



Five Game-Changing Consumer Trends



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introduction

Consumer trends are evolving faster than ever. And it's never been more important—or challenging—for entrepreneurs to keep in front of these trends, if they hope to compete and grow.

At BDC, we understand this challenge. As Canada's only bank exclusively devoted to entrepreneurs, it's our job to make your job easier, so you can focus on what you do best: taking care of business.

In this new document, we update the findings of our popular 2013 study *Five Game-Changing Consumer Trends*, which was one of the most widely read reports BDC has ever produced.

Here's what we found in 2016:

- 1 Millennials drive consumer revolution**—Millennials, the hyper-connected generation of young people born from 1980 to 2000, are driving a profound transformation in habits among all consumers. They tend to be frugal, savvy shoppers and not particularly brand loyal.
- 2 Mobile rules**—Canadians love their mobile devices more than ever, especially for shopping. It's vital for businesses to not only be online, but also to offer a mobile-friendly website.
- 3 One size doesn't fit all**—Consumers increasingly demand the personal touch. Targeting customers with customized messages and personalized experiences significantly improves results.
- 4 We like to share**—Canadians have embraced the \$15-billion global sharing economy, using services like Uber, Airbnb and others to save money.
- 5 Canadians are more concerned about their health**—a trend that just keeps strengthening. The focus cuts across ages, pushing consumers to seek natural products and healthier foods.

How should you respond to these major trends? With the help of case studies and research, we explain how the changes in consumer behaviour affect your business, what opportunities they present and some of the strategies you can use today to take advantage to make your business more competitive.

This report was prepared by the Research and Economic Analysis team of BDC's Marketing and Public Affairs department. Reliance on and use of this information is the reader's responsibility. We would like to thank KPMG for its participation in preparing this document.



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**Millennials:
drivers of a new
consumption era**



Millennials: a connected generation looking for extraordinary experiences

Who are they?

Born between 1980 and 2000 (16 to 36 years old), millennials are also referred to as “Generation Y” and represented about 9.9 million Canadians in 2014 (28% of the population). By 2020, Gen Y members will be 20 to 40 years old and they will have worked their way up the career ladder.

The connected generation

Particularly active online, millennials are what we call “the connected generation.” They shop online and use smartphones and mobile devices. Their purchases are influenced by what they read on social media.

- **Smartphone usage:** 81% millennials vs. 72% Gen X and 46% boomers
- **Staying informed through social networking:** 66% millennials vs. 53% Gen X and 40% boomers
- **Shopping online:** 92% millennials vs. 82% Gen X and 74% boomers

Spending patterns

Since a majority of millennials are ready to spend more to stay ahead of trends and are not particularly brand loyal, brands and retailers will have to continuously and quickly reinvent their offer, experience and brand story to offer these clients the experience they are looking for.

- Millennials are frugal when it comes to spending on convenience products and saving money. However, they do not hesitate to spend on extraordinary experiences.
- Fifty-seven per cent of millennials are willing to spend more in order to stay ahead of trends; 56% of them also claim they are not brand loyal.

Gen X: fewer in number, but at the peak of their careers

Who are they?

Born between 1966 and 1979, Generation X represented more than 6.2 million Canadians in 2014 (17% of the population). Gen Xers entered the workforce during an economic downturn and are currently at the peak of their careers and earning years. Although less “connected” than millennials, their consumer behaviours are closer to those of the younger generation than the baby boomers.

Baby boomers still have more spending power in the short term

Who are they?

Born between 1946 and 1965, they started their careers in the late 1970s. The oldest baby boomers have recently reached retirement age and millions more will join them in the coming years. They represented more than 9.5 million Canadians in 2014 (27% of the population).

Purchasing power

Gen X and baby boomers have more purchasing power...

- In 2010, the average disposable income of Canadians between 50-54 was \$44K vs. \$41K for those between 40 and 44 years old and \$28K for 25- to 29-year-olds.
- Within a decade, baby boomers will control over 70% of the wealth in Canada.

... but millennials influence the other generations' purchasing habits.

- In 2011, two in five young adults (20 to 29 years old) were living with their parents, compared to a quarter in 1981.
- Millennials are trendsetters and are very active on social media; consequently, they influence the other generations' purchasing habits.

Business strategies

Improve your customer experience through every channel

With lower brand loyalty among millennials, customer experience has become even more crucial.

Companies need to focus their efforts on:

- understanding their current and targeted clients' needs;
- managing and exceeding customer expectations at every step of the customer path/experience;
 - first, understanding the different steps—consideration, evaluation, purchase and post-purchase;
 - then, understanding customer expectations at each step;
 - finally, identify improvement opportunities to minimize customer effort; and
- use individualized attention to drive loyalty (for example, by sending individual personalized offerings).

Companies could benefit from:

- getting products and services to consumers when and where they want them;
- analyzing consumer data and insights to provide a targeted and meaningful journey; and
- keeping it simple and convenient throughout all channels.



Develop a strong brand

Companies need to develop a brand with a strong story aligned to their different clienteles.

- connect your brand with what your clients value most (status, adventure, excitement, travel, wellness, etc.); and
- create brand awareness and manage social media, since consumers' purchasing decisions are influenced by family, friends and strangers more than "experts."

Companies need to adapt their marketing strategies to better address consumers' evolving behaviors.

- create outstanding content—be appealing, with informational and actionable content;
- think mobile first;
- incorporate videos;
- focus on simplicity—simpler is better;
- empower personal expression by allowing co-creation;
- ensure honesty, transparency and trustworthiness; and
- be active where your clients are (on the trendiest social media like Snapchat, Peach, etc.) and speak their language (e.g., hashtag, emoji, etc.).

From millennials to working moms and foodie boomers

Launched in 2014, COOK IT is changing Quebec consumers' mindsets towards a digital, convenient, healthy and fun way to prepare dinner.

Inspired by Europeans' and New Yorkers' appetites for online food ordering, and fueled by her passion for food, social media and entrepreneurship, Judith Fetzter launched COOK IT in June 2014.

COOK IT delivers chef-designed and ready-to-cook recipes to your front door with a vacuum-sealed kit of fresh ingredients.

Value proposition: weeknight cooking, fun and simplified

With fresh and local pre-packaged ingredients, prepare chef-designed, home-cooked meals that you'll be proud of in less than 30 minutes.

Business model

COOK IT's business model can be complex: Each box is different and ≈1,000 are delivered each week. Execution requires clear, rigorous and efficient processes.

