



PART 1  
Future  
of Work



PART 2  
Digital  
Consumer



PART 3  
Food  
Revolution



PART 4  
Genomics  
and Telehealth

## A Year of Transformational Change: The Digital Consumer

A year has passed since the World Health Organization declared COVID-19 a global pandemic and some U.S. states implemented lockdown directives. For many, the early days of the coronavirus and stay-at-home orders are etched into our collective memory. But the adverse circumstances also paved the way for the acceleration of trends affecting how we work, take care of our health, and consume and connect.

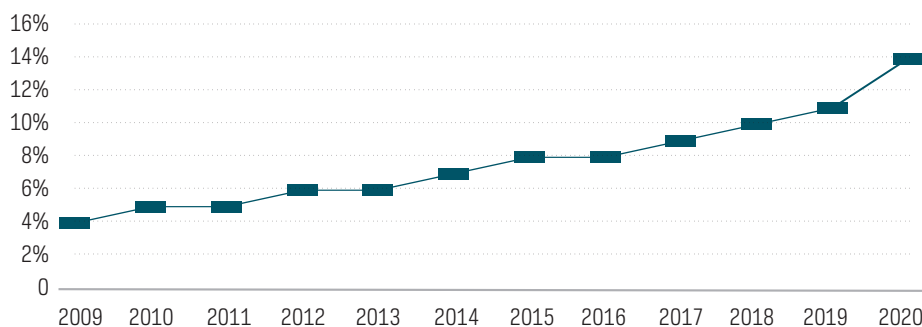
We will be looking at these trends and the investment opportunities they could represent in a four-part series titled *A Year of Transformational Change*. Each part will cover one of the four themes tracked in ProShares MSCI Transformational Changes ETF (ANEW).

In this second part of our series, we examine how the past year has changed consumer habits and expanded our experience as **Digital Consumers**.

### We Embraced the Essential Side of E-Commerce

Are essential items being delivered to your doorstep daily these days? Online retail in the United States has grown steadily for more than a decade, and the pandemic has accelerated that growth.

E-Commerce Penetration into Retail



Source: U.S. Department of Commerce

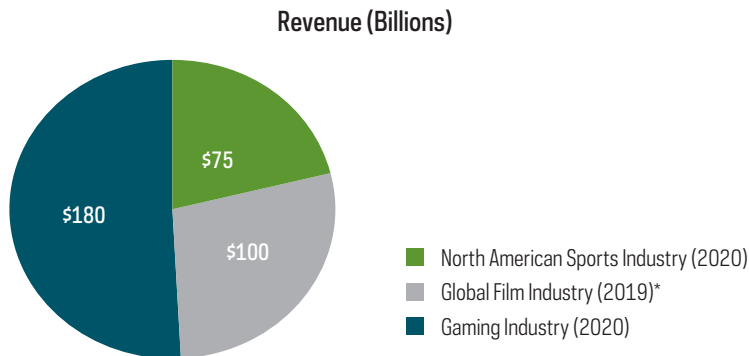
# DIGITAL CONSUMERS

The nature of what we are ordering has changed too. Prior to COVID-19, we tended to order what we *wanted* online. Now digital consumers are buying more of what they *need*, such as food and healthcare products.<sup>1</sup> Will those who have become accustomed to the ease of delivery during the pandemic go back to wandering physical stores? Some people might look forward to personally inspecting produce at the grocery store, but today's cross-generational consumers also recognize the convenience of having everything at their fingertips.

## Consumers Dove into the Digital-Entertainment Deep End

Shopping habits aren't all that underwent significant change this year. Experiences went digital too. The internet became a connectivity and entertainment lifeline in a world of social distancing.

Online gaming and e-sports provide a good example. Gaming is no longer child's play. Industry revenues show that gaming is presently a bigger moneymaker than the global movie and North American sports industries combined. Moreover, last year's scaled-down sports seasons left an entertainment vacuum. Global e-sports, which has seen revenues grow by nearly 458% since 2015, amassed a global audience of 589 million by the end of 2020.<sup>2</sup>



\*With much of the global movie and film industry shuttered during the pandemic, 2019 data has been used to provide a more fair revenue comparison.

Sources: ResearchAndMarkets.com, Motion Picture Association, Statista

In 2020, U.S. online orders for health and personal care products increased by 61%.

—U.S. Department of Commerce

In 2020, U.S. online food delivery was up by 125%.

