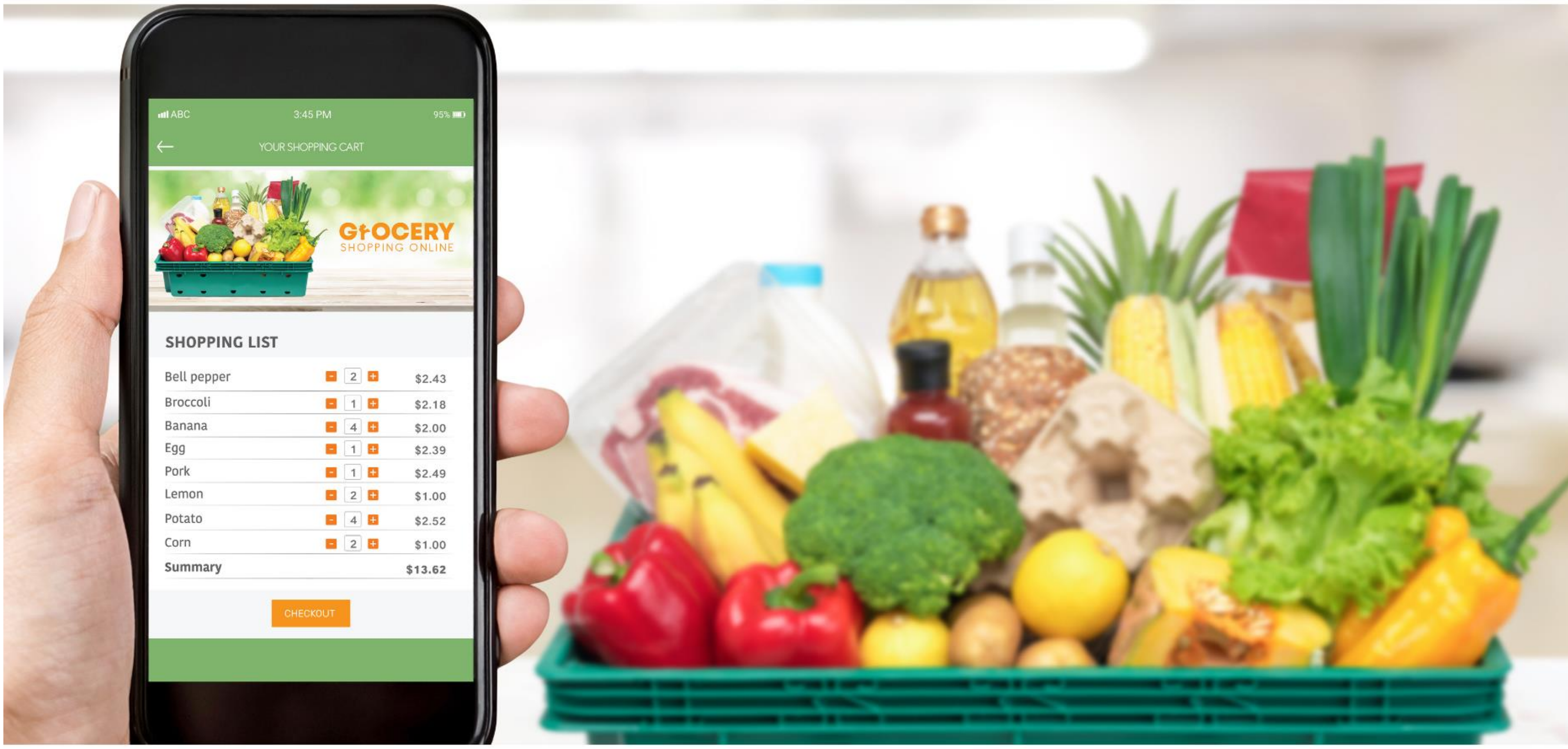
Consumer Corner

Demand for convenience



Issue 54, November 2019

Demand for Convenience

Defining Convenience

Around the globe, consumers need and look for convenience in all forms—whether simplicity, time saving or suitability. Convenience means different things to different consumers. Circumstances, culture, location, market maturity and technology are key influences. These factors are driving the need for convenience solutions tailored to cater to food and beverage consumers in different segments of society and geographical areas.