To keep the portion price reasonable, COOK IT negotiates the lowest possible food cost with local suppliers. However, each order has a minimum quantity of four portions to allow a certain sales volume for COOK IT.

The subscription model increases revenue recurrence

Originally, the COOK IT customer was typically a young urban professional, social mediapower-user and foodie working in a very creative environment (e.g., start-up, PR agency, etc.).

With the subscription model and the "buzz" created by the younger generation, COOK IT enlarged its clientele to young wealthy families (busy working foodie parents interested in health and "DIY") and even foodie boomers (≈20%) who have more time and interest for a cook-it-yourself offer.

COOK IT brand and value proposition attributes fit perfectly with millennials' expectations... and also apply to older foodies!

- A **convenient** and fun "do-it-yourself" approach
- A **community** to join and **experiences** to share on social media
- A passion for local, quality **food**
- Continuous **innovation** (different seasonal recipes every week, designed by Montreal chefs)
- A recognition program for super-users

"We see a progressive shift from trendy and connected millennials to foodie working moms!"



Ambition and key growth priorities

- Extend delivery to the entire province of Quebec, and even to Ontario (2017)
- Extend the menu portfolio with more entrées and desserts, a “week kit” and gluten-free recipes
- Launch an online store to sell local produce and artisan products

Tips for entrepreneurs!

- Invest in your brand image with an appealing logo, professional pictures and a “story to tell”
- Embrace the digital shift to the maximum (including mobile platforms)
- Manage your social media with an authentic approach
- Create proximity with your customers through excellent customer service and community building

Key success factors

- Build a strong and tight “COOK IT community” around foodies of all ages
- Increase brand awareness with a multichannel PR communication strategy (TV interviews, press, blogs, radio, social media)
- Leverage social media with a low budget (authentic 2.0 approach), using Facebook to collect data and create a community and Instagram to increase the conversion rate and share experiences
- Be a digitally multiplatform mobile player (responsive site)
- A strong customer service team with personalized service
- No compromise on food quality
- Engage and diversify clientele through a subscription model



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**Digitally “mobile” –
savvy consumers**



Canadians are increasingly digitally savvy and have higher expectations

Among its G8 counterparts, Canada ranks second in terms of internet penetration. However, Canadian businesses are falling short of the digital shift.

- Canadian businesses rank seventh in terms of information technology (IT) spending; they invest 42% less than their American counterparts.
- By 2020, specialists predict that customers will manage 85% of their relationship with an enterprise without interacting with a human.
- Ninety per cent of consumers systematically visit a company's website before sending them an email or calling for information.

Mobile consumers are reshaping the shopping journey

In a consumption context, smartphone use is growing. Immediate access to information influences purchasing decisions and shopping experiences at every step of the process.

Pre-purchase

- Forty-one per cent of Canadians seek inspiration online; 35% prepare their physical purchase ahead of time by selecting items to buy, checking availability at the store, etc.
- Eighty-two per cent of American smartphone users consult their phone at the store for purchases they are about to make.

Purchase

- One-quarter of American shoppers change their minds about buying an item while in the checkout line, after reading a review on their smartphone.
- In the United States, one out of three purchases from a company or brand other than the one intended happen because of information received via smartphone.
- Canadians use their phones as a payment device at a merchant location increasingly more often (28% in 2014 vs. 12% in 2012).

Post-purchase

- Thirty-eight per cent of consumers use their smartphone to check their online order status.

Gen X: smartphone and tablet adoption is exploding

Smartphones: Four out of every five mobile users own a smartphone (vs. a basic cell phone).

Tablets: More than one out of four Canadians owns a tablet.

Millennials spend half their online time on a smartphone and 11% on a tablet.

B2B companies are digital-savvy too...

Over half (57%) of the B2B buying process is done prior to engaging with sales.

Pressures from industry leaders to move to online platforms are driving the B2B retailing digital shift.

For example:

Expectation among B2B companies to buy and sell online

Shift to conduct procurement transactions over the internet

Growing interest of companies in placing orders through mobile commerce

Consumers expect a mobile-responsive site at least

Mobile-responsive websites are now practically a must-have for consumers. With increased usage, mobile apps are already shaping future consumer needs.

- A majority of consumers say it is easier for them to find information on mobile-optimized sites; over one-quarter of consumers claim they will simply leave a site if it is not mobile optimized.
- Smartphone users spend a majority of their mobile digital media time using mobile apps. In 2015, the average time spent on an app increased by 21%.
- Eighty-five per cent of people prefer native mobile apps (coded in a specific programming language to increase performance and convenience) to mobile websites.
- A majority of leading American and European companies have a mobile commerce (M-Com) website and half have a M-Com app on iOS.

Business strategies

Optimize your digital and mobile presence to increase sales and awareness

To fully embrace the digital shift, businesses should have an optimized multiplatform presence, through relevant applications, social media channels, and above all, a high-performance, speedy and responsive website. Today's leading practices include:

Must-have:

- An online presence clearly describing the product and service portfolio and contact information
- High-performance referencing through integrated SEO and SEM strategies to increase traffic
- For B2B companies, a high-performance and secured transactional website, which acts as a sales tool and assists in the buying process, is a must-have. Standard functionalities include placing orders through mobile commerce devices.
- A responsive mobile site is a must-have for a multiplatform presence. Mobile-designed sites and mobile apps will shape future consumer needs.

Nice-to-have:

- A landing page with reassuring information, an inspirational style and relevant content and functionalities (e.g., list of viewed items, store locator, etc.)
- A friendly user interface with a fast navigation bar and an easy-to-use search engine with pre-suggestions and smart filters, etc. to increase convenience
- High-quality content marketing—rich, inspirational content (e.g., blogs, tutorials, tips, tests, how-to videos, etc.) to increase credibility
- Highly available customer support (live chat, call centre) to reassure customers



Customer expectations

Business differentiators

Pre-purchase

- Getting specific information on products and services
- Getting inspired by the offer
- Getting an experience that's similar to the in-store experience on the platform of their choice
- Getting tips and advice
- Being given access to “evaluate” and “compare” options

Being present and top-of-mind via:

- Relevant, actionable and mobile-friendly content
- Pertinent social media presence (Instagram, Snapchat, etc.)
- Appealing video content

Purchase

- Making their payment quickly, safely and intuitively
- Customizing their transaction (e.g., flexible delivery options)
- Getting free delivery whenever possible
- Getting support and answers to questions from customer service

Offering efficiency enablers such as:

- App-embedded wallet
- Easy checkout (e.g., 1-click on Amazon)
- Live or video chat (customer service)
- Multiple payment methods (e.g., PayPal)

Post-purchase

- Confirming processed orders and tracking order progress
- Getting fast and reliable delivery service
- Personalizing customer service (including easy returns)
- Sharing their experience with other customers

Engaging with client post-purchase through:

- Order confirmation emails, dispatch emails and online satisfaction surveys
- Mobile shipment tracking function
- Personalized loyalty incentive programs

Studio F/X

Embracing the digital shift to grow and diversify clientele

Created in 1999, Vancouver-based Studio F/X sells professional special effects make-up in store and online across Canada.

