worry is particularly reflected in the six most common predictions that consumers express, irrespective of the size of the city they live in. The two most shared predictions among consumers living in urban areas, are concerns with online security and a drive to lead healthier lives. The concern for online privacy comes against the backdrop of future lifestyles being further empowered through online services. The concern for their health follows the pandemic, which has highlighted the need to maintain a healthy lifestyle.

Consumers living in smaller cities and towns, although equally intent on leading healthier lives, are apt to express greater worry about heightened stress levels. This concern is not only prominent among these particular consumers, but also among urban consumers in emerging markets. What's more, the prediction about the future job market, and a need to maintain up to three jobs at the same time, is particularly held by adults already in the workforce. Hence, around 60 percent globally believe that holding a steady job will be even more important in the future. This is a view shared both by working adults, and young people looking to enter the job market in a few years.

The future is equally seen as a world of possibilities, and a potentially challenging urban reality, to live in. The most prominent challenges such as security, safety and stability are potentially those where consumers have limited personal influence. Consumers are seeking to divide their attention in areas where they do wield influence; being present and outdoors for new experiences and memories, while relying on various online services and platforms to manage the rest of their lives.

By 2025, up to half of consumers expect to use e-learning platforms for studying degree programs and upskilling

Figure 5: The urban realities predicted by consumers living in metropolises, cities and towns

Metropolises

1. Individuals will pay more attention to online security and privacy
2. People will strive to lead healthier lives
3. More of the personal choices in life will be steered towards convenience
4. Individuals will practice mindful living to a much greater extent
5. Personal safety and security concerns will be more widespread
6. Having a steady job will be more important

Cities

1. People will strive to lead healthier lives
2. Individuals will pay more attention to online security and privacy
3. Personal safety and security concerns will be more widespread
4. General stress levels of people in the country will be much higher
5. Having a steady job will be more important
6. Individuals will practice mindful living to a much greater extent

Towns

1. General stress levels of people in the country will be much higher
2. People will strive to lead healthier lives
3. Individuals will pay more attention to online security and privacy
4. Having a steady job will be more important
5. Personal safety and security concerns will be more widespread
6. The majority of people will need a second or third job to maintain a decent income level

A digitally compromised future

Consumers predict a future in which connectivity will enable them to maintain a balance in their daily lives, but they also expect to pay more attention to online privacy.

Consumers are looking to prioritize new experiences and live more mindfully in the future. This does not place any boundaries on how entertainment is experienced. In fact, over half of consumers predict that most entertainment, culture and social gatherings will take place over online platforms, and be easily accessible for more to enjoy. Furthermore, 48 percent believe that most of their entertainment – such as music, gaming and events – will take place online. When looking at Gen Z and millennials, the share of consumers who align with this prediction increases to 65 percent.

The privacy dilemma

Given the many and diverse ways in which consumers are expecting to use online services and platforms in their daily lives, the overall time they spend being connected will also increase.

Today, one-third of consumers already feel concerned about online privacy. Three key challenges are at the core of their concerns: a lack in control over how their personal data is handled, a lack in sufficient knowledge around what digital traces they leave online, and the risk of crimes being committed online.

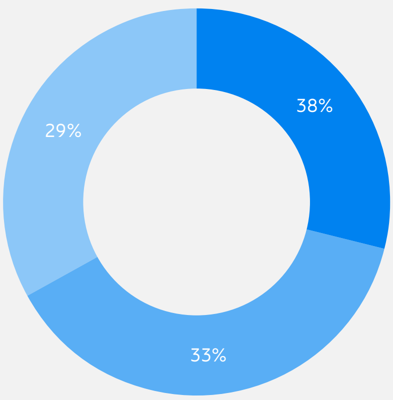
Consumers who are most concerned about online security today are primarily in their mid-20s and above; exist most prominently in the working population; and are technology-interested individuals. However, 7 in 10 consumers across all age groups, professions and technology proficiencies expect to pay more attention to online privacy and security by 2025. This is a sentiment expressed across both mature and emerging markets, and in large urban areas as well as in cities and towns. Within this more diverse group, we also find that concern for crimes being committed online increases on-par with concerns over a lack of control. In essence, the more varied consumers' maturity and understanding of how online privacy works, the greater the variety of concerns.

Consumer worries for the future are underlined by their need for convenience. With connectivity and digital services predicted to have a greater presence in the future, 75 percent of consumers believe that more of their life decisions will be driven by convenience. However, whether consumers will need to compromise on privacy online for the sake of convenience is up to regulatory bodies, decision makers and those in power to influence in a fair and just direction.

