

# NAB CONSUMER INSIGHT REPORT 2021

## IN-PERSON & IN-STORE INTERACTIONS VERSUS ONLINE & VIRTUAL - WHICH DO AUSTRALIANS REALLY PREFER?



NAB Behavioural & Industry Economics

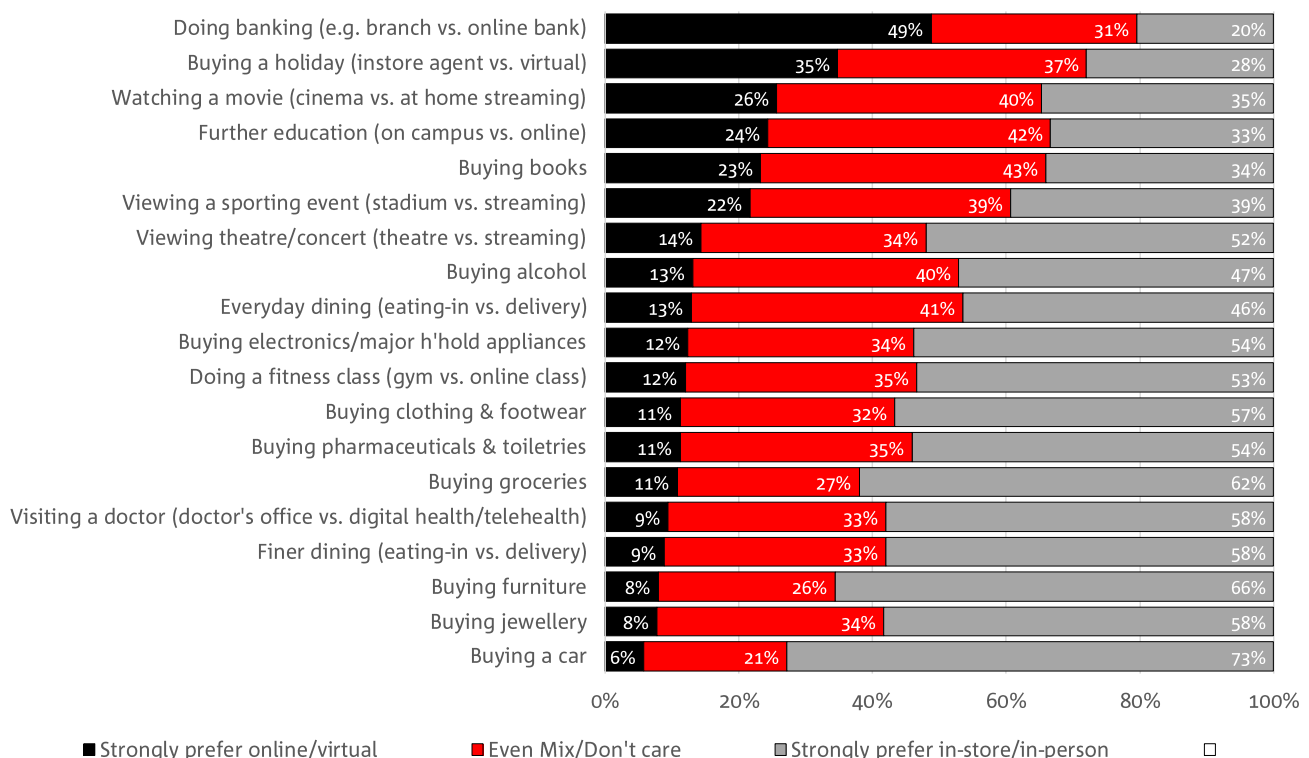
August 2021

### COVID-19 HAS ACCELERATED DIGITAL TRANSFORMATION & CONSUMER PREFERENCES. THE LINES BETWEEN PHYSICAL AND DIGITAL ARE DISSOLVING.

**Key messages:** The pandemic has redefined which categories of goods and services businesses and consumers feel comfortable selling, purchasing and experiencing online. Many industries pivoted toward e-technologies and virtual appointments to keep their businesses going. Lockdowns and social distancing forced Australians to do more online - from everyday shopping, virtual fitness and cooking classes to telehealth appointments. With the number of COVID cases remaining low in many parts of the country, a growing number of consumers have returned to more in person or in store experiences. But what do Australians really prefer? In this report we ask consumers how they would like to interact across a wide range of activities including banking, healthcare, higher education, retail, dining and entertainment.