Originally a cosmetic retail store serving 30- to 60-year-old women from Vancouver, Studio F/X saw a need for the special effects niche with the increasing interest of production companies filming movies and TV shows in the Vancouver area. Studio F/X moved to a bigger retail space offering a shop-in-a-shop special effects studio.

With the shift to special effects, Studio F/X's clientele completely changed. Ninety per cent of its current clients are now from the artistic scene (actors, movie producers, theater schools, operas, drag queens, ComicCon artists and convention participants, etc.), and its share of wallet increased (its average order is now ≈\$3,000 per customer).

Two years ago, owner Carla Antrobus launched a transactional online store to expand the business beyond the local market in order to increase sales growth.

Online sales now represent 30% of Studio F/X's business, and keep growing!

“My business started to skyrocket when I went digital!”

Studio F/x's clients are Canadian artists, performers, cosmetics enthusiasts and TV and movie producers

Studio F/X made large investments in its digital strategy.

- Development of an in-house online platform, including user-friendly site navigation and the integration of rich content to improve the user experience
- SEO strategy based on AdWords and keywords to improve the site's search engine ranking
- Development of a fully mobile-responsive site

Through its online platform, Studio F/X has more in-store traffic.

The digital experience crosses the entire shopping path.

- **Pre-purchase:** purchasing online offers the same in-store purchase experience (easy, convenient, visual, edgy)
- **Purchase and payment:** Studio F/X accepts all payment methods. PayPal gave a significant boost to online sales. “Adding PayPal was the best thing I ever did!,” says Carla.
- **Post-purchase and delivery:** Studio F/X offers free shipping for orders over \$100. Orders are shipped within 24 hours and can be tracked by customers.



Ambition and key growth priorities

- Growing annual sales to \$1M
- Improving their SEO strategy
- Embracing the big data movement to increase sales and better target customers' needs
- Considering a mobile app

Tips for entrepreneurs!

- Don't be afraid of going digital! It costs money but in the end, the ROI is phenomenal! Digital is the future of retail. We have to embrace the future.
- Provide all payment methods and offer strong customer service.
- Be consistent in every channel (in store, online, mobile) and through the shopping path.

Key success factors

- A strong customer service to answer clients immediately
- Customer service is the most important factor in store and online
- A mobile platform with a fully responsive site
- Every single person has a cell phone. People make their orders from it!

With over 400 clients a day viewing an average of 10 pages on the online store each, Studio F/Xs' biggest challenge is converting their shopping experience into purchases.



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**Personalized
experience
and on-demand
shopping**



Consumers want personalized attention: One size does not fit all

Customers expect more and more personalized interaction on all platforms, as well as customized offerings to make their shopping experience more relevant.

Personalization has a positive impact on purchasing decisions and basket size.

- Three quarters of American consumers prefer to do business with brands that use their personal information to make their shopping experiences more relevant to them.
- Close to nine in ten American consumers say that personalization influences what they purchase.
- Fifty-one per cent of Canadian and American consumers spend more when presented with a personalized e-commerce offer.
- In America, businesses that personalized web experiences and tracked their sales improvement reported a 19% increase on average.
- Over half of US retailers that use automated product recommendations see their average order value increasing year over year.

Personalized emails are well perceived by consumers... as long as they're relevant.

- In North America, triggered email messages get 119% higher click-through rates than "business as usual" messages.
- Half of North American consumers say that retailers send them emails with irrelevant information.
- Eight in ten American consumers who agreed to receive emails from a company wouldn't mind receiving more as long as they take into account past shopping habits.

Nearly two in five Canadians spend over five hours per week streaming on-demand content. The younger the consumers, the more acute the trend (86% of millennials vs. 53% of 55+).

Sixty per cent of American internet users would pay for same-day delivery.

- In the US, several retailers, such as Amazon, offer one-hour delivery services in selected metro areas.
- In Canada, Canada Post launched same-day delivery service in selected Canadian cities.

The cult of immediacy: on-demand!

Instant access to virtual goods has impacted consumer behavior overall.

Consumers' "on-demand" behaviours are enabled by applications that aggregate demand on mobile devices and then fulfill it through physical (non-virtual) services such as transportation, dining, delivery, home and professional services, etc.

Some companies that provide on-demand services have diversified their delivery business models and now offer home delivery, click-and-collect, and hybrid services (mix of home delivery and click-and-collect, like Canada Post's FlexDelivery service).

Click-and-collect services (i.e. online purchases shipped to a brick-and-mortar location and picked up during business hours) are growing in popularity.

- **Advantages:** It drives traffic into the store with no subsidizing of delivery costs, and keeps the client experience under control.
- Canadian retailers such as Rona and Home Depot have opted for this model.

The proliferation of product customization and personalization is encouraging the manufacturers of established brands to adjust their manufacturing practices in order to embrace product customization and combine standard lean principles with made-to-order (MTO) tactics to maintain profitability. Progress in manufacturing technologies (such as flexible manufacturing, 3D printing, etc.) is enabling mass customization at lower costs, allowing manufacturers to completely rethink traditional manufacturing and supply chains.

Business strategies

Offer one-to-one marketing

A one-to-one approach to customer interaction allows businesses to provide higher value to their customers. Such an approach focuses on delivering relevant and customized data-driven content.

Deep customer insight can only be gained through effective data analysis. Data can be obtained through different sources, such as complaints, mystery clients, customer surveys, customer suggestions and social media insights.

Use data insights to implement personalized marketing tactics, including:

- exclusive offers and deals based on user profile, previous purchases and browsing history;
- triggered emails to provide relevant, timely and personalized information;
- customized newsletter content and delivery frequency;
- personalized product recommendations based on previous purchases or browsing history;
- customized loyalty incentives based on consumer data; and
- cross-selling techniques based on user-tailored data.



