NOVEMBER 2018

Understanding the Canadian Consumer: 2018

Canadian Consumer Research Study: Executive Report

Background & Objectives

Background and Objectives

This research report explores the attitudes and experiences of Canadian consumers across the entire shopping journey, regardless of channel. It investigates the similarities and differences across channel, gender and generation.

It provides retailers with insight to help them better compete in a changing and disruptive environment.

For 2018, this study explores:

- Canadians' path to purchase, and how this differs between online and in-store, and movement between channels before, during and after purchases.
- Why consumers would switch purchase channels.
- Improvements Canadian consumers desire from online and 'bricks & mortar' retailers.
- The frequency and types of problems that consumers experienced during their last purchase.

About this Study

Data Collection

WisePlum conducted an online study across Canada to provide actionable insights for retailers on how to compete in an omni-channel world.

Survey invitations were sent to Canadian panel members. Panelists are part of a third party panel who provide ongoing feedback on their experiences with companies and brands.

Field Notes

A total of n=5,007 online interviews were completed between October 11 to 25, 2018. Field quotas were used to control the distribution of region, age and gender.

Respondents were asked questions regarding their most recent purchase. Boosts were used to achieve higher completions for online purchases. A total of n=1,744 rated an online purchase while 3,258 rated an in-store purchase.

Analysis

Where possible, results are compared against the 2017 study (2017 results can be found here).

To allow for accurate comparisons, 2018 results were weighted to the same proportions as 2017 in terms of verticals within purchase channel.

More detail about the weighting can be found in the appendix.

Executive Summary

INSIGHT:
Shoppers going 'offline' and 'online' prior to purchases presents an opportunity to intercept purchase decisions.

- → 61% of shoppers did at least one online activity prior to an in-store purchase
- → 65% of shoppers did at least one offline activity prior to an online purchase
- → In-store shoppers more likely to know where they were going to make purchase before making decision (83%) compared to online

IMPLICATIONS:
Consumers shouldn't be discretely classified as "online" or "in-store". Successful retailers will meet consumers' needs in their desired channel throughout the purchase journey.

B&M retailers have an advantage of offering a 'showroom' for online shopping. The key is to convert consumers while in-store, prior to making an online purchase from home.

INSIGHT:

Regardless of purchase channel, there is customer friction throughout the retail experience

- → One-half of consumers report experiencing a problem at some point during their last purchase
- → Online purchasers more likely to report a problem than in-store
- → Those with problems are less loyal, regardless of purchase channel used
- → Online purchasers who would consider switching channels are more likely to also switch retailers (29% vs. 14%), while more in-store remain loyal to the retailer despite considering a new channel (66% in-store purchasers would stick with same retailer vs 53% of online purchasers)

IMPLICATIONS:

Problem experience is magnified for retailers with customers shopping across multiple channels. The additive effect is significant, and could damage a brand's image and customer loyalty. Retailers must think of the omni-channel customer across their entire experience.

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INSIGHT:

Customers want retailers to focus on improvements that make shopping easier, not a customized experience

→ Overall, Canadian consumers want faster check-out and improved product availability and assortment
→ Consumers also want **online** retailers to improve the product details shown and provide better pictures, confirm when an item is in-stock, and provide better navigation
→ Consumers also want **Brick & Mortar** retailers to improve the store layout/navigation, staff knowledge and friendliness, and confirm an item is in-stock before going to the store

IMPLICATIONS:

Retailers should focus on improvements that save consumers **time** and make it **easy** for them to find the product they want, how they want.

