Global Consumer Insights Survey 2018

Whom do consumers really trust?

pwc

Over the past decade, social media has changed the way consumers and brands interact, giving consumers more of a voice and placing higher demands on brands—to be authentic, respond to consumers' concerns, be accountable for mishaps, and even take a stand on relevant social and cultural topics. Clearly, consumers' trust has become more crucial for brands' success.

PwC's latest consumer research points to the soaring importance of social media—shoppers trusting the collective opinions of strangers—and the challenge, for brands and retailers alike, to be seen as authentic and trustworthy. The issue of trust should also be top of mind for executives as they consider how to deploy new technology and services to bolster the customer experience while protecting the security of an ever-expanding trove of customer data.

Trust in the brand matters

PwC's Global Consumer Insights Survey reached out to more than 22,000 consumers in 27 territories across the globe during the late summer and fall 2017. We asked these consumers which factors, other than price, influence their decision to shop at a particular retailer. More than one in three (35%) ranked 'trust in the brand' as among their top three reasons (see Figure 1, on the next page).

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