Rethink the traditional manufacturing model

To mitigate the risk and disadvantages associated with increased product personalization (e.g., decreasing profitability, counterproductive variety, higher inventory turnover, complex production, costly SKUs portfolio, etc.), manufacturers should rethink their operating business model. Some best practices include:

- selecting the product features that will truly add value in customers' minds, while limiting unnecessary supply;
- avoiding overloading consumers with choices;
- involving consumers in product creation;
- optimizing the SKU portfolio by focusing on top products; and
- offering simple extensions or personalization of the basic products that are kept.

Embrace the on-demand shift

More and more, successful businesses will be able to deduct customer expectations from on-demand shopping. Industries like transportation, food services, grocery and personal services already take advantage of this trend.

Determine the model that is most adapted to your customers' needs:

- home delivery;
- click-and-collect; or
- a mix of both models, to different degrees and with different characteristics, in order to maximize the desired results.

Other aspects to consider:

- **Marketing:** What is the optimal product offering and pricing/promotional strategy?
- **Logistics and operations:** What is the optimal transportation model and warehouse and distribution model?
- **IT:** What is the best way to keep your IT platforms up to date?
- **Financial:** What is an acceptable timeline to recoup investments (such as free shipping costs)?

Bonlook

Disrupting the prescription eyewear industry with a **competitive offer**

Launched in 2011, Bonlook sells unique, affordable and trendy prescription Eyewear online.

Bonlook's mission is to change the way people look at and shop for glasses, giving them the eyewear wardrobes they never knew they wanted or could have. Bonlook is revolutionizing the eyewear omni-channel experience with its fashion-forward line of prescription frames coupled with an impeccable and homogeneous virtual and physical customer experience.

Bonlook's business model is built on trendy glasses at an accessible cost and great customer service. The company has significantly reduced the cost of glasses by eliminating the middleman.

Bonlook offers more than 250 trendy glasses designed in Montreal and manufactured overseas. From a purely online business, the company now counts on a growing number of retail locations. The "brick and mortar" benefits are fittings, personalized assistance and free adjustments by Bonlook opticians.

Four levels of customized service: "Each order is unique!"

- ① **Customized product:** The glasses collection is tailored to all sorts of face shapes and prescriptions.
- ② **Customized web navigation:** Web navigation is customized to geographic location (language and currency), and will soon be optimized for gender, profile, age and buyer history. Bonlook also offers a virtual "try on" tool, available online and on mobile devices.
- ③ **Email segmentation:** Bonlook has developed an algorithm for email customization depending on different customer profiles (e.g., gender, location, purchase history, etc.).
- ④ **Personalized purchasing experience:** Each customer may have a unique path through the different channels (e.g., from social media to websites, from kiosk to online, etc.).



Ambition and key growth priorities

- Bonlook anticipates strong revenue growth for 2016. The company will soon open boutiques in shopping malls, as extensions of the online store.
- A footprint expansion is planned in Canada. In a few years, do not be surprised to see Bonlook in the US...

Tips for entrepreneurs!

- Do not neglect back office vs. front office! Operations and technology are crucial to ensure successful, fast and precise deliveries. Successful players ensure they control their logistics/ operations, and they use and leverage a great web platform / data analytics.

Key success factors for efficient customization

“At least 50% of our success comes from the back office”

- Be operationally driven, with a solid and efficient back-office team
- Have a solid IT platform and team as well as a strong and reliable customer database
- Offer a consistent omni-channel experience and presence (mobile, web, social media and showroom)
- Offer fast delivery
- Offer accessible customer service



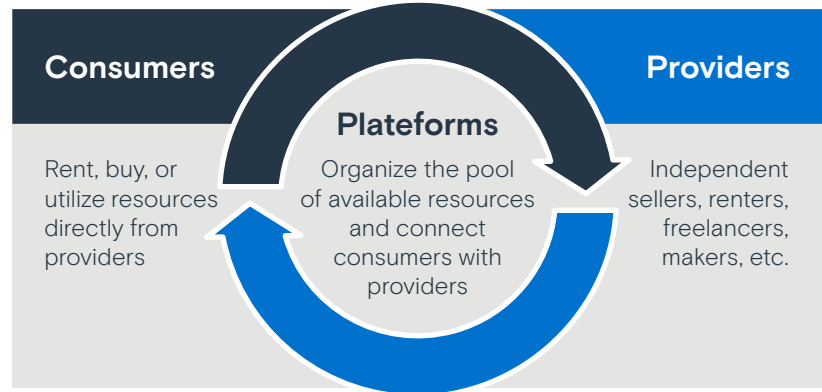
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The rise of the sharing economy



Share products or services instead of owning them

Collaborative or “sharing” economy companies operate under a new economic model where ownership and access is shared between corporations, start-ups and people. These companies often offer platforms that seek to match independent supply with demand in real time. People get the products and/or services they want from each other, rather than from established brands, which used to be their only options.



A majority of consumers are expected to participate in the sharing economy

Over half of North American consumers say they would be willing to share their personal assets in exchange for financial gain.

- Forty-five per cent of Canadians are willing to rent their belongings to others; a similar proportion (42%) are open to rent from others.
- This openness is probably due to the perception that one will save money if he or she gets products or services from the sharing economy (for example, 63% of Ontarians said that shared services were more affordable than traditional services).

Although consumers are open to the sharing economy in principle, adoption is still relatively low.

- Seven per cent of the US population are providers in the sharing economy; they cut across age and household income.
- Millennials and Gen X are most likely to be providers: Half of providers are between 25 and 44 years old, while boomers represent one out of five providers.

Popular players like Uber and Airbnb are often considered to be “references” in the sharing economy.

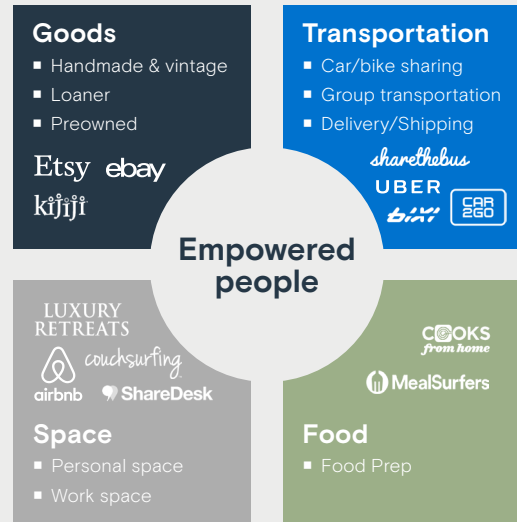
- Uber is the number one transport app on Google Store in Canada, with 10-50M downloads.
- 52 nights are booked per year for a typical Airbnb host in Canada.