Key Findings

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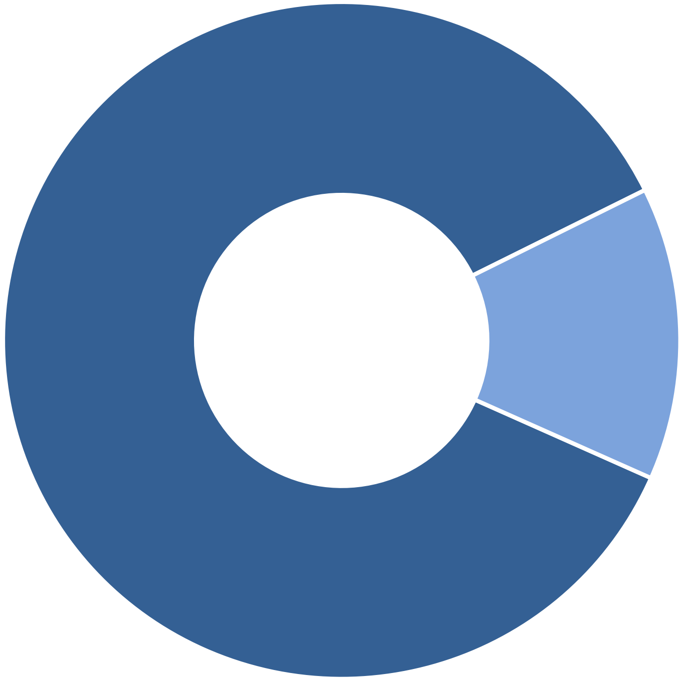
Bricks & mortar operations continue to capture the majority of transactions

Channel Used in Last Transaction (n=5,007)

In-Store

86%



Online

14%

Notable Demographic Differences

Most likely to use **in-store** for last purchase…

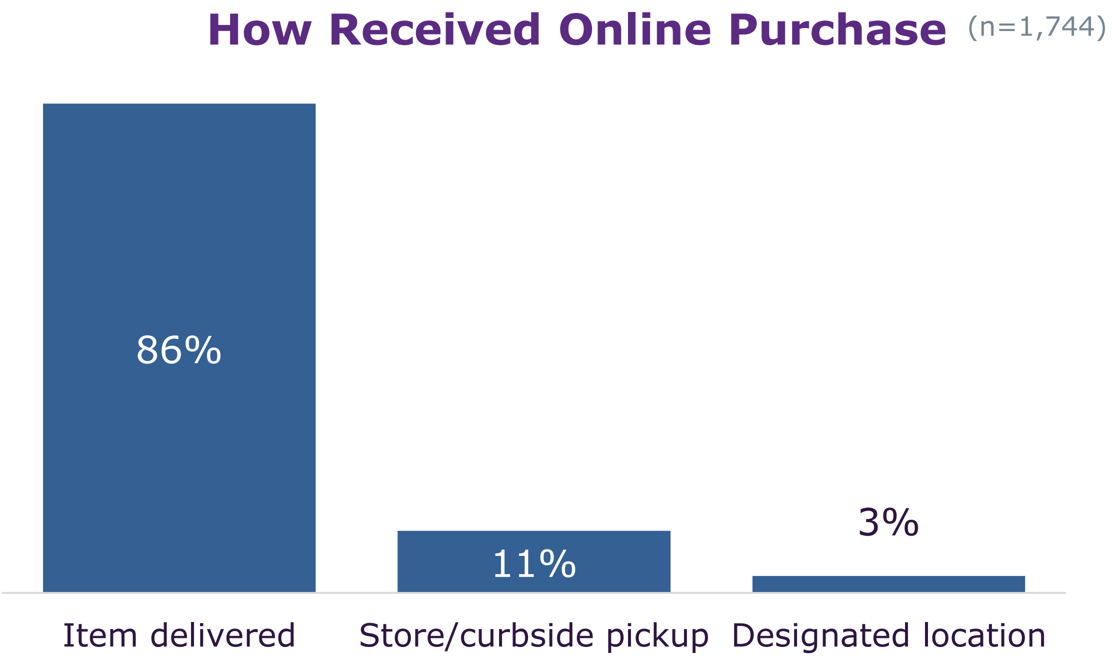
Men	Atlantic	Silent Gen
89%	90%	96%

Most likely to use **online** for last purchase…

Women	BC	Millennials
16%	17%	18%

C30 - Which one of the following applies to your most recent purchase? Base: All Respondents (n=5,007)

The majority of purchases made online are delivered, especially in urban areas; curbside more popular for groceries



Notable Demographic Differences

Urban residents most likely to have item delivered (88% vs. 83% suburban)

Grocery purchases more likely to be picked up curbside (28% vs. 11% non-grocery)

Albertans most likely to use store/curbside pickup (17% vs. 7% in Atlantic)

C40 - When you made your most recent purchase online, did you have the item(s) delivered or did you pick the item up at the store?
Base: Online purchasers (n=1,744)

