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RESTORING CONSUMER CONFIDENCE IN A CONTEXT OF ECONOMIC RECOVERY

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CONSUMER CONFIDENCE IS KEY

Consumer confidence is a very simple concept in which the performance and growth of the economy is based. The crises and disruptions experienced in recent years have proven that consumer confidence is brittle and significant as household spending in Canada represents almost 60% of the gross domestic product¹.

Consumers' confidence can be influenced by elements related to the businesses themselves or the economy in general. For example, we can think of consumers being concerned about the national economic situation or job insecurity as being an indirect element. Businesses have no control over these elements. On the other hand, businesses play an important role in establishing and maintaining a relationship of trust between consumers and the environment in which they consume. This publication will cover this aspect by offering tips, tricks and resources to equip business owners in their efforts to restore or maintain the confidence of their customers in this period of unprecedented insecurity².

- 1 <https://www.creditcardscanada.ca/blog/canadian-economy-benefits-consumer-debt/#:~:text=In%20Canada%20household%20final%20consumption,indicative%20of%20a%20healthy%20economy>
- 2 <https://www.globenewswire.com/news-release/2020/06/29/2054642/0/en/Broad-based-recovery-in-consumer-confidence-takes-hold.html>

Businesses play an important role when it comes to consumers' confidence.

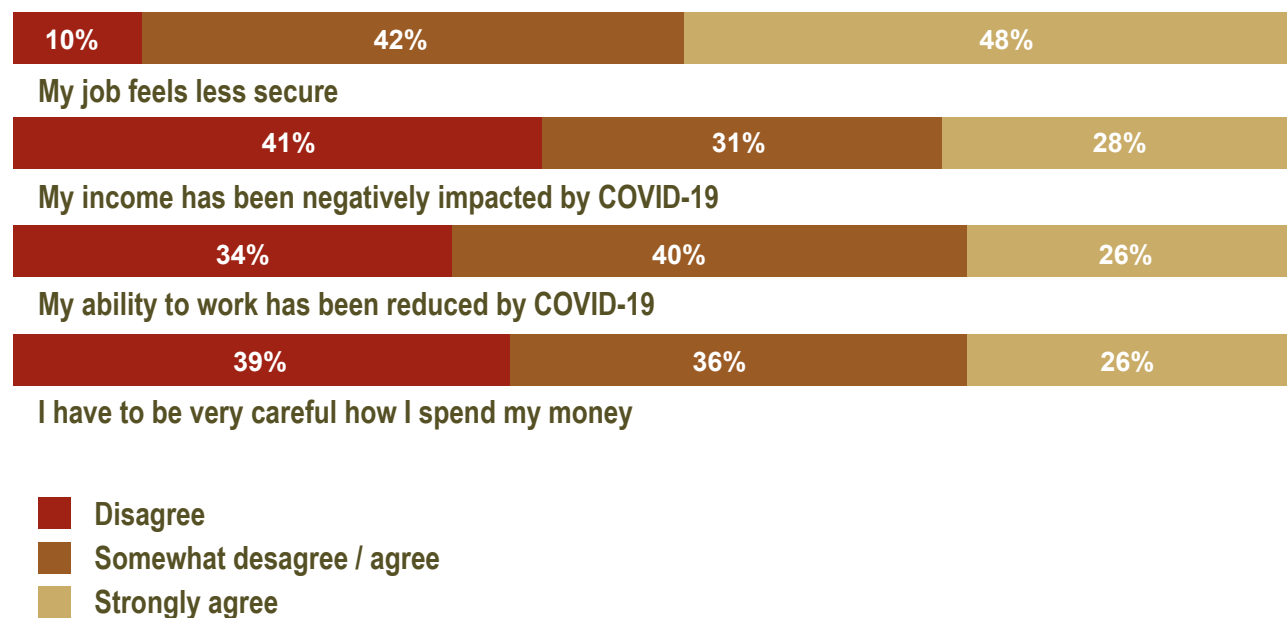


CONSUMER CONFIDENCE AND COVID-19

COVID-19 has substantially affected the confidence of Canadian consumers. In fact, at the end of May 2020, 81% of consumers were either uncertain or pessimistic about the ability of the country's economy to recover quickly from the pandemic.

This trend suggests that consumers will be cautious about spending for several months³. In fact, almost one in two Canadian consumer is careful about how his money is spent and cuts back on non-essentials. The majority of consumers reported that COVID-19 has negatively affected their ability to work, their income as well as their job security.