The sharing economy goes beyond these popular players to include other players in multiple sectors, as illustrated on the right.

Global revenues from sharing economy companies in 2015 are estimated to be \$15 billion, with the sector expected to reach global revenues of \$335 billion by 2025. This exponential growth, which is also observed in Canada, is driven by three market forces:

- technological drivers (mobile technology, online social networks);
- societal drivers (desire to connect, drive for sustainability, population density increase); and
- economic drivers (monetization of idle resources in a morose economic climate, startups heavily funded).

Examples of industries impacted by the sharing economy



Business strategies

Continuously reinvent your business model and challenge the status quo

In a fast-paced, hyperconnected world, business models cannot be taken for granted.

Today's disruptors will be disrupted in the future, and business models will either have to adapt or become obsolete.

Companies must keep their business model and value proposition up to date in order to remain relevant in today's environment.

Top tips:

- understand what makes your existing business model successful and what the related risks are (SWOT analysis);
- articulate your value proposition (how is value created and delivered to customers via your business model?);
- stay up to date with industry trends and other industries' disruptors;
- identify the signals that indicate that your business model needs to be reviewed and decide whether the change is worth the effort; and
- adopt a "lean approach" to business model design: design, build, test, learn and iterate.



Embrace the on-demand shift

Because sharing is becoming mainstream, businesses might benefit from joining this trend rather than ignoring or fighting it.

To engage in the sharing economy:

- evaluate opportunities to network and partner with other companies to reduce costs for consumers or offer additional value (for example, in the US, Home Depot recently delivered Christmas trees on demand using idle Uber drivers, and Kelly Services, a staffing agency, formed an alliance with oDesk, a platform for finding freelancers, to provide additional workforce resources on demand);
- assess the possibility of sharing tangible or intangible assets (such as space, skills and digital assets) and monetizing spare capacity;
- explore opportunities to expand your product and/or service offering through shared economy experiences; or
- for retailers, reassess retail space (e.g., lending the space to another vendor in a partnership effort or embracing the pop-up movement by entering platforms like Storefront, etc.).

Take a moment, on a regular basis, to challenge your current action plan in order to continuously reinvent your business model and stay ahead of trends.

Connecting independent voice talents around the world to Fortune 500 companies

Initially a “dot com” business launched in 2004, Voices.com is now a successful online marketplace connecting more than 125,000 voices to producers.

Audio engineer David Ciccarelli and his wife Stephanie designed the first version of the website to help local small businesses hire voice actors. Soon after the start-up’s debut, independent voice actors from other provinces (including French-speaking Quebecers) and even American actors sent their voices to be aggregated on the platform. Voices.com’s success was launched!

Value proposition

A “full marketplace” connecting independent voice actors (called “voice talents”) with producers, radio and television stations, advertising agencies and Fortune 500 companies.

Business model: online marketplace, from local to global

- Voices.com is primarily an online marketplace (sharing intangible assets) rather than a pure sharing economy model sharing physical assets.
- Actors subscribe to a membership (freemium or premium). Buyers post their job ads for free. The VoiceMatch algorithm matches the job posting with the thousands of profiles available. Projects are completed in 24–48 hours, cutting production schedules and saving thousands in agent fees.
- Voices.com monetizes the transaction at 10%.
- 80% of the voice talents are in the US, 5% in Canada, 5% in the UK and 10% in the **rest of the world.**

3.1M page views from 400,000 unique visitors

300,000 followers across Facebook, Twitter, LinkedIn and YouTube

250,000 registered users (125,000 voice talents and 125,000 clients who hire them through Voices.com’s platform)

3,500 jobs posted each month

“The sharing economy trend is not going away! Sharing economy players are making the market more efficient.”



Ambition and key growth priorities

- With +554% growth in 2009-14, Voices.com ranked 11th among Profit 500 Canada's fastest-growing companies.
- Voices.com anticipates +120% growth in signups for 2016.

Tips for entrepreneurs!

To more traditional businesses:

- “Figure out how you can participate in a sharing economy or online marketplaces. Let's be partners rather than competitors!”

To those who want to embrace the sharing economy

- “Start implementing your ideas, stop what's not getting traction and continue to be up to speed with the latest trends.”
- On pricing, “you can't control it but you want to provide some guidance to avoid the risk of the transaction fees not being able to cover your fixed costs”
- Marketplaces face a chicken-and-egg problem. You need both buyers and sellers, so acquire as many users as possible.

Key success factors

Offering extended customer service hours

- “We follow the sun!” Customer service is available from 8 to 8, to catch the West coast early birds while covering the East coast

Being heavily engaged in the digital world

- Multiplatform presence (web, mobile, call centre, blog, social media)
- Mobile app
- Creation of videos and content to educate and inform users
- Having a sizeable and strong business development and marketing team
- Continuous proactivity to reach out to voice talents and producers (contact on LinkedIn, talking to video producers, etc.)

Increasing awareness

- Multiple touch points on a daily basis (on social media, website, etc.)
- Systems and platforms with large-scale outreach



5

**A focus on health
and wellness**



Health-oriented products and services are more popular than ever

Following an age of overconsumption, people are showing an increasing interest in managing their health and wellness. They want to eat healthier, proactively take care of their health and fight stress. By 2020, specialists predict double-digit growth in retail value in this sector in North America.

Nine out of ten Americans say they prefer to be perceived as healthy over wealthy.

Consumers are interested in more “natural” ways of taking care of their well-being with, for example, homeopathic remedies and natural beauty products.

- Consumer health retail value for products like vitamins, supplements, weight management and sports nutrition products is expected to grow 14% by 2020 in North America.

In food, “natural source” is a key trend: organic food, natural food, food items for those with dietary restrictions, etc. As a result:

- the retail value of organic beverages is expected to grow 30% by 2019 in Canada; and

- food items for people with dietary restrictions is also a growing trend (e.g., gluten free, vegetarian, dairy free, grain free, etc.).

People tend to exercise more:

- Gym memberships are increasing (+20% over the last five years in the US); premium-priced gyms and personal trainers are increasingly popular, and low-budget gyms have been launched.
- Consumers (in particular Gen Xers) invest in expensive sports equipment and travel to participate in sport events such as Ironman competitions and triathlons.

Technology spurs interest in health and wellness

Health trends are driving the demand for technology. Digital health technology (e.g., health or sports and fitness apps) now enables consumers to create, access and act on a wide variety of health information. This trend has made people more aware of their state of health, powering a shift from reaction to prevention in personal care.