In-Store

61%

of shoppers did at least one online activity prior to an in-store purchase

2.6 **Avg. # of online activities before an in-store purchase**

Top activities include:

- Comparing product prices online
- Browsing online flyers
- Browsing a brand's website

Online

65%

of shoppers did at least one offline activity prior to an online purchase

2.1 **Avg. # of offline activities before an online purchase**

Top activities include:

- Browsing for products in-store
- Comparing product prices in-store
- Asking friends or family for an opinion about a product

Canadians are more likely to report problems following an online purchase than in-store

Summary of Problem Experience

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
% who experienced a problem while…			
Researching & choosing	34%	26%	49%
Purchasing	40%	31%	55%
Making a payment	13%	9%	21%
After purchased/received	21%	14%	35%
Total experienced a problem	50%	41%	67%
Average # of problems experienced	3.4	2.2	5.8

Notable Demographic Differences

59% experienced a problem
5.1 Avg # problems
Millennials vs. **Silent Gen**
32% experienced a problem
0.9 Avg # problems

53% experienced a problem
4.1 Avg # problems
Urban vs. **Suburban**
48% experienced a problem
3.1 Avg # problems

54% experienced a problem
3.9 Avg # problems
Non-Grocery vs. **Grocery**
34% experienced a problem
1.4 Avg # problems

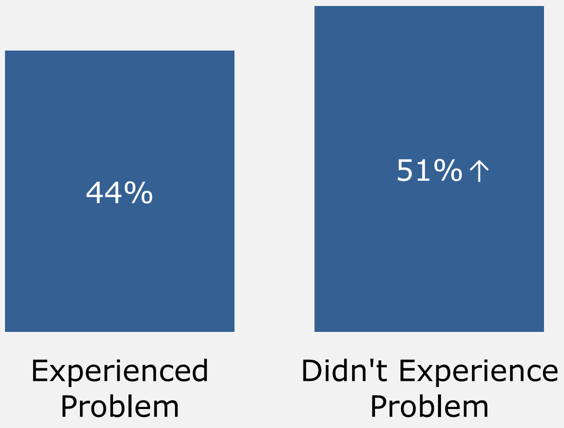
Loyalty for online retailers has decreased since 2017; loyalty levels are suppressed among shoppers who experienced a problem

48%

“Definitely Will” Recommend
retailer used to friends and colleagues

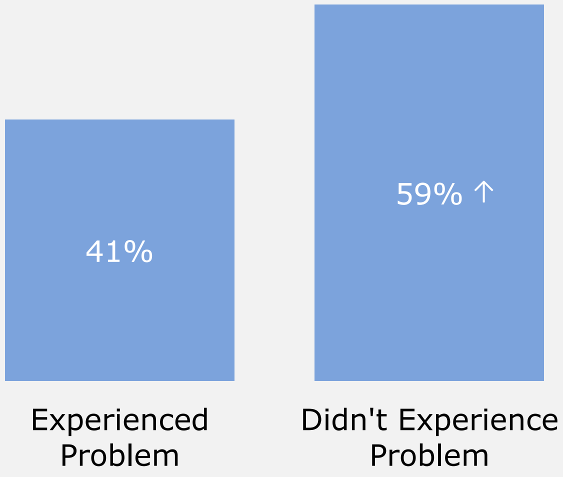
48% -2 PTS SINCE 2017

of in-store shoppers



47% -8 PTS SINCE 2017

of online shoppers



Q165 - How likely are you to recommend the specific retailer that you used for this purchase to friends and colleagues?
Base: Total (n=5,007) ↑ indicates result is significantly higher

What improvements do shoppers want from their retailer overall?