Overall Sentiment in the Canadian Population



Source: McKinsey & Company COVID-19 Canada Consumer Pulse Survey

Along with these elements, consumers are also reluctant to purchase products or services in traditional ways because of the community-wide contagion risk associated with COVID-19. For example, tourists are still far from feeling comfortable getting on a plane, renting an hotel room or even a vehicle. They seem to favour short trips in their personal vehicle⁴.

³ <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/survey-canadian-consumer-sentiment-during-the-coronavirus-crisis>

⁴ <https://www.pwc.com/us/en/industries/consumer-markets/library/how-to-restore-confidence-in-travel-during-covid-19.html>

The reduced quality of the client experience associated with the various health measures needed to control the spread of COVID-19 also contribute to declining consumer confidence. Mandatory masks, line-ups, and restrictions on touching objects or trying out a product, for example, prompt people to minimize nonessential spendings.

Of course, some sectors are more affected than others in this regard, but the phenomenon is real. While many agree that consumers will slowly regain confidence in the economy and their traditional consumption habits, no one knows exactly when. This is where merchants have a role to play by innovating to ensure the rapid recovery of their customers' confidence. By innovating, the businesses will be able to restart despite the current constraints over which they have more or less control⁵.

HOW TO RESTORE CONSUMER CONFIDENCE AS A MERCHANT

Merchants can take simple and inexpensive actions to ensure that their customers feel safe and comfortable doing business with them. Here are a few examples:

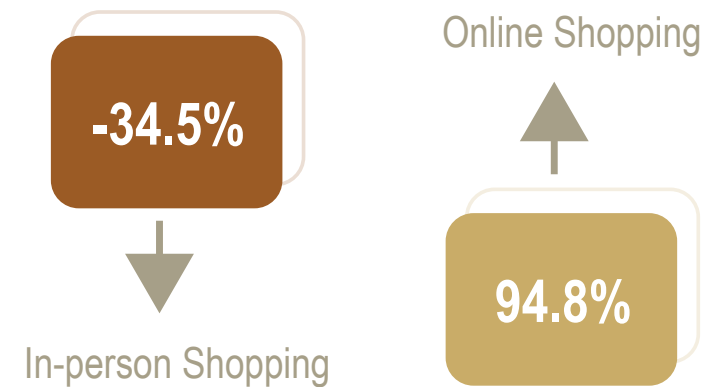
1. Ensuring compliance with and promoting the health standards;
2. Emphasizing the safety aspect and clearly communicating all measures taken to ensure client safety;
3. Providing personal protective equipment and disinfectant to your employees and clients;
4. Ensuring that your employees feel safe so that they can convey that feeling to your customers;
5. Installing a checkpoint at the entrance of the store (e.g., take the temperature of customers);
6. Maintaining exceptional cleanliness;
7. Providing home delivery services;
8. Offering flexible payment or credit terms;
9. Offering purchase/credit insurance in case of job loss; and
10. Offering your services or sell your products online whenever possible.

It is interesting to note that since the beginning of the pandemic, consumers tend to have more confidence in more established brands. Therefore, it is important for businesses with less well-known brands to double their efforts to ensure that their customers are confident. Even if it seems obvious that you are doing everything in your power to ensure your customers' trust, do not forget to communicate and promote your actions.

⁵ <https://www.retail-insider.com/retail-insider/2020/4/when-and-how-consumers-will-shop-again-after-stores-in-canada-re-open>

THE POWER OF E-COMMERCE

How have Canadians' consumption habits changed since the beginning of the pandemic?



Source: Statistic Canada⁶

One of the most effective strategies to regain or maintain consumer confidence in these times of ever-present COVID-19 risks is to equip your business with an online transactional solution. As the figures above shows, over the last few months the majority of transactions were made online.

Consumers will therefore have changed their purchasing habits and will be much more inclined to shop online, even after the threat of COVID-19 is gone. Online sales were already gaining in popularity before the pandemic, but now they have exploded across all sectors of the economy. Even grocery stores, a type of business that was reluctant to shift to online sales, had to adapt⁷.

Your investment will therefore be a lot more profitable since eventually, you will have to offer your services or products online. You might as well jump into the adventure now!

⁶ <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00064-eng.htm>

⁷ <https://www.retail-insider.com/retail-insider/2020/8/sylvain-charlebois-things-will-never-be-the-same-at-canadian-grocery-stores-here-is-why>

AVAILABLE RESSOURCES

Find out more about the [Prescott and Russell E-Business Grant Program for SMEs](#), which can offer you up to \$1,000 to implement your online transactional solution.



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