Technology is used to support and sustain motivation. People use gamification and share their progress and results on social media. These behaviours lead to a shift towards healthier ways of living and better lifestyle habits.

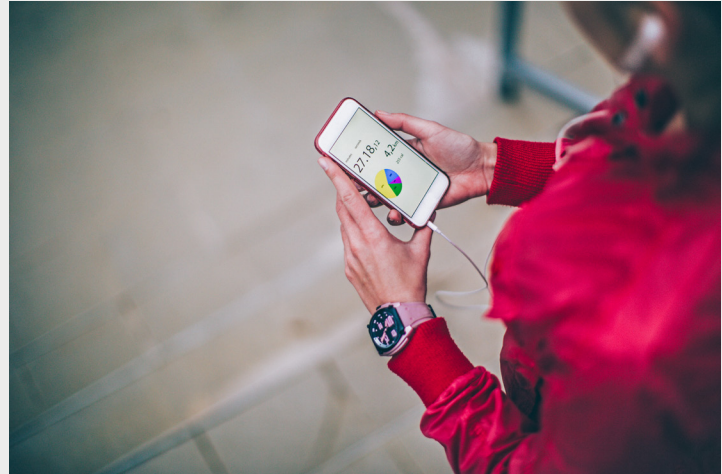
Health and wellness continues to be a growing market:

- The Canadian wearable device market is expected to grow by 150% in 2019 (estimated at 1.4 million units in 2015).
- In 2014, 41% of Canadians were interested in buying a health monitor as an application on their phone or PC, or as dedicated device. Thirty-seven per cent of Canadians said they also wanted a fitness monitor device or app.

Tech giants have embraced the digital shift in health (e.g. Apple HealthKit, Google Fit).

68,000+ health apps are offered to consumers.

In 2013, people in the world have downloaded free-of-charge health, sports and fitness apps 231 million times.



Business strategies

Keep up to date with consumers' well-being needs and rapidly adjust to meet their expectations

Health-savvy consumer needs and habits are already influencing several industries, such as:

- food and beverages;
- sporting goods and fitness;
- consumer health and wellness/natural-source products;
- pharmaceuticals and healthcare; and
- hospitality and leisure.

There are still several opportunities to develop new products and services related to this trend.

Consumer habits related to the health and wellness trend are in constant evolution, and consumers' expectations are directly impacting a large number of industries.

Businesses could benefit from keeping up with these growing consumer trends and being able to quickly pivot to adjust their value proposition.

Concretely, this could be done by:

- getting feedback from targeted consumers to better understand their needs and concerns;
- monitoring the competition and gathering competitive intelligence; and
- keeping up with industry trends through networking, trade journals, magazines, forums, etc.



Focus on your employees' health and wellness

Employee benefits related to health and wellness have a positive impact on employee engagement, retention and well-being.

Consequently, engaged employees are better ambassadors for your brand, and there is a direct correlation between engaged employees and more satisfied customers.

Health- and wellness-related benefits help businesses recruit talented employees and increase employee retention.

Consider:

- allowing employees the opportunity to select the benefits they want on a self-serve and on-demand basis (customization of benefits);
- offering wellness-related work benefits (e.g., free or low-cost healthy snacks, on-site physical activities or classes, sports fee reimbursement); and
- offering flexible working conditions such as flexible schedules and teleworking.

Businesses that wish to build a strong brand need brand ambassadors. The best ambassadors for your brand are happy, engaged and well-connected employees.

Eat Clean Grill & Juice bar

A pioneer in the health food industry in Fort McMurray, Alberta

Eat Clean is a nutrition-conscious fast food restaurant that opened in July 2015 in Fort McMurray, filling a gap in the Alberta city's restaurant scene.

After visiting the original Eat Clean, an health-oriented restaurant located in St. John's (NF), Heather St-Croix and Chad White decided to open a franchise in Fort McMurray (AB).

The restaurant opened in July 2015 and was very positively received by the local population. People in Fort McMurray are more health conscious now than they were ten years ago, but that awareness was not matched with availability. Eat Clean has been part of changing this situation. With a unique offer and a convenient way of categorizing menus, the clientele progressively shifted from "gym and fitness" people or gluten avoiders to everyone interested in taking care of their health and eating "clean" (e.g., organic, non-processed and preservative-free food items, lots of whole foods, no hormones, extra-lean meat).

Value proposition

- Eat Clean was the first fast food restaurant in Fort McMurray to offer healthy meals catering to all diet types. Its menu also features juices and smoothies.
- Meals are designed by dietitians, nutritionists and fitness professionals.
- Eat Clean makes "eating healthy" so simple, with three meal categories:
 - **Nutrition:** vegetarian, vegan and healthy favorite menus
 - **Super clean:** paleo and bodybuilding menus
 - **Pre-Game:** pre-athletic and weight-loss menus

“Fort McMurray is surrounded by pubs. Now, people want healthier food! The market is there. We do our best to educate and create a culture of health and wellness while also promoting better everyday food choices and an active lifestyle!”



Ambition and key growth priorities

- Grow the current business
- Open a new restaurant in the next six months (Calgary or Edmonton)

Tips for entrepreneurs!

- Don't take how well you are doing for granted! Constantly reinvent your offer by listening to your customers' needs and expectations.
- Attract and retain the right staff
- Focus on customer experience
- Keep up to date with health and food trends

Key success factors

- Association with dieticians, nutritionists and fitness professionals to design meals
- Food freshness
- Social media leverage
- Engaged and health-passionate staff
- Customer service
- Category management, making choices easier for customers
- Very good price point

conclusion

Consumer trends are always changing, but staying ahead of the game has never been more challenging than for today's entrepreneurs.

Millennials and savvy shopping habits are driving Canadians to focus on frugality, embrace the sharing marketplace, seek out healthier products, and eschew brand loyalty.

Businesses that don't adjust to these new realities risk quickly falling behind. At the same time, as our case studies show, the new trends offer tremendous opportunities.

Business saw 500% growth

At Voices.com, David and Stephanie Ciccarelli tapped into the quickly growing sharing economy and saw over 500% growth in five years. They're now ranked 11th among Profit 500 Canada's fastest-growing companies.

In Fort McMurray, Heather St-Croix and Chad White noticed the demand for healthier eating and opened their successful health-oriented fast-food restaurant Eat Clean, with hopes to expand elsewhere in the province.

Montreal online eyewear retailer Bonlook is using highly personalized service to fuel strong revenue growth.

