



Return on experience is a metric businesses can't ignore

2019 Canadian Consumer Insights Survey



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From retail to health care, consumers are more demanding than ever. In this consumer-driven market, it's time for a new metric to measure success.

Most, if not all, businesses use return on investment (ROI) to do this, but return on experience (ROX) probably isn't as familiar. Our Global Consumer Insights Survey 2019 (GCIS) found that measuring ROX will help companies understand the return they're getting on an investment made into parts of the organization directly related to how consumers interact with their brand. Because consumers are so discerning, most organizations need to invest far more in customer experience (CX) than what's being done now.

CX and employee experience (EX) are pivotal to the success of any modern enterprise. They can be the main differentiator between those who disrupt their competitors and those who are disrupted by them. The Digital IQ—Canadian insights report revealed that of the top financially performing organizations, 91% globally had an executive in charge of EX, compared with 74% in Canada.

We heard from 1,000 Canadians for this year's Consumer Insights Survey (CIS). They weighed in across a number of ways they engage with brands and about what's important to their consumer journey. What stood out to us is what they told us as being important to their experience in retail, smart tech and health care. We then analyzed the data, and below we offer our insights into shifting consumer demands and what businesses can do to enhance their ROX.

Six imperatives for improving ROX



1

Fuse CX and EX: customer experience exists in a feedback loop with employee experience.



2

Convey shared values: fusing CX and EX is easier when the two groups share the same values associated with a particular brand or organization.



3

“Find “magic moments”: focus on “magic moments” with customers to create loyalty and build a relationship over time.



4

Understand customers: use proprietary data to gain valuable insights into customer behaviour to offer personalization.



5

Treat data respectfully: customers will take their business elsewhere if they feel a company is not protecting their data.



6

Win the trip: understand what customers are trying to experience and make it easier for them to do that with ease of navigation on your website, breadth and quality of selection, price, quality of advice and exclusivity.



Shifting consumer demands in grocery

CEOs who focus on consumers' needs and create unique and seamless experiences will come out on top, according to the 22nd annual CEO Survey—Canadian insights. Successful retailers use technology to create “frictionless purchase journeys” with their customers similar to the customers' interactions with personal technology, according to the Consumer Insights Survey (CIS).

Micro-trips in-store are the new norm

At a broader level, digitally native brands are taking over traditional industries and disrupting incumbents by combining digital and physical approaches. While Amazon.com is changing the grocery industry in the United States, Canadians told us they still prefer to shop in-store for their food items.

While 65% of the global CIS sample did at least some shopping with Amazon.com, out of that percentage, more than one-third (34%) said they shop more frequently because Amazon.com makes their experience easy. When in-store, 52% of Canadian respondents said the ability to quickly and conveniently navigate the store, followed by quick and easy payment methods (32%), including mobile and contactless payment, would significantly improve their current in-store shopping experience. These findings reinforce that Canadians are looking for a convenient, in-store experience when making their micro-shopping trips for groceries.

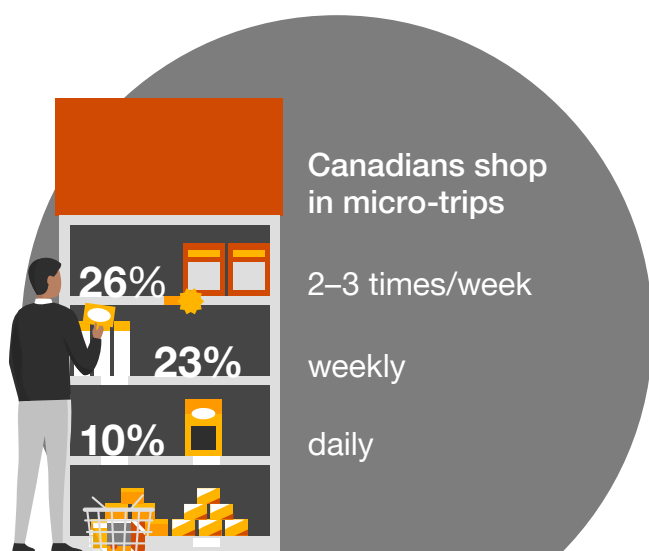


Online vs in-store

While online grocery shopping has been available for some time, Canadians still prefer an in-store experience. Only 20% say they would be “likely” to purchase groceries online in the next 12 months, with 69% saying they were “unsure or not likely”.

The main reason consumers told us they prefer in store trips versus online ordering is they prefer to see and touch the products, while others enjoy the experience of discovering new products in-store. Nearly half of respondents said they have concerns over the quality of products, and just over a quarter said they believe food could be damaged in transport.