Faster Checkout

33%

Improved Product Availability & Assortment

32%

Notable Demographic Differences

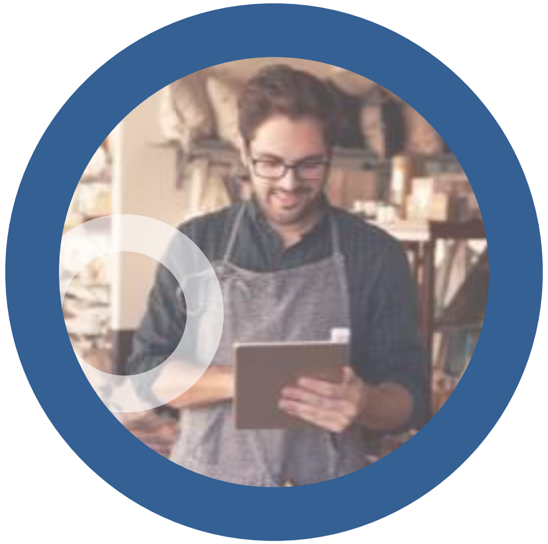
	Grocery	vs. Non-Grocery
Faster Checkout	44%	30%
Product availability & assortment	36%	31%

Q212 - What are the top three improvements you would most like to experience during your next purchase? Select up to three options. Base: Total (n=5,007)

What improvements do shoppers also want from their next in-store purchase?

Better store layout/easier to find items you want

30%



Knowledgeable, friendly staff to assist you

29%

Confirmation the item is in-stock before I go to the store

24%

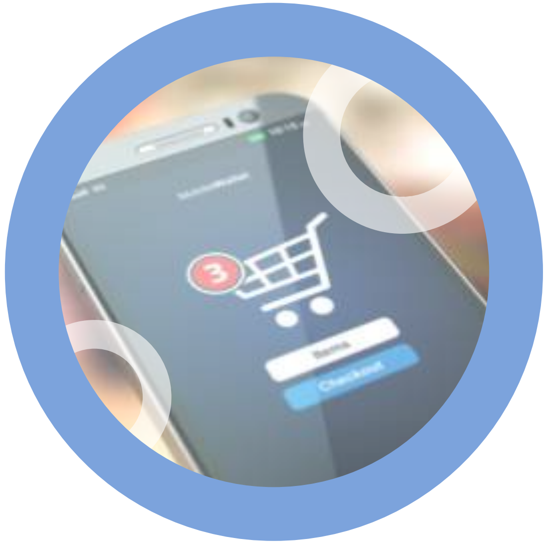
What improvements do shoppers also want from their next online purchase?

More product details/better pictures

36%

Confirmation the item is in-stock before I order online

23%



Better website navigation/easier to find items you want

21%

Channel Switching Behaviour

WisePlum

The proportion of in-store shoppers that would switch to online because they don't have confidence in retailers has increased since 2017

Why in-store shoppers would switch to online

	2018	2017 Change
Trust I don't have sufficient confidence in the retail store to use it again the next time I purchase	31%	+11↑
Convenience The retail store didn't make it as easy to buy as I thought it would	35%	-3
Usefulness I think the online store will be more useful in providing all the information I need in order to make a good purchase	25%	n/c
Best Fit The retail store isn't the best fit for purchasing most recent item	19%	-4
Selection I think that the online store will have a better selection	23%	-3
Promotions I think that the online store will have better sales and promotions	27%	-6
Feels Good It feels good to shop at a retail store	20%	+4
Enjoyment I enjoy shopping (new channel)	19%	+2
Other	1%	-3
None of the above	6%	+2

Q210 - Which of the following statements comes closest to your reason for changing your shopping habits in the future?
Base: Retail shoppers who would make similar purchase online (n=322) ↓/↑ indicates result is significantly lower/higher than 2017

In-store shoppers more likely to know which retailer they were going to use before making the purchase decision

Know Which Retailer Going to Buy From

	Total	In-Store		Online	
	2018	2018	2017 Change	2018	2017 Change
Yes	80%	83%	+3↑	75%	+4↑
No	20%	17%	-3↓	25%	-4↓

Notable Demographic Differences

Grocery
88%

vs.

Non-Grocery
78%

Q20 - Before you decided on your most recent purchase, did you know which retailer you were going to buy from?
Base: Total (n=5,007) ↑ / ↓ Arrows indicate that change is statistically significant.

Canadians who plan to make their next similar purchase online has increased since 2017

How Plan to Purchase Items Again

	Total	In-Store		Online	
	2018	2018	2017 Change	2018	2017 Change
At a retail store	59%	84%	-6↓	13%	+2
Online with delivery	28%	7%	+2↑	67%	-5↓
Online with pickup at a retail store	5%	3%	+2↑	10%	+4↑
Through a catalog/via a call centre	2%	2%	+2↑	4%	+4
I do not plan on purchasing this item again	6%	5%	+1	7%	-4↓

Q170 - When you make a similar purchase again, how do you plan to purchase this item/items?
Base: Total (n=5,007) ↑/↓ Arrows indicate that change is statistically significant.