While many of us still favour face-to-face and in-store, online and virtual interactions have grown and deepened. In some areas, such as banking, the preference shift towards virtual is well established, with 1 in 2 Australians now strongly preferring to do their banking online. Other areas where online or virtual are in stronger demand include booking holidays, watching movies, further education, buying books and viewing a sporting event. Human beings are essentially social creatures. Consumers will always need to touch products and the sensory stimulation of visiting a store or physical business cannot be fully replicated online. But, the lines between physical and digital are dissolving. Increasingly, the path-to-purchase/experience for consumers will have multiple touchpoints, both in the physical and digital worlds. Consumers are likely to continue to gravitate to digital tools that make it easy for them to save time and do other activities deemed more valuable.

### PREFERENCE FOR INTERACTING IN EACH OF THE FOLLOWING AREAS



COVID-19 led to a surge in e-commerce and accelerated digital transformation, redefining which goods and services consumers feel comfortable purchasing and experiencing online. How much of this pandemic-fuelled change is temporary and to what extent it impacts longer-term forecasts remains to be seen. But COVID-19 is not solely responsible. It has simply accelerated an already-existing trend and consumer preferences have bounded ahead. At the same time, retailers, health professionals, educators, and a range of other service providers have pivoted toward e-technologies and virtual appointments. While those that had already invested in these technologies clearly had an early mover advantage over those that had to transition from the offline and physical world to online and virtual, the strong uptake in digital technologies since COVID will enable a wider range of businesses to accommodate changing consumer behaviours and meet ongoing consumer demand for richer experiences and greater convenience. Consumers are becoming more careful, informed, more sophisticated and more demanding in their shopping interactions and are likely to be less tolerant of sub-standard shopping experiences, both digital and in-store.

In some areas, such as banking, the preference shift towards virtual is clear. When asked how they would like to interact - either online/virtual or physical/in-person, around 1 in 2 (49%) Australians strongly preferred to do their banking online. Even before the pandemic, online banking was an integral part of retail banking, but during the pandemic, customers have been moving online in larger numbers. A further 3 in 10 consumers (31%) did not care how they interacted with their bank or wanted an even mix of virtual and physical interactions. However, despite growing customer demand, not everyone wants to bank online. For 1 in 5 Australians (20%) their preference is strongly in favour of in-person interactions (rising to almost 1 in 4 of those aged over 65).

A correlation exists between age and consumers who prefer in-person interactions. However, the notion that older consumers are in general much more likely to prefer to interact in-person with businesses is challenged by this research. Indeed, while younger people are more likely to express a stronger preference for online/virtual banking (49%) over 4 in 10 over 65s (43%) also strongly preferred virtual interactions. Interestingly, a bigger disparity is apparent by gender - women are more strongly in favour of online banking (53%) than men (44%). This may reflect time pressures. NAB research has shown that Australians feel as time stressed as ever. But, while we all value our time, women typically feel under more time pressure and stress than men and across all age groups. Time pressure is also much more apparent for those with children. All consumer facing businesses should take note.

Another area where consumers have a stronger preference for online/virtual interactions is travel, with over 1 in 3 Australians (35%) strongly preferring to buy holidays online and almost 4 in 10 (37%) either not caring whether their interactions were virtual or physical or preferring an even mix of both. Younger people are much more likely to prefer online interactions (40% of those aged between 18-29) compared to older Australians (just 22% of over 65s). The rise of online travel agencies has been one of the most dramatic examples of the digital transformation of business. Although online travel agents have taken market share from traditional travel agents, they have not replaced them. Indeed, 28% of Australians still prefer to purchase travel through physical stores, rising to 40% of those over the aged of 65. While COVID-19 has clearly impacted the travel industry, the industry is expected to see significant recovery over the next few years. While a full rebound to pre-pandemic demand is still likely years away, domestic travel is clearly on the upswing.

Banking and holidays were 2 areas where the preference for using online/virtual exceeded the preference for an in person or in store experience. That said, a relatively high number - around 1 in 4 consumers - also strongly preferred online or virtual for watching a movie (26%), further education (24%), buying books (23%) and viewing a sporting event (22%). COVID has seen rapid growth in streaming services, allowing people to access a wide range of content without leaving their homes. Services such as Netflix and Amazon Prime provide a seemingly endless amount of content on their platforms. 2020 also saw a significant rise in straight-to-video-on-demand movies. While movies studios remain committed to theatres for some releases, they have turned to streaming and digital-rental platforms as a complement and an alternative. Cinemas were already facing challenges before COVID but the rise of streaming platforms during the pandemic has changed the power between theatres, streaming platforms, and studios. Some theatres have been offering streaming services to supplement the decline in theatre viewing. That said, the list of Hollywood blockbusters to be released over the next 18 months is very strong, providing opportunities for theatres to re-engage with movie goers and encourage consumers to experience films on the big screen. Indeed over 1 in 3 consumers still strongly prefer viewing movies in a theatre, however this ranges from 46% of over 65s to just 29% of those aged between 18-29. Australians are much less likely to want to view theatre or concerts virtually. While around 14% of Australians strongly prefer to view concerts online, over 1 in 2 (52%) of us still strongly prefer to watch or listen live in a theatre or music venue.