The survey also found that Canadian consumers make trips more frequently to their local grocery store throughout the week, rather than save up for one big shop on the weekend. Just over a quarter (26%) said they make “micro-trips” to grocery stores or supermarkets (i.e. in-store trips less than five minutes long) two to three times per week, 23% said weekly and 10% said daily or more.



Sustainability is a differentiator

Consumers are hungry for organic, local and sustainable produce

Sustainability is no longer a “nice to have” for organizations to be seen as socially responsible, but a “must have” if retailers want to meet consumers’ demands. Businesses are responding by looking to their supply chain to cut costs, promote efficiencies and, in general, become more sustainable. While balancing social, environmental and economic considerations is good for the planet, it’s also good for the ROX bottom line.

When it comes to paying a premium for groceries, some consumers we heard from said they are willing to stomach a higher price tag if food items are more sustainable. In terms of sustainability, food items being organic, sustainably packaged and produced are top of the shopping list, followed by eco-friendly packaging, a sustainable product and one that’s ethically produced (see chart). The trend for locally produced is particularly high among 18–24-year-olds, with 74% citing this as important, followed by 70% for organic and 49% for sustainable packaging.

When asked how they purchase items in a sustainable way, the majority of respondents said they avoid the use of plastic where possible like plastic straws and cutlery, and they buy items with less packaging. Other methods include looking for products with environmentally friendly packaging, buying sustainable products to protect the environment and buying brands that support sustainable practices.

How do Canadians purchase in a sustainable way?

I avoid the use of plastic where possible	42%
I buy items with less packaging	42%
I look for products with environmentally friendly packaging	38%
I choose sustainable products to help protect the environment	33%
I buy brands that promote sustainable practices	28%

In addition to sustainability, consumers are increasingly desiring health and wellness grocery products more and more, driven by external factors like the recently released Health Canada food guide. This demand for healthier products is also being driven by the following trends, according to [Canadian Grocer](#):



Specialty stores like meat markets, green grocers and fishmongers continued to gain ground in 2018, with sales growing in every province except Alberta. Other factors contributing to the rise of the specialty food store include changing consumption habits, with growing preference for plant-based food and humanely raised meat, along with the rise of conscientious investors who are focused on climate change.



Grocery stores are becoming the next “community centres” where people choose to shop in person not only because they want the freshest produce, but also to fulfil the need for human connection. For example, this could include park benches in the aisles or patio space to foster social interactions.



33%

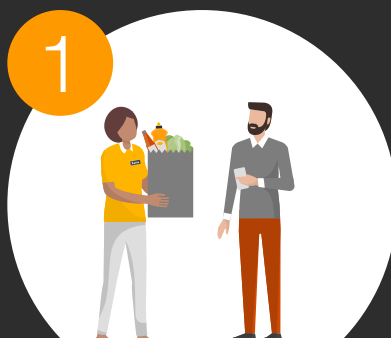
A third of Canadian respondents said they're willing to pay a premium for non-food items that are either sustainably or ethically produced. This was followed in popularity by items with sustainable packaging (32%) or eco-friendly offerings (32%).

Non-grocery also shows inclination towards sustainability

Similar to food items, responses to questions around non-grocery items showed a strong inclination toward sustainability. In general, we are seeing in the market that while it was once cool to never wear the same thing twice, now it's in poor taste not to.

Recently, there's been increased exposure on how the fashion industry is one of the largest culprits of pollution. In 2015 alone, it added 1,715 million tonnes of carbon dioxide to the atmosphere. With the rise of fast fashion, clothing has become almost disposable, adding more to landfills every year. What's more, the easy (and very inexpensive) access to trendy items has fed consumers desire to never wear the same thing twice.

Take action:
Ways grocers can improve their ROX



Offer “click and collect” services, so customers can do their shopping online while at work/on the train commuting and then pick up their items at a location close to their residence. This allows them to see the quality of goods in-store while saving time, addressing what Canadians identified as important to them in the survey.



Offer incentives for repeat purchases through a loyalty card program, that tracks what customers normally buy. This shows the customer that the business has applied their knowledge of what products are important to them, helping to improve their return on experience (ROX).



Leverage the power of the mobile device to offer mobile payment solutions (i.e. contactless payments) and engage with consumers to create a seamless, enjoyable and convenient grocery experience. This supports micro-trip shoppers who are looking for a quick, easy experience.



Take steps to become more sustainable, such as creating a more efficient and reliable supply chain; choosing logistics companies reducing their environmental footprint. By becoming a more sustainable brand and one your employees believe in, you will naturally attract more loyal customers.