In-store purchasers remain loyal to the retailer, despite considering a new channel

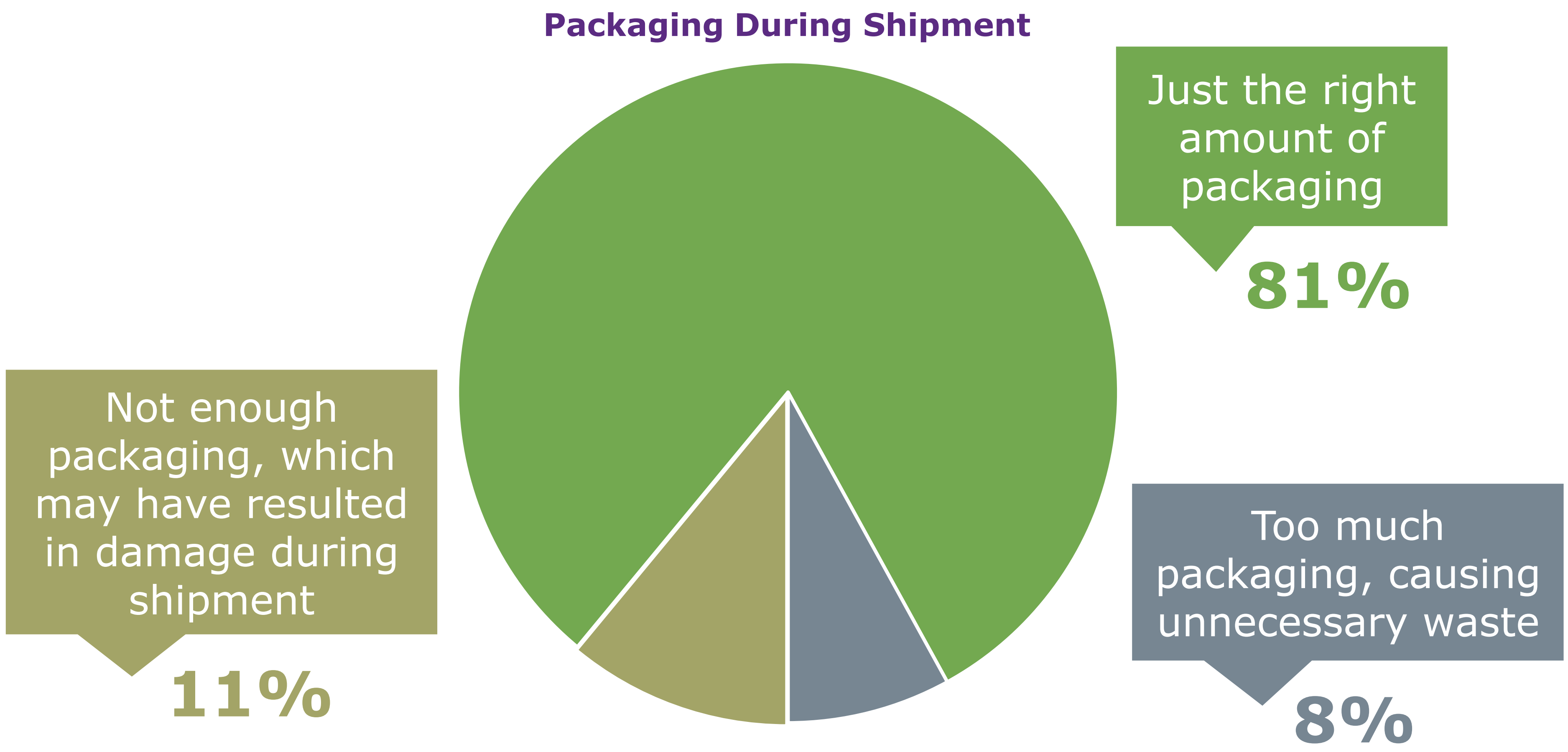
Likelihood to Re-use same Retailer, among those who would switch channel

	Total (N=668)	In-Store (n=373)
I would buy from the same retailer, if that option is available to me	60%	66%
I would switch to a different retailer	21%	14%
It depends on the situation	19%	20%

Q211: Thinking about the next time you make a similar purchase, would you use the same retailer or switch to a different retailer?
Base: Those who intend to switch channels (n=668). ↑ / ↓ indicate online significantly higher/lower than in-store.