Another area where streaming services have capitalised on COVID health restrictions has been sport. The pandemic saw millions of sporting events cancelled across the globe and social distancing resulted in many events returning with limited or no spectators. COVID has had a profound effect on how the sports industry operates and has caused a rethink of how fans will engage with their preferred sports in the future. Increasingly technology will be interwoven throughout live events, enhancing connectivity and engagement.

While attendance numbers at sporting events are expected to bounce back once a COVID vaccine is widely deployed, the way we consume our sport has changed. In fact, over 1 in 5 Australians (22%) now prefer to watch sport virtually and almost 4 in 10 (39%) prefer an even mix of streaming and watching in a stadium or simply don't care.

Another industry experiencing extraordinary growth since the pandemic has been online education. Since COVID, online learning has become much more entrenched in people's lives as the pandemic forced schools, universities, and companies to remote working, fuelling demand. Pre-COVID, many top tier universities around the world were already making more courses accessible online. That said, higher education had been significantly lagging other industries in moving to a more digitally driven business model. This is now changing rapidly. Over 6 in 10 Australians using further education either strongly prefer online (24%) or prefer an even mix of online and on-campus education or don't which platform they use (44%). Interestingly women are much more positive in their preferences toward online education (31% strongly preferred it), compared to men (18%). This may again reflect relative time pressures and caring responsibilities.

The survey also explores attitudes to retail and shopping. The strongest preference shift towards online are for books, where 23% of Australians strongly preferred to purchase online and 43% preferred an even mix of in store and on-line or didn't care what platform they used. That said, over 1 in 3 consumers (34%) still strongly prefer to buy books in a physical store. Older consumers (65+) are much more likely to strongly favour buying in bookstores (47%) compared to younger people (18-29 at 27%).

After books, the retail categories where consumers strongly favour online purchases range from alcohol (13% of consumers strongly prefer online), electrical/appliances (12%), clothing and footwear (11%), pharmaceuticals and toiletries (11%), groceries (11%), furniture (8%), jewellery (8%) and last of all, cars (6%). That said, even in a category such as cars, 1 in 5 consumers (21%) prefer a mix of online and in store purchasing or don't care. The pandemic forced many car dealers and distributors to shift more towards online portals as demand grew due to a rise in demand for private cars to maintain social distancing. That said, around 3 in 4 (73%) Australian consumers still strongly prefer to buy a car in person or in store.

While online sales in general have clearly boomed, NAB data shows that over 85% of retail still happens in physical stores. The retail experience is still inherently physical. Australians also prefer to buy furniture (66%), groceries (62%) and jewellery (58%), clothing and footwear (57%), pharmaceuticals and toiletries (54%), electronics and major household appliances (54%) this way. Human beings are essentially social creatures and these interactions can improve emotional well-being. Consumers often need to touch products and the sensory stimulation of visiting a store cannot be easily replicated online. Physical stores can also act as showrooms where customers can try and test products and generally get to know the product better before making the final purchase in-store or online. They can also act as distribution hubs. A physical store can provide a good opportunity for consumers to return unwanted online purchases and to exchange or buy other products rather than just returning them. Importantly, consumers often spend more money in physical environments than they would online. But physical retail's future is much more than just embracing digital and the complex logistics and investment that involves. In-store experiences must be exceptional to ensure consumers that visit in person continue to do so.

Many Australians also turned to telemedicine to support their health and remain engaged with their health professional during COVID. While fewer than 1 in 10 consumers strongly preferred a digital health consultation to in person, 1 in 3 (33%) prefer an even mix of digital and in-person health services or simply don't care.

As the pandemic closed gyms around the world, many turned to virtual fitness classes as a way to exercise effectively at home. It is too early to tell whether COVID will see a sustained home workout boom. While new online classes have clearly broadened the market for home fitness, the lure of the gym remains with social and human contact integral to exercise for so many. Encouragingly for gym owners, more than 1 in 2 consumers still strongly prefer to exercise in a gym.