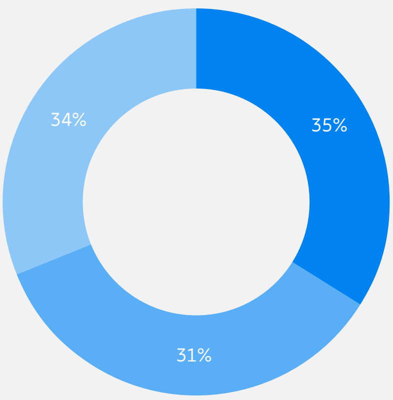
Figure 6: Online concerns are set to grow

Risk of crime | Limited knowledge and skills | Lack of control

The main reasons for online privacy concerns among the 33 percent who express a concern for cyber security today



The anticipated reason behind online privacy concerns among the 41 percent who think they will have increased their concerns by 2025



Consuming locally and traveling widely

The focus on having experiences and creating new memories is making consumers plan for a future that has both a local and global focus.

Even before the pandemic, consumer awareness and concern around environmental sustainability was on the rise globally. Climate change and pollution are now ranked as a top societal concern, illustrating a perceived sense of urgency for the future of the planet. With new challenges, norms and restrictions imposed by the pandemic, consumers have begun re-evaluating some of their fundamental behaviors going forward, including their consumption.

Driven partly by environmental concerns, consumers are not necessarily looking to consume less but to consume more locally. By 2025, as many as 1 in 2 predict they will only shop for locally made products and locally grown produce. Furthermore, 56 percent of consumers predict that local consumption will become a new future norm.

Quarantine and social distancing, coupled with overall limits to physical mobility during the pandemic, have underscored the value of breaking away from long-standing routines. However, with a future focused on new experiences and enjoying life, consumers are also looking to increase a behavior that seems at odds with their environmental worries: increased leisure travel.

The challenge appears when leisure travel leads to an increase in air travel, potentially also increasing the environmental footprint of consumers in the future. Globally, 1 in 2 consumers express explicit concerns about climate change and pollution, yet among consumers, leisure travel is expected to grow 20 percent compared with pre-pandemic habits. Growth is expected at 25 percent among those consumers who do not have any environmental concerns.

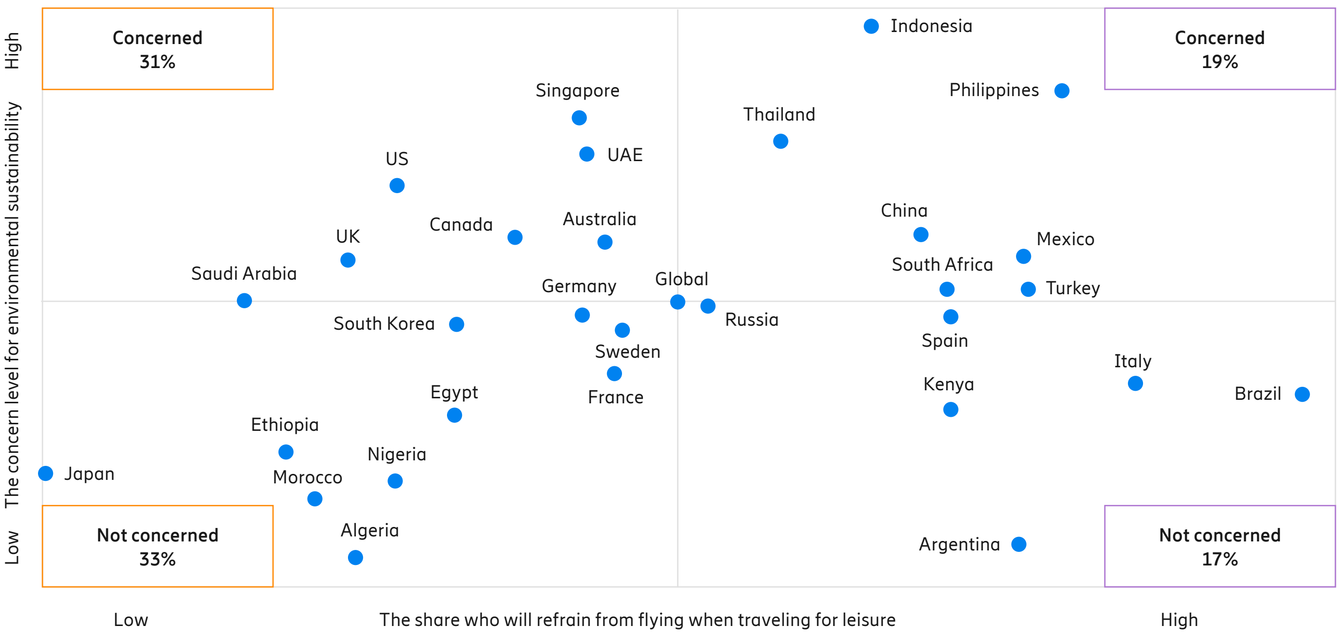
Today, consumers are already aware of the negative environmental impact of air travel: around 1 in 3 consumers globally have expressed a will to refrain from flying when traveling for leisure by 2025.

1 in 2

Half of consumers believe they will only shop locally for both groceries and products.

Just over two in five consumers with explicit concerns for the environment are predicting a similar standpoint. While some awareness exists among consumers, the majority are still less mindful of the potentially negative environmental impact that their future travel plans may have. Therefore, it is the collective responsibility of policy makers, decision makers and those in power to make sure that future travel interests are not compromising global efforts to address the climate crisis. It is crucial to enable alternative modes of transport that are both accessible and efficient for the future growth in leisure travel.