According to Nielsen,[1] at its essence, convenience has three core attributes: **ease, utility** and **simplicity**. In providing these, convenience solutions can enable more fulfilment, enjoyment and balance in consumers' busy lives. To deliver true convenience, these three attributes must be the foundation for the entire consumption, shopping and engagement spectrum.

What is Driving Convenience?

Many factors are influencing the growing global demand for convenience. Although the convenience trend is evolving in various ways and at different speeds depending on the region or country, it is happening nearly everywhere in the world.

Six key drivers of change are shaping the need for convenience solutions and can be used as foundation for identifying future needs:[2]

1. Rapid Urbanization

Throughout the world, consumers are flocking to urban areas in search of greater employment prospects, better infrastructure and services, and a wider array of lifestyle options. By 2025, 58 per cent of the world's population will live in cities or towns — that is 752 million more people than in 2017.[3] Half of these additional people will be in Asia and nearly a quarter in Sub-Saharan Africa. The most urbanized regions in 2025 will be North America (83%), Latin America (82%) and Europe (75%). However, other regions will continue to urbanize at a faster rate, especially Asia, Sub-Saharan Africa, the Middle East, North Africa and Pakistan.[4]

Canada continues to become urbanized with 26.5 million people living in a census metropolitan area (CMA) on July 1, 2018. Growth in large urban areas (+1.8%) outpaced the rest of the country (+0.6%). Canada's three largest CMAs—Toronto, Montréal

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[1] Nielsen , US. 2018. The Quest for Convenience.
[2] Nielsen , US. 2018. The Quest for Convenience

[3] United Nations, Department of Economic and Social Affairs, Population Division, 2017
[4] United Nations, Department of Economic and Social Affairs, Population Division, 2017

and Vancouver—are now home to over one-third of Canadians (35.7%).[5]

Two cities in Alberta- Calgary and Edmonton were among the top ten CMAs in Canada in 2016. However, with tough economic conditions, population growth and urbanization has slowed down in Alberta.

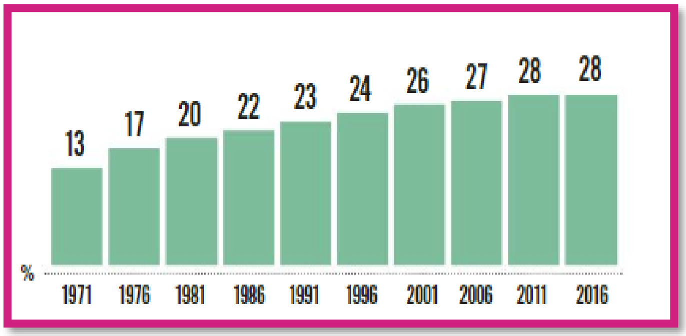
Living in urban environments means a faster pace of life with more demands on consumers' time. To better cope with urban lifestyle challenges, consumers will continue to seek new ways to streamline their lives. In their convenience choices, consumers will want more efficiency and greater utility and will increasingly use advanced technology, where available, to aid their decision-making.

2. Smaller Households

With increasing population density, limited space for new housing and high property prices, many consumers are downsizing their physical living areas. The need for big homes is also decreasing because of smaller or single-person households, especially in more mature markets. Worldwide, the average household size ranges from two to nine people[6] and is declining as fertility rates continue to fall.

As illustrated in **Figure 1**, Canadian population data also shows an increasing proportion of smaller households. The proportion of one-person households in Alberta is around 24 per cent, still a significant proportion.

Figure 1: Increasing Proportion of One person Households in Canada



Source: Statistics Canada

These trends are driving a shift in consumer behavior. In smaller dwellings, for example, meal preparation, storage, disposal and eating areas need to be rationalized and this is seeing consumers reconsider their product choices, usage patterns and shopping dynamics.

3. Longer Commuting Hours/Traffic Congestion

Limited land and high investment costs are major barriers for many urban areas to develop the transport infrastructure needed for their fast growing populations. In many cities, congestion is increasing, car ownership is declining and consumers are increasingly spending more time commuting on public or shared transportation. Globally, consumers average two hours of commuting every day[7], with city dwellers in developing countries such as Mexico, Thailand, Indonesia, China, Turkey and Brazil face the most congestion and longest commutes globally.[8]

According to Statistics Canada[9], 78 per cent of Canadians travel to work by car as either a driver or

[5] Statistics Canada. https://www150.statcan.gc.ca/n1/daily-quotidien/190328/dq190328b-eng.htm

[6] United Nations, Department of Economic and Social Affairs, Population Division, 2017

[7] theguardian.com. https://www.theguardian.com/money/2015/nov/09/million-people-two-hours-commuting-tuc-study

[8] tomtom.com, Traffic Index 2016 Measuring Congestion

[9] Statistics Canada. Study: Commuting within Canada's largest cities

a passenger, and on average, they spend 24 minutes commuting to work. One in five Canadians has a carpooling commute of at least 60 minutes.