Another industry that had to pivot quickly during COVID were restaurants, moving towards, deliver & pickup, adjusting their menus and staffing and increasing their focus on cleanliness. Like most other customer facing industries, restaurants have experienced rapid digital acceleration. Diners have become more accustomed to ordering online and having meals delivered to their doors, with some less inclined to leave their homes to dine in, even after COVID restrictions were eased. In fact, even for "finer" dining, almost 1 in 10 consumers said they strongly prefer delivery to eating in the restaurant (rising to 15% of those aged between 18-29). A growing number of upscale restaurants are now offering ready-made meals that require simple heating and assembly at home, closing the gap between what you can eat at home and what you would have eaten at the restaurant.

The lines between physical and digital are dissolving. Increasingly, the path-to-purchase for consumers will often have multiple touchpoints between the physical and digital worlds.

## PREFERENCE FOR INTERACTING IN EACH OF THE FOLLOWING AREAS

	Strongly prefer online/virtual	Even mix/don't care	Strongly prefer in-store/in-person		Strongly prefer online/virtual	Even mix/don't care	Strongly prefer in-store/in-person
<b>Buying clothing &amp; footwear</b>				<b>Buying furniture</b>			
- Overall	11%	32%	57%	- Overall	8%	26%	66%
- 18-29	17%	42%	41%	- 18-29	12%	35%	52%
- 30-49	13%	35%	52%	- 30-49	9%	27%	63%
- 50-64	9%	26%	65%	- 50-64	5%	23%	72%
- 65+	6%	22%	72%	- 65+	4%	17%	80%
- Men	10%	31%	59%	- Men	8%	28%	64%
- Women	13%	33%	55%	- Women	8%	24%	68%
<b>Buying groceries</b>				<b>Buying books</b>			
- Overall	11%	27%	62%	- Overall	23%	43%	34%
- 18-29	15%	35%	50%	- 18-29	25%	48%	27%
- 30-49	12%	33%	55%	- 30-49	25%	44%	31%
- 50-64	8%	21%	71%	- 50-64	24%	42%	34%
- 65+	7%	17%	76%	- 65+	18%	35%	47%
- Men	8%	28%	64%	- Men	22%	41%	37%
- Women	13%	26%	61%	- Women	24%	44%	32%
<b>Buying electronics/major household appliances</b>				<b>Buying a holiday (instore agent vs. virtual)</b>			
- Overall	12%	34%	54%	- Overall	35%	37%	28%
- 18-29	16%	42%	42%	- 18-29	40%	36%	24%
- 30-49	15%	36%	49%	- 30-49	38%	36%	26%
- 50-64	9%	31%	60%	- 50-64	34%	40%	26%
- 65+	6%	25%	69%	- 65+	22%	38%	40%
- Men	13%	35%	52%	- Men	31%	36%	32%
- Women	12%	32%	56%	- Women	39%	38%	23%
<b>Buying alcohol</b>				<b>Buying jewellery</b>			
- Overall	13%	40%	47%	- Overall	8%	34%	58%
- 18-29	17%	45%	39%	- 18-29	11%	43%	46%
- 30-49	15%	44%	41%	- 30-49	9%	36%	56%
- 50-64	11%	34%	55%	- 50-64	4%	30%	66%
- 65+	8%	31%	61%	- 65+	5%	20%	75%
- Men	12%	36%	52%	- Men	9%	32%	59%
- Women	14%	44%	42%	- Women	7%	35%	58%
<b>Buying a car</b>				<b>Buying pharmaceuticals &amp; toiletries</b>			
- Overall	6%	21%	73%	- Overall	11%	35%	54%
- 18-29	9%	30%	61%	- 18-29	15%	44%	41%
- 30-49	7%	23%	70%	- 30-49	14%	40%	46%
- 50-64	2%	17%	80%	- 50-64	9%	29%	62%
- 65+	3%	11%	87%	- 65+	4%	22%	73%
- Men	7%	23%	70%	- Men	11%	33%	55%
- Women	5%	19%	76%	- Women	11%	36%	53%