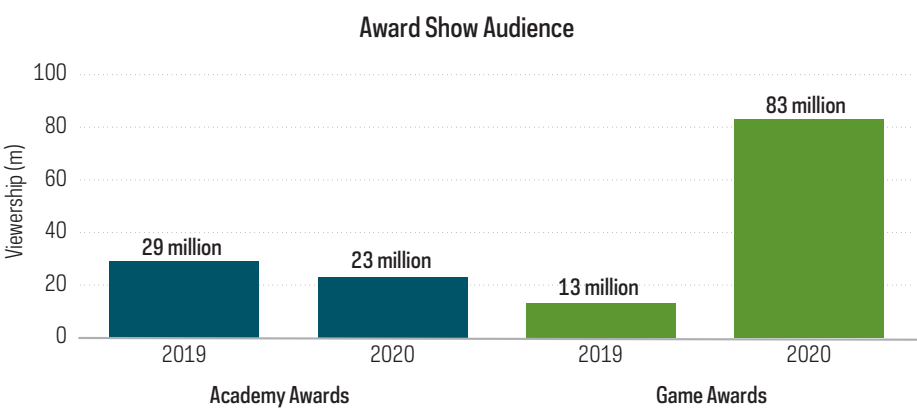
—U.S. Department of Commerce

<sup>1</sup> U.S. Department of Commerce

<sup>2</sup> Statista

# DIGITAL CONSUMERS

Even where there is no entertainment vacuum, digital experiences, such as online streaming, are challenging their more traditional counterparts—television networks.<sup>3</sup> Award shows are great examples of this competition and offer another way of looking at the audience gains for gaming and e-sports. For example, in 2020, the Game Awards drew in more than 3.5 times the audience of the Academy Awards. As a traditional television experience, Oscar viewership is counted as the number of people who tuned into the live four-hour show via cable networks. Conversely, viewership for the Game Awards is broader and includes anyone who tunes into the streaming event across 45 platforms at any point during the three-hour event.<sup>4</sup>



Sources: Statista, the Game Awards (an annual awards ceremony honoring achievements in the video game industry)

## Will Social Media and Online Entertainment Still Dominate in a Reopened World?

Social media became a means to overcome the barriers of social distancing this past year, as well as a key vehicle for news and entertainment.

People continued to create content—the lifeblood of social media—during the pandemic, but the tone and subjects changed markedly. Instead of sharing panoramic views of exotic vacations, people shared photos and videos of things closer to home in 2020. Social media during the past year has been full of experiments with sourdough and chronicles of garden and home decorating projects.

<sup>3</sup> <https://observer.com/2020/08/coronavirus-cord-cutting-netflix-amazon-hulu-disney/>

<sup>4</sup> The Game Awards

## DIGITAL CONSUMERS

As we continue to reopen, competition for the once locked-down digital audience could drive large shifts from 2020's tight marketing budgets for travel and entertainment going forward. While it is likely some of the past year's dominant trends in social media will lose a bit of ground, there may also be permanent converts to digital consumerism. Activities like ordering food online and watching video games have probably reached inflection points. If the audience gained remains loyal, this could potentially provide an ongoing source of revenue for companies competing in the digital arena.

### Looking Forward

Has the past year permanently changed consumer behavior? Shopping habits have been evolving toward e-commerce and digital consumerism for many years. Gaming and e-sports gained an immense audience, and social media proved a critical tool to maintaining connection with friends and family during a trying time. It is likely that some of these new habits are going to stick.

### Invest in Companies Involved with Transformational Changes

ProShares MSCI Transformational Changes ETF (ANEW) invests in companies that may benefit from transformational changes in how we work, take care of our health, and consume and connect—changes accelerated by COVID-19. ANEW tracks the MSCI Global Transformational Changes Index.

**Investing involves risk, including the possible loss of principal.** This ProShares ETF is subject to certain risks, including imperfect benchmark correlation and market price variance, that may decrease performance. Please see its summary and full [prospectuses](#) for a more complete description of risks. **There is no guarantee any ProShares ETF will achieve its investment objective.**

Natural or environmental disasters, including pandemics and epidemics, have been, and can be, highly disruptive to economies and markets and have recently led, and may continue to lead, to increased market volatility and significant market losses.

Investments in the healthcare equipment and services industry, the software and services industry, and the media and entertainment industry are subject to a number of risks, including risks associated with limited product lines, technological developments, regulatory changes, the impact of research and development costs, and changing consumer preferences.

The fund concentrates its investments in certain sectors. Narrowly focused investments typically exhibit higher volatility.

Investments in non-U.S. securities may involve risks different from U.S. securities, including risks from geographic concentration, differences in valuation and valuation times, unfavorable fluctuations in currency, differences in generally accepted accounting principles, and from economic or political instability.

Investments in emerging markets generally are less liquid, more volatile and riskier than investments in more developed markets and are considered to be speculative.

**Carefully consider the investment objectives, risks, charges and expenses of ProShares before investing. This and other information can be found in their summary and full [prospectuses](#). Read them carefully before investing. Obtain them from your financial professional or visit [www.ProShares.com](http://www.ProShares.com).**

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