We want you to succeed

These and the other successful businesses in this report show that new consumer trends can present opportunities to thrive. Change can disrupt and challenge us. But it can also spark better ways of doing things, forcing us to innovate and providing opportunities to flourish. You can too.

The first step is to understand the new trends and what they mean for your business. With understanding, you can craft a strategy to respond.

At BDC, Canada's only bank exclusively devoted to entrepreneurs, we hope this report gives you information, ideas and inspiration to succeed.



Appendix

Data sources



Data sources

Facts and figures

Sources

1 Millennials: drivers of a new consumption era

Population (millennials, Gen X, baby boomers)	Statistics Canada <i>Population Estimation (2014)</i>
Percentage of people aged 20 to 29 living with their parents	Statistics Canada <i>Living Arrangements of Young Adults aged 20 to 29 (2011)</i>
Millennials' brand loyalty	Canadian Grocer "Get ready for the millennials" (2011) http://www.canadiangrocer.com/blog/get-ready-for-the-millennials-28646
Online shopping (percentage of consumers)	Ipsos "Eight in Ten (82%) Online Canadians Have Made an Online Purchase This Year" (2014) http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=6588
Smartphone penetration	eMarketer "Over Half of Canada's Population to Use Smartphones in 2015" http://www.emarketer.com/Article/Over-Half-of-Canadas-Population-Use-Smartphones-2015/1011759#sthash.TvzzWybH.dpuf
Percentage of people ready to spend more to stay ahead of trends; millennials' purchasing decisions are influenced by social media	Leger Marketing "Les milléniaux (génération M) sont les consommateurs les plus influents" http://isarta.com/infos/?p=24384
66% of millennials stay informed about brands and products through social networking.	Ipsos "Socialogue: It Pays To Be Social!" http://www.ipsos-na.com/news-polls/pressrelease.aspx?id=5974
Gen X and baby boomers have more purchasing power.	The Conference Board of Canada <i>Trends in Income Inequality Between Generations (2014)</i> http://www.conferenceboard.ca/temp/Oea3c019-480d-45ee-8f1d-75b69d2bd599/6510-the%20bucks%20stop%20here-br.pdf
Baby boomers will control more than 70% of the wealth in Canada.	Financial Post "Wealth planning comes of age" http://www.financialpost.com/story.html?id=O2c51210-4f07-4a0a-920b-7d2c8c9d713e&dk=18891
Establishing brand relevance may be more difficult for millennials.	Boston Consulting Group "How millennials Are Changing the Face of Marketing Forever" https://www.bcgperspectives.com/content/articles/marketing_center_consumer_customer_insight_how_millennials_changing_marketing_forever/?chapter=3



Facts and figures	Sources
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② Digitally “mobile” – savvy consumers

Among its G8 counterparts, Canada ranks second in internet penetration (behind the UK).

CIRA
<https://cira.ca/factbook/current/fr/the-canadian-internet.html>

Canadian SMEs invest 42% less in information technology than American SMEs.

Techaisle
SMB IT Market Sizing and Forecast, 2012

When I need information, the first place I look is the internet (Canadians are increasingly digitally savvy); Data on Canadian web users during the purchase process

Google
The Connected Consumer Survey 2014/2015
 Consumerbarometer.com

By 2020, the customer will manage 85% of his or her relationship with an enterprise without interacting with a human.

Gartner
 Gartner Customer 360

Ninety per cent of consumers will always check a website before emailing or calling a company.

Syntheticx
 “Enterprise Web Chat – 5 Killer reasons why you are doing it wrong”

Triggered email messages get 119% higher click-through rates than “business as usual” messages.

Epsilon
<http://www.hubspot.com/marketing-statistics>

One in three people have purchased from a company or brand other than the one they intended to because of information received in a micro-moment.

Google/Ipsos
<https://www.thinkwithgoogle.com/articles/winning-omni-channel-shoppers-micro-moments.html>
 “Consumers in the Micro-Moment” study, Wave 3, United States (March 2015) (n=1,291, online smartphone users 18+).

Eighty-two per cent of smartphone users say they consult their phones on purchases they’re about to make in a store (mobile = the new shopping assistant).

Google/Ipsos
<https://www.thinkwithgoogle.com/articles/winning-omni-channel-shoppers-micro-moments.html>
 “Consumers in the Micro-Moment” study, United States (March 2015) (n=5,398, based on internet users).

Data on mobile and tablet penetration

ComScore
Canada Digital Future in Focus 2015

Data on B2B digital shift

Frost and Sullivan
Future of B2B Online Retailing, décembre 2014
BDC Research and Market Intelligence
Business to Business Marketing: BDC VIEWPOINTS STUDY (2013)

Thirty-eight per cent of consumers use their smartphone to check the status of an order.

IDC Survey
<http://www.brickandmobile.com/mobile-stats/>

After reading something on a smartphone, nearly one in four shoppers has changed his or her mind about buying something while in the checkout line.

Google
Consumer Surveys, United States (April 2015) n=1130.
<https://www.thinkwithgoogle.com/articles/i-want-to-buy-moments.html>

Among 111 leading American and European companies, 91% have an m-commerce website and 51% have an m-commerce App

CIRA
<https://cira.ca/factbook/current/fr/the-canadian-internet.html>

③ Personalized experience and on-demand shopping

Seventy-three per cent of consumers prefer to do business with brands that use personal information to make their shopping experiences more relevant.

Digital Trends

"Why consumers are increasingly willing to trade data for personalization"

<http://www.digitaltrends.com/social-media/why-consumers-are-increasingly-willing-to-trade-data-for-personalization/#ixzz3x2PYhXQL>

Eighty-six per cent of consumers say personalization plays a role in their purchasing decisions.

Infosys

Rethinking Retail

<https://www.infosys.com/newsroom/press-releases/Documents/genome-research-report.pdf>

Fifty-one per cent of consumers spend more after personalized e-commerce efforts

Fifty per cent receive emails from retailers with irrelevant information

Magnetic and Retail TouchPoints

Closing the Gap Between People's Expectations and Retail Realities

http://info.magnetic.com/RetailTouchPoints_Report_Magnetic.html

Businesses that personalize web experiences and are able to quantify the improvement report a 19% increase in sales on average.

Econsultancy and Monetate

The Realities of Online Personalization

<https://econsultancy.com/reports/the-realities-of-online-personalisation-reports>

Fifty-four per cent of retailers that use automated product recommendations increased their average order value year over year.