Other Findings

Package waste does not appear to be of concern to most online shoppers, and does not differ significantly by age



Q166 - Which of the following best describes the packaging used for shipping the product?
Base: Rated Past Online Purchase (n=1,744)

Canadians more likely to shop for family members online, but gifts more likely to be purchased in-store

Who Shopped For

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
I was shopping for myself	68%	71%	65%
I was shopping for my family	36%	28%	40%↑
I was purchasing a gift	8%	14%	5%↓
I was shopping for someone else (other than family)	2%	2%	2%

Q90: Which of the following applies to your most recent purchase?
Base: Total (n=5,007) ↓/↑ indicates online result is significantly lower/higher than in-store

Path-to-Purchase: Online Activities Prior to Purchase

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
NET Completed at least one activity	71%	61%	91%↑
Average # of Activities Completed*	2.8	2.6	3.0

Notable Demographic Differences

Highest average number of activities:

Millennials
3.0

Non-Grocery
2.9

Q11 – We are interested in how you shopped for this/these item/s online. By "shop" we mean all the activities leading up to the purchase of the item/s, including researching products online and visiting retailer websites. Select all of the activities leading up to this purchase.
Base: Total (n=5,007) ↓/↑ indicates online result is significantly lower/higher than in-store *Average calculated among those who did at least one activity.

Path-to-Purchase: Offline Activities Prior to Purchase

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
NET Completed at least one activity	**72%**	**75%**	**65%** ↓
Average # of Activities Completed*	**2.2**	**2.2**	**2.1**

Notable Demographic Differences

No notable demographic differences

Q12 – Other than using the Internet, what activities did you participate in leading up to the purchase of the item/s, including visiting different stores and reading printed promotions?
Base: Total (n=5,007) ↓/↑ indicates online result is significantly lower/higher than in-store *Average calculated among those who did at least one activity.

Path-to-Purchase: Activities During Purchase

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
NET Completed at least one activity	**79%**	**89%**	**60%↓**
Average # of Activities Completed*	**1.5**	**1.6**	**1.4↓**

Notable Demographic Differences

Grocery 1.7 **vs.** **Non-Grocery** 1.5

Q50 - Which of the following actions did you take when purchasing this item?
Base: Total (n=5,007) ↓/↑ indicates online result is significantly lower/higher than in-store *Average calculated among those who did at least one activity.

Path-to-Purchase: Activities After Purchase

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
NET Completed at least one activity	**37%**	**29%**	**52%**↑
Average # of Activities Completed*	**2.0**	**1.9**	**2.1**

Notable Demographic Differences

Millennials
2.2

Urban
2.1

Q150 - After you bought/received the item, did you have any additional interactions or follow-up with the retailer that you bought from regarding this purchase?
Base: Total (n=5007) ↓/↑ indicates online result is significantly lower/higher than in-store *Average calculated among those who did at least one activity.

Types of Problems Experienced: Research & Choosing

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
Experienced a problem researching & choosing	**34%**	**26%**	**49%**
You could not order an item online and have it delivered to a local store	19%	n/a	19%
The product you wanted was not available online	17%	n/a	17%
Information about the stock availability was not online	14%	12%	18%↑
The price online was different from the price in the store	14%	10%	21%↑
It was not stated clearly which items were available online and which were available in the store	13%	10%	17%↑
It was hard to find the item/s that you wanted	12%	9%	17%↑
The store website/app was slow	10%	7%	16%↑
The store website/app was difficult to navigate	10%	7%	16%↑
You could not find out the delivery charge before ordering	10%	8%	15%↑

Notable Demographic Differences

Most likely to have experienced a problem researching and choosing last purchase…

Millennials 45%

Urban 38%

Non-Grocery 38%

Q91. Thinking again of your most recent purchase experience, did you encounter any of the following problems when you were **researching and choosing** the product(s) you wanted to buy? Base: Total (n=5007) Note: Only problems with 10%+ experienced shown. ↑ indicates result is significantly higher than in-store