With more time spent "on the road," consumers have less time at home for cooking and cleaning, and meals are often consumed on the go. Consumption and shopping choices are evolving to match their busier lives.

4. Evolving Gender Roles

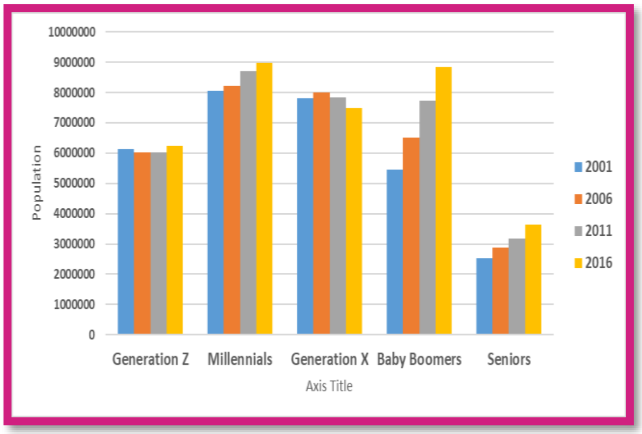
In 2018, 48 per cent of working-age females participate in the labor force globally.[10] According to the same source, in Canada, this figure was 61 per cent. This trend is occurring in countries around the world, and across all socioeconomic groups. With more women in the labor force, the traditional role of women to take care of shopping, cooking and other domestic duties is shifting to a shared role between men and women. In addition, with the increase in dual working couples, convenience is factoring more importantly in their choices.

5. Generational Needs

People today are living longer than ever before and the global proportion of consumers aged 50 and over is increasing, especially in more developed countries.[11] In North America and Europe, almost 40 per cent of the population will be aged 50 and over by 2025. Meanwhile, in some regions, younger generations will remain the dominant age segment. For example, consumers aged 19 years or younger will comprise 51 per cent of the population in Sub-Saharan Africa in 2025 and 40 per cent in the Middle East, North Africa and Pakistan[11].

In Canada, Census data over the years show that population is aging. As **Figure 2** illustrates, senior, baby boomer and millennial generation numbers are increasing over the years. Population numbers also show that millennials are the largest generation in Canada.

Figure 2: Generational Dynamics in Canada, 2001 to 2016



Source: Statistics Canada

Shifting age demographics also drive changes in consumer behaviour. Technology adoption, spending ability and spending focus varies considerably between generations and their convenience needs differ too. For example, in markets with aging populations, easy-to-open packaging and home delivery may be more highly sought after, while in markets dominated by the millennial segment, consumers are more likely to look for space-saving packaging, ready-to-eat meals and automated offerings (ex. Self-serve kiosks). For households with infants and school-aged children, healthy snacking and lunch box options may become more important to consumers.

6. Uptake of Technology

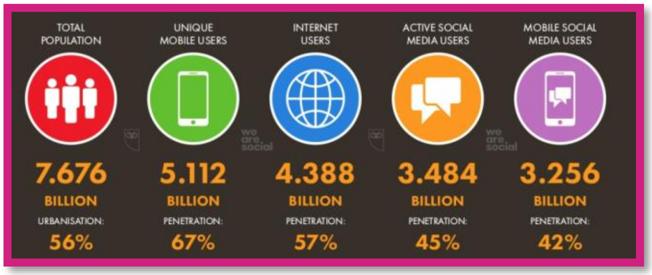
The scope and scale of technology has exploded in recent years, driving a fundamental transformation in the way consumers incorporate and use technology in their lives. Globally, 57 per cent of households

[10] World Bank.2018 . Labor force participation rate, female (% of female population ages 15+)

[11] United Nations, Department of Economic and Social Affairs, Population Division, 2017

had internet access in 2019.[12] While growing smartphone use and the rise of smart homes, buildings and cities, will escalate consumer capability and connectivity to services and help streamline their lives.