## PREFERENCE FOR INTERACTING IN EACH OF THE FOLLOWING AREAS (CONTINUED)

	Strongly prefer online/virtual	Even mix/don't care	Strongly prefer in-store/in-person		Strongly prefer online/virtual	Even mix/don't care	Strongly prefer in-store/in-person
<b>Doing banking (e.g. branch vs. online bank)</b>				<b>Doing a fitness class (gym vs. online class)</b>			
- Overall	49%	31%	20%	- Overall	12%	35%	53%
- 18-29	48%	31%	21%	- 18-29	13%	38%	50%
- 30-49	51%	28%	21%	- 30-49	12%	34%	54%
- 50-64	52%	31%	17%	- 50-64	12%	33%	55%
- 65+	43%	34%	24%	- 65+	12%	33%	55%
- Men	44%	31%	25%	- Men	9%	35%	56%
- Women	53%	30%	17%	- Women	15%	34%	51%
<b>Watching a movie (cinema vs. at home streaming)</b>				<b>Viewing theatre/concert (theatre vs. streaming)</b>			
- Overall	26%	40%	35%	- Overall	14%	34%	52%
- 18-29	28%	43%	29%	- 18-29	16%	39%	45%
- 30-49	26%	40%	34%	- 30-49	16%	32%	51%
- 50-64	27%	41%	32%	- 50-64	12%	35%	54%
- 65+	20%	33%	46%	- 65+	11%	28%	61%
- Men	23%	37%	40%	- Men	15%	35%	50%
- Women	28%	42%	29%	- Women	14%	32%	54%
<b>Everyday dining (eating-in vs. delivery)</b>				<b>Finer dining (eating-in vs. delivery)</b>			
- Overall	13%	41%	46%	- Overall	9%	33%	58%
- 18-29	18%	49%	33%	- 18-29	15%	40%	46%
- 30-49	16%	42%	41%	- 30-49	9%	34%	56%
- 50-64	8%	40%	52%	- 50-64	6%	31%	63%
- 65+	6%	28%	66%	- 65+	3%	24%	73%
- Men	10%	38%	52%	- Men	7%	31%	62%
- Women	16%	43%	41%	- Women	11%	35%	54%
<b>Viewing a sporting event (stadium vs. streaming)</b>				<b>Further education (on campus vs. online)</b>			
- Overall	22%	39%	39%	- Overall	24%	42%	33%
- 18-29	19%	40%	41%	- 18-29	25%	42%	34%
- 30-49	21%	39%	40%	- 30-49	25%	40%	35%
- 50-64	22%	39%	39%	- 50-64	22%	49%	29%
- 65+	26%	39%	35%	- 65+	22%	47%	31%
- Men	20%	37%	43%	- Men	18%	43%	39%
- Women	24%	41%	35%	- Women	31%	42%	27%
<b>Visiting a doctor (doctor's office vs. digital health/telehealth)</b>							
- Overall	9%	33%	58%				
- 18-29	13%	38%	49%				
- 30-49	13%	36%	50%				
- 50-64	5%	34%	60%				
- 65+	3%	19%	78%				
- Men	8%	30%	62%				
- Women	11%	35%	55%				

By age, more people in the 18-29 age group said they preferred to interact online or virtually for most things, except buying books, viewing theatre or concerts, further education and visiting a doctor (which was on par with the 30-49 group), and for banking and viewing sporting events, which was highest in the 50-64 age group. More consumers in the 18-29 group than in any other age group also said they had no preference in all areas except buying a holiday and further education (highest in the 50-64 age group) and doing banking (highest in the over 65 group).

Preference for online and virtual was lowest in the over 65 age group in most areas, except viewing sporting events (lowest in the 18-29 age group), further education, cars and jewellery (lowest in the 50-64 group) and fitness classes (on par with all other age groups). Despite being the less digitally adoptive age group, a very large number of Australians over 65 did express a preference for online or virtual interactions when doing their banking (43%) or buying a holiday (31%).

The preference for in person or in store interaction was dominated by the 65+ age group in all areas except fitness classes and further education.

Opinions were also divided between men and women. In particular, noticeably more women preferred online or virtual interaction for further education, doing their banking, buying groceries and everyday dining. In contrast, noticeably more men had a stronger preference for in person or in store interactions when buying a holiday, alcohol, doing their banking, watching a movie, every day and finer dining, further education and visiting a doctor. Women were however more likely to choose this method for buying a car than men.

## CONTACT THE AUTHORS

**Dean Pearson**  
Head of Economics  
[Dean.Pearson@nab.com.au](mailto:Dean.Pearson@nab.com.au)  
+613 8634 2331

**Robert De Iure**  
Associate Director - Economics  
[Robert.De.Iure@nab.com.au](mailto:Robert.De.Iure@nab.com.au)  
+613 8634 4611

**Brien McDonald (Data Analytics)**  
Associate Director - Economics  
[Brien.McDonald@nab.com.au](mailto:Brien.McDonald@nab.com.au)  
+613 8634 3837

### Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.