Forester

State of Retailing Online

Forrester Research/Shop.org

Triggered email messages get 119% higher click-through rates than "business as usual" messages.

Epsilon

<http://www.hubspot.com/marketing-statistics>

Eighty-two per cent of consumers who already agreed to receive emails from a company wouldn't mind receiving more emails as long as the new correspondence takes past shopping habits into account.

eMarketer

<http://www.emarketer.com/Article/Personalization-Sees-Payoffs-Marketing-Emails/1010563#sthash.HUqyJEPn.dpuf>

Nearly 4 in 10 Canadians spend more than five hours per week streaming TV, movies or video. Eighty-six per cent of younger Canadians (ages 18-34) report some time spent streaming video, but only 53% of Canadians over 55 said they did the same.

CIRA

<https://cira.ca/factbook/current/the-canadian-internet.html>

More than 6 in 10 internet users would pay for same-day delivery.

The value of merchandise delivered via same-day delivery in 20 US cities rose 550% in 2015, from \$100 million in 2014 to \$620 million. By 2018, it is expected to reach a whopping \$4.03 billion.

eMarketer

"Do Today's On-Demand Consumers Want Same-Day Delivery?"

<http://www.emarketer.com/Article/Do-Todays-On-Demand-Consumers-Want-Same-Day-Delivery/1012436#sthash.Yw4Zy8Re.dpuf>

Click-and-collect is growing in popularity.

International Council of Shopping Centers (ICSC)

Holiday Consumer Purchasing Trends (2016)



Facts and figures

Sources

④ The rise of the sharing economy

The global revenue from sharing economy companies in 2015 is estimated to be \$15 billion, with the sector expected to reach global revenues of \$335 billion by 2025 (2014).

Ontario Chamber of Commerce

Harnessing The Power Of The Sharing Economy

<http://www.occ.ca/wp-content/uploads/2013/05/Harnessing-the-Power-of-the-Sharing-Economy.pdf>

Sharing economy growth is driven by three market forces.

Altimeter Group

The Collaborative Economy (2013)

<http://www.altimetergroup.com/2013/06/new-research-the-collaborative-economy-products-services-and-market-relationships-have-changed-as-sharing-startups-impact-business-models-to-avoid-disruption-companies-must-adopt-the-collabora/>

North Americans are willing to share their personal assets for financial gain.

Nielsen

Is Sharing The New Buying? (2014)

Forty-five per cent of Canadians are willing to rent their belongings to others.

Ontario Chamber of Commerce

Harnessing The Power Of The Sharing Economy

<http://www.occ.ca/wp-content/uploads/2013/05/Harnessing-the-Power-of-the-Sharing-Economy.pdf>

Forty-two per cent are willing to rent from others.

Seven per cent of the US population are providers in the sharing economy; they cut across age and household income.

PwC

Consumer Intelligence Series: The Sharing Economy (2015)

<https://www.pwc.com/us/en/technology/publications/assets/pwc-consumer-intelligence-series-the-sharing-economy.pdf>

Millennials and Gen X are most likely to be providers: half of the providers are between 25 and 44 years old, while boomers represent one out of five providers.

Sixty-three per cent of Ontarians say shared services are more affordable than traditional services.

Ontario Chamber of Commerce

Harnessing The Power Of The Sharing Economy

<http://www.occ.ca/wp-content/uploads/2013/05/Harnessing-the-Power-of-the-Sharing-Economy.pdf>

Multiple sectors are impacted by sharing economy.

Crowd Companies Innovation Council

The Collaborative Economy Honeycomb 2.0

<http://crowdcompanies.com/collaborative-economy-honeycomb-2-watch-it-grow/>

Uber is the number one app in Google Play Store Canada ("Transportation" category) - 10-50M downloads

SimilarWeb

Fifty-two nights per year are booked for a typical Airbnb host in Canada.

OCC

Harnessing The Power Of The Sharing Economy

<http://www.occ.ca/wp-content/uploads/2013/05/Harnessing-the-Power-of-the-Sharing-Economy.pdf>

5 A focus on health and wellness

Nine out of ten Americans say they prefer to be perceived as healthy over wealthy.

Forbes

"The Opportunities that Exist in the 'Market of Well-Being'" (2013)

Consumers (in particular Gen X people) invest in expensive sports equipment and travel to participate to sports events such as Ironman and triathlon competitions.

Euromonitor

Global Participative Sport as Consumption: The New Rules of the Game (2014)

Estimated at US\$67 billion in North America in 2015, the retail value of consumer health products (over-the-counter drugs, vitamins, dietary supplements, weight management products, sports nutrition) is expected to see 14% growth by 2020.

Euromonitor

<http://blog.euromonitor.com/2015/10/take-your-selfie-of-health-proposal-of-a-revolutionary-concept-merging-consumer-health-and-digital-technologies.html>

Estimated at \$405 million in Canada in 2014, the retail value of organic beverages is expected to see 30% growth by 2019.

Euromonitor

Organic Beverages in Canada
<http://www.euromonitor.com/organic-beverages-in-canada/report>

Food items for people with dietary restrictions is also a growing trend (e.g., gluten free, vegetarian, dairy free, grain free, etc.).

Agriculture and Agri-food Canada

The Specialty Food Market in North America
<http://www5.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6116-eng.pdf>

Euromonitor

Naturally Healthy Packaged Food in Canada
<http://www.euromonitor.com/naturally-healthy-packaged-food-in-canada/report>

Gym memberships have grown significantly in the US (+20% over the last 5 years).

Statista

"Number of health clubs and fitness centers in the U.S."

Premium-priced gyms and personal trainers are more and more popular.

Euromonitor

Global Participative Sport as Consumption: The New Rules of the Game (2014)

Technologies are used to support and sustain motivation: People use gamification and share their progress and results on social media.

In 2013, people in the world had downloaded free-of-charge health, sports and fitness apps 231 million times.

In 2014, 41% of Canadians were interested in buying a health monitor as an application on their phone or PC, or as dedicated device; 37% of Canadians said they also wanted a fitness monitor device or app.

Accenture

Digital Consumer Tech Survey
https://www.accenture.com/ma-en/-/media/Accenture/Conversion-Assets/DocCom/Documents/Global/PDF/Technology_1/Accenture-Digital-Consumer-Tech-Survey-2014.pdf

The Canadian wearable device market is expected to grow by 150% in 2019 (estimated at 1.4 million units in 2015).

IDC

Canadian Wearable Device Forecast, 2015-2019
<http://www.idc.com/getdoc.jsp?containerId=CA3MS15>



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