Types of Problems Experienced: Purchasing

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
Experienced a problem purchasing	**40%**	**31%**	**55%**
Was forced to log-in/sign up to complete purchase	26%	n/a	26%
You could not order an item online and have it delivered to a local store	17%	n/a	17%
A coupon or gift certificate could not be used online	16%	n/a	16%
The store website was slow	15%	n/a	15%
The product you wanted was not available online	15%	n/a	15%
The store website was difficult to navigate	13%	n/a	13%
There were no stores close to you	13%	9%	20%↑
The item/s that you were looking for were out of stock	12%	9%	16%↑
The line at the register was too long	12%	12%	n/a
The price online was different from the price in the store	12%	9%	19%↑
Was unable to add items to cart	12%	n/a	12%
No sales associate was available to help you make this purchase	11%	9%	14%↑

Notable Demographic Differences

Most likely to have experienced a problem while purchasing last purchase…

Millennials 48%

Urban 43%

Non-Grocery 43%

Q92. Thinking again of your most recent purchase experience, did you encounter any of the following problems when you were **purchasing** the product(s) you wanted to buy?
Base: Total (n=5007) Note: Only problems with >10% experienced shown. ↑ indicates result is significantly higher than in-store

Types of Problems Experienced: Payment

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
Experienced a problem while paying	**13%**	**9%**	**21%**
Couldn't find/Didn't have the 3-digit CVV code on back of credit card	12%	n/a	12%
Store didn't accept my preferred payment type	8%	6%	13%↑
Payment didn't go through	7%	5%	12%↑
Payment terminal wasn't working properly (CHIP error, PIN error, couldn't connect)	5%	5%	n/a

Notable Demographic Differences

Most likely to have experienced a problem while paying for last purchase…

Millennials
19%

Urban
16%

Non-Grocery
15%

Q93. Thinking again of your most recent purchase experience, did you encounter any of the following problems when you were **paying** for the product(s) you wanted to buy?
Base: Total (n=5007). ↑ indicates result is significantly higher than in-store

Types of Problems Experienced: After Purchase

	Total (N=5,007)	In-Store (n=3,258)	Online (n=1,744)
Experienced a problem after purchase	**21%**	**14%**	**35%**
Item took longer than expected to be delivered	17%	n/a	17%
I could not track my order	16%	n/a	16%
After you shipped your item back, it took a long time to see the refund on your statement	12%	n/a	12%
It was inconvenient to ship the item in order to return it	12%	n/a	12%
You did not receive the loyalty points associated with your purchase	9%	7%	12%↑
The return policy was confusing	7%	5%	12%↑
You had to pay delivery charges to return your item	7%	5%	12%↑
Could not get answers to questions about your purchase	7%	5%	12%↑
The item/s that you purchased were damaged	6%	4%	11%↑
You had to wait too long in line to return items	5%	5%	n/a

Notable Demographic Differences

Most likely to have experienced a problem after purchasing most recent item…

Millennials 28%

Urban 33%

Non-Grocery 24%

Q160. Did you encounter any of the following problems **after purchasing** your most recent item?
Base: Total (n=5007). ↑ indicates result is significantly higher than in-store

Likelihood to Recommend Retailer

	Total	In-Store		Online	
	2018	2018	2017 Change	2018	2017 Change
Definitely will	48%	48%	-2	47%	-8↓
Probably will	34%	35%	n/c	33%	+4
Might or might not	15%	15%	+2	17%	+3↑
Probably will not	2%	2%	+1	3%	+2↑
Definitely will not	1%	1%	+1	1%	n/c

Notable Demographic Differences

Most likely to say "definitely will" recommend retailer used for most recent purchase…

Women 49%

Boomers 52%

Quebec 57%

Q165 - How likely are you to recommend the specific retailer that you used for this purchase to friends and colleagues?
Base: Total (n=5,007) ↓/↑ Indicates result is significantly lower/higher than 2017

Data weighted to match 2017 proportions of category verticals, within purchase channel, allowing for tracking results

	In-Store (n=3,258)	Online (n=1,744)
Grocery	28%	2%
Mass Merchandiser	20%	31%
Discount Store	8%	1%
Department Store	16%	8%
Specialty Store	29%	56%