Provide your customers with transparency to help them understand where, when and how often their food is sourced. This will satisfy customers concerns for their health, environment and even the well-being of workers. More sustainable practices and transparency call for increased investment and improvement of supply chain practices, reporting mechanisms and training of employees. By investing in such practices, retailers will gain customers’ loyalty and trust.



Why type it when you can say it

+75%

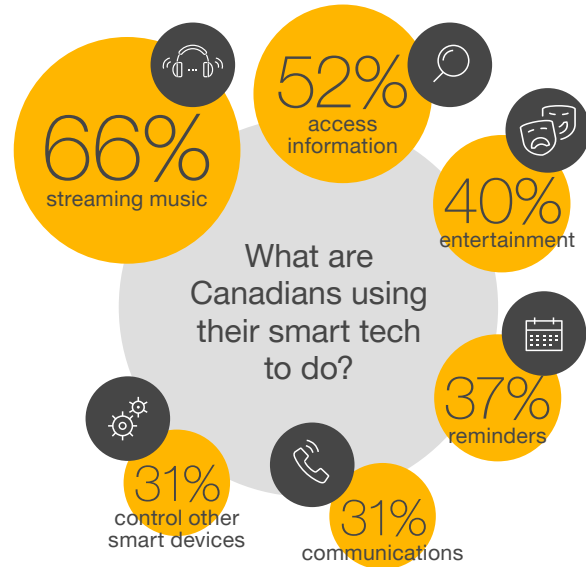
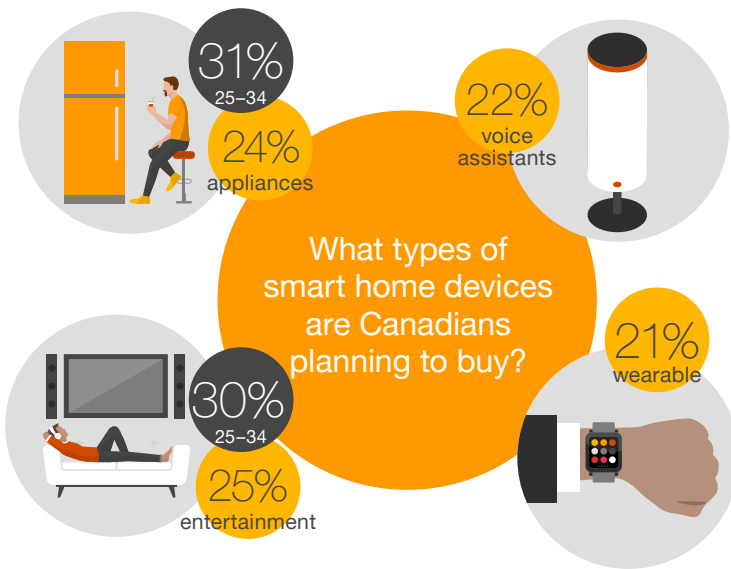
Internet of things payments, which include voice payments, will grow 75% a year globally, from US\$24.5 billion in 2018 to US\$410 billion in 2023.

Voice-enabled tech is creating a new communications channel for retailers and customers. It's the most personal experience a customer can have—they're talking to, not typing on a computer, and receiving quick, intelligent responses.

While the adoption of voice-enabled tech continues to grow and the ways in which it's used continue to evolve, there's a broader opportunity to discuss how consumers will use this technology to find and engage with brands and products. Seventeen per cent of Canadians we surveyed are already using smart home voice assistants to make purchases.

In terms of making shopping a "frictionless experience", voice payment is now being developed to replace the physical exchange of money and checkout lanes. According to [Juniper Research](#), Internet of things payments, which include voice payments, will grow 75% a year globally, from US\$24.5 billion in 2018 to US\$410 billion in 2023. Based on this trend, it's important for retailers to start thinking about conversational interfaces.

Consumers today told us smart home entertainment and appliances lead the way for smart tech, in current ownership and planned purchases; especially among ages 25–34, but the popularity of voice-enabled tech like assistants is on the rise. With wearables following closely behind, and still on consumers shopping lists.



Take action:

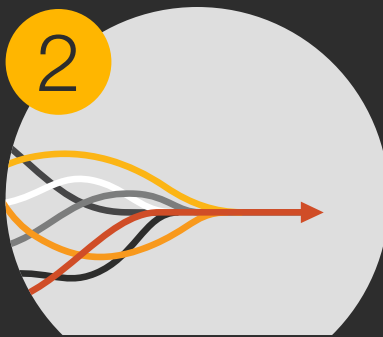
Design a frictionless experience using voice

Digital voice assistants powered by artificial intelligence (AI) contribute to a frictionless purchase journey, in addition to other measures previously mentioned like mobile payments. As shopping by voice becomes more the norm, companies should be thinking beyond mobile to consider how voice technology in homes, cars and elsewhere will affect the customer experience.