Figure 7: Consumers globally will either refrain or partake more in air travel



Digital inclusion for all

Access to connectivity and digital inclusivity are paramount to re-building resilient, sustainable and equitable societies in the future.

In terms of digital habits, the most notable impact of the various measures that nations and governments have attempted to halt the spread of the COVID-19 pandemic is an acceleration in digital maturity among consumers. In a relatively short time, a significant share of consumers globally began spending more time online, as well as broadening the types of services they used. To advance to this level of maturity so rapidly and at such a global scale would normally have taken years. Instead, it has happened over the course of the pandemic.

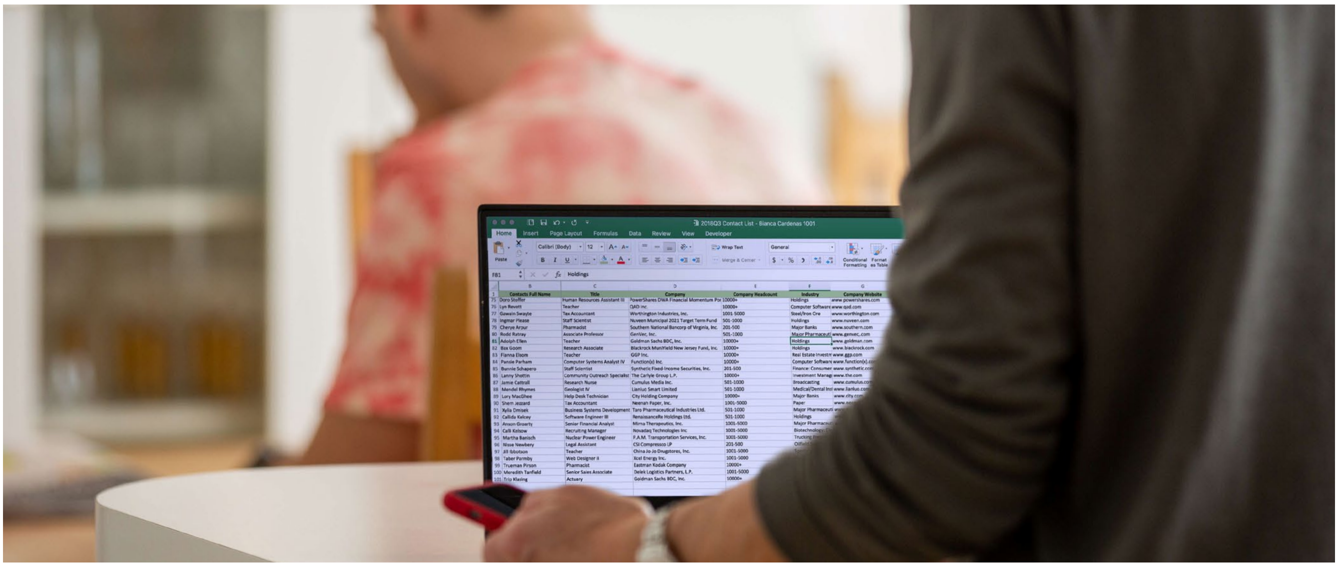
When entering the next normal, consumers will have added an average of 2.5 online services to their daily online activities, while also increasing the time they spend online by 10 hours per week in comparison to their pre-pandemic habits. While there is still a gap between the most advanced and the more moderate online users, the divergence is reducing as moderate users expanded the number of services taken up over the course of the pandemic.

As the world appears to be moving towards a future where the pandemic is more under control, the next challenge arises: rebuilding societies and communities that are sustainable, equitable and inclusive. This includes urban planning that considers increasing demand for connectivity among consumers looking for new and more efficient ways of living, and takes into account both the next normal and future urban living.

At the same time, consumers are projecting a future urban reality that is contradictory in many ways. A future where consumers will lead life through stressful circumstances, yet they also expect to lead healthier lives. A future where connectivity and digital services will become even more prominent in daily life, yet where concern for privacy and online security will increase. A future where shopping locally and supporting local businesses will become a new norm, yet consumers will seek new experiences through increased leisure travel.

So, the core potential for digital services will be to aid consumers in their quest for greater balance in their lives. It is increasingly important that access to connectivity is afforded to all, given the many and diverse needs consumers will seek to address through digital services in the future. This sets digital inclusivity high on the agenda for future urban planning. Connectivity is a fundamental means by which consumers can gain access to key societal functions, both day to day, as well as during times of crisis. It also addresses the need for making future societies more resilient while providing opportunities for consumers to engage in a national discourse.

In this pivotal moment where the world is slowly emerging from a significant crisis, there is an opportunity to shape an urban reality that addresses the future challenges perceived by consumers, while also allowing for safe and inclusive digital spaces that enable them to focus their time and effort on those activities which matter most in their lives.



When entering the next normal and beyond, connectivity will be required to address many diverse needs, including a continuation of remote working

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