Figure 3: Global Mobile, Internet and Social Media Use in January 2019.



Source: We are Social. Global digital report 2019

Across 10 provinces (territories were not included in this study), internet use among Canadians aged 15 to 64 was at near-saturation levels (97.2%) in 2016.[13] During the same year, mobile phone subscription rate in Canada was 87 per cent.[14]

In this increasingly "on-demand" environment, consumers will have more control to customize, personalize and demand products and services where and when they need them. Retailers and manufacturers will need to match these "in the moment" needs, leveraging individual data to develop solutions for, and deeper relationships with their consumers.

What Solutions are Consumers Seeking?

According to Nielsen[15], the major convenience solutions consumers are seeking can be framed under three core areas for Fast Moving Consumer Goods (FMCG) including food and beverage businesses: **consumption, shopping** and **engagement**. Equipped with this knowledge, manufacturers, marketers and retailers can better develop tailored solutions to satisfy the needs of their consumers.

Consumption

Consumers the world over are rapidly shifting how they consume food and beverages. The days when meals were prepared and eaten with family at home around the dining table are becoming fewer and fewer. Today time consuming meal preparations are seen as competing with time to relax, entertain and exercise.

As a result, easy-to-prepare and ready prepared food options not only save time and energy, but can also be tailored to dietary and health preferences. These products hold massive and growing appeal, especially for younger and more affluent consumers. So far, the uptake of these convenient options has been strongest in developed world or on mature markets, but is set to grow in developing markets too as modern trade and internet use expand, and suppliers establish competitive market offerings. Some examples include:

- **Meal kits** from physical stores or via subscription services
- **Restaurants and meal delivery** services
- **Grab and go** meals from quick-services, fast food and street vendors
- **Snacking** as a meal replacement

[12] We are Social. Global digital report 2019. https://wearesocial.com/global-digital-report-2019
[13] Statistics Canada. 2019. Evolving internet use among Canadians.
[14] Canadian Radio-Television and Telecommunication Commission. 2018. Communications Monitoring Report 2018.
[15] Nielsen , US. 2018. The Quest for Convenience

Shopping

The perception of convenience is not limited to any single physical store format or virtual channel. Streamlined services, digital experiences and frictionless commerce are converging with the “bricks and mortar” and e-commerce worlds to shape new shopping experiences that provide personalized and on-demand ease, utility and simplicity.

However, even if the use of technologies such as online shopping will increase with non-food consumables, there are more barriers in food shopping. The main barrier is the difficulty of assessing the quality of fresh produce. Some emerging convenient shopping patterns include:

- Stock-up grocery shopping trips are being replaced by **smaller, more frequent, needs-based shopping trips**
- **Smaller stores** are outpacing the growth of large stores and taking market share and higher number of shopping trips. They often have the advantage of proximity, and are well placed to optimize their assortment of products and services
- Increasing use of **digital in-store options,** such as handheld scanners, self-service checkouts and automated payment facilities
- Increasing **on-line purchases and omni channel**[16] offerings

Engagement

No matter whether it is before, during or after consumption of food and beverages, cleaning or shopping, there are many more ways to engage consumers than ever before. The arrival of the internet and mobile phones has been a game changer for engagement.
Some tools of engagement include:

- **Mobile connectivity** is about much more than just staying in touch or in the know — mobile phones have become the accessory for just about everything in consumers’ lives. Hyper-connected and hyper-available, consumers enjoy being connected anytime.
- **Other connected devices and platforms** provide more convenient, on-demand and interactive ways to view, read and listen to content.
- **Advertising, is increasingly video-enabled and interactive,** and provides more authentic experiences and recommendations to consumers.

Key Take-away

The demand for convenience has never been greater. Today, convenience goes beyond products, services and store channels. Packaging, preparation, storage, portability, disposal, ordering, replenishment and fulfilment, as well as device, payment and application technologies are all key considerations in providing an overall convenience experience.

A comprehensive understanding of consumers’ circumstances and trouble spots or inconvenient areas gives companies a clear connection to the different opportunities and solutions that consumers seek. Solutions that create ease, utility and simplicity in consumers’ busy lifestyles are the ones that will succeed.

[16] A type of retail which integrates the different methods of shopping available to consumers (e.g. online, in a physical shop, or by phone)