How voice will change the consumer experience



Creating greater intelligence and insights: retailers need to start tapping into rich voice data information, as it adds context to customer interactions. Consumers' smart speakers and AI assistants like Apple's HomePod and Google's Alexa know what songs the customer played, when they order groceries, if they go to the gym every morning, when they pick up their kids from school and much more.



Driving personalization: by tapping into this data, retailers will be able to improve their relationships and interactions with customers. They'll be able to do this by suggesting a new product for their grocery order while the consumer is shopping or by directing customers to buy a dress for a friend's upcoming wedding. Or in health care, patients can receive reminders to take their medications. Customers are willing to share their data, but only if they perceive they are getting something of equal value in return.



Changing retail marketing: how customers interact with products may also change as a result of voice. Once customers become even more comfortable using AI assistants, retail marketing will be affected. Retailers' tactics on how they win over customers will need to evolve. For example, if an AI assistant suggests a competitor's product, how can the marketer control whether AI reprioritizes the suggestion, so their product is recommended instead?



Bringing health care online

75%

of consumers have installed as many as three apps related to fitness, health care or wellness on their mobile devices.

Digital access helps deliver patient-driven health care

Many Canadians are willing to share their personal information to facilitate ease of access to personal health information through digital channels. Think of accessing lab or diagnostic test results online days after getting the test, instead of having to wait for results and visiting the doctor, or waiting for a phone call.

Likewise, the Global Consumer Insights Survey (GCIS) shows consumers are willing to engage in non-traditional activities online more and more. This is the case especially in health care, where almost two-thirds of the global sample say they're willing to access services through companies not typically associated with health like Amazon, Apple and Facebook.

Globally, consumers are already using their mobile phones for health information: almost 75% of consumers have installed as many as three apps related to fitness, health care or wellness on their mobile devices.



In health care, it's especially important to put the patient or family member at the heart of any operation. Canadians have more access to their health care data than ever before. They're able to access prescriptions, diagnostic test results and even doctors virtually without having to leave their homes (depending on their location in the country).

Nearly half (46%) of Canadian respondents said they're "somewhat comfortable" accessing health care products or services from a company with a product that collates all of their information in one place. While 21% said they're "very comfortable", there's still some room for growth.

To what extent do Canadians feel comfortable accessing the following health care products or services from digital health providers?

	Very	Somewhat
OTC medication	20%	51%
Health insurance	19%	50%
Diagnostic tests	18%	42%
Virtual doctor visits	18%	41%
Prescription medication	17%	38%
In-person doctor visits	34%	37%



Keeping track of health

While uptake on consumer apps in health care has been on the slower side to date, 32% of all Canadians surveyed said they use a health care, wellness, fitness or medical application on their phone, smartwatch or tablet. That number rose to 37% for those aged 25–34. Interestingly, there was also a difference between groups in what they monitor on their smart devices. While exercise and diet monitoring were most important to Canadians overall, stress and sleep tracking were the most important for those aged 18–34. Fertility and period tracking were popular among the younger age group as well.

The most popular types of health apps Canadians have on their smart devices

18–34 yr olds		All respondents
Sleep	1	Exercise
Exercise	2	Diet
Stress reduction	3	Sleep
Fertility/ Period tracking	4	Stress reduction



Take action:
**Designing a
connected experience
around health care**

By providing digital access, your organization can put the patient (customer) at the centre of their health care, allowing them control of their information like never before. This also gives health care providers easier access to data, supporting all sides.

But it's important to remember the sensitive nature of this data when compared to for example their grocery spending habits. While giving patients access to their health care data online opens up their options, health care organizations need to make sure proper security policies are in place, so patients feel safe and trust institutions.

Trust and brand protection are tightly linked. The emotion and value of personal health information is far greater than a breach in other areas. Consumer organizations can play a role in coordinating care and interactions with the system for patients and their families around pharmacy, nutrition as well as other health service providers.

Contact us

Myles Gooding

National Retail & Consumer Leader,
PwC Canada

myles.gooding@pwc.com
+1 416 687 8598

Tara McCarville

National Health Industries Leader,
PwC Canada

tara.mccarville@pwc.com
+1 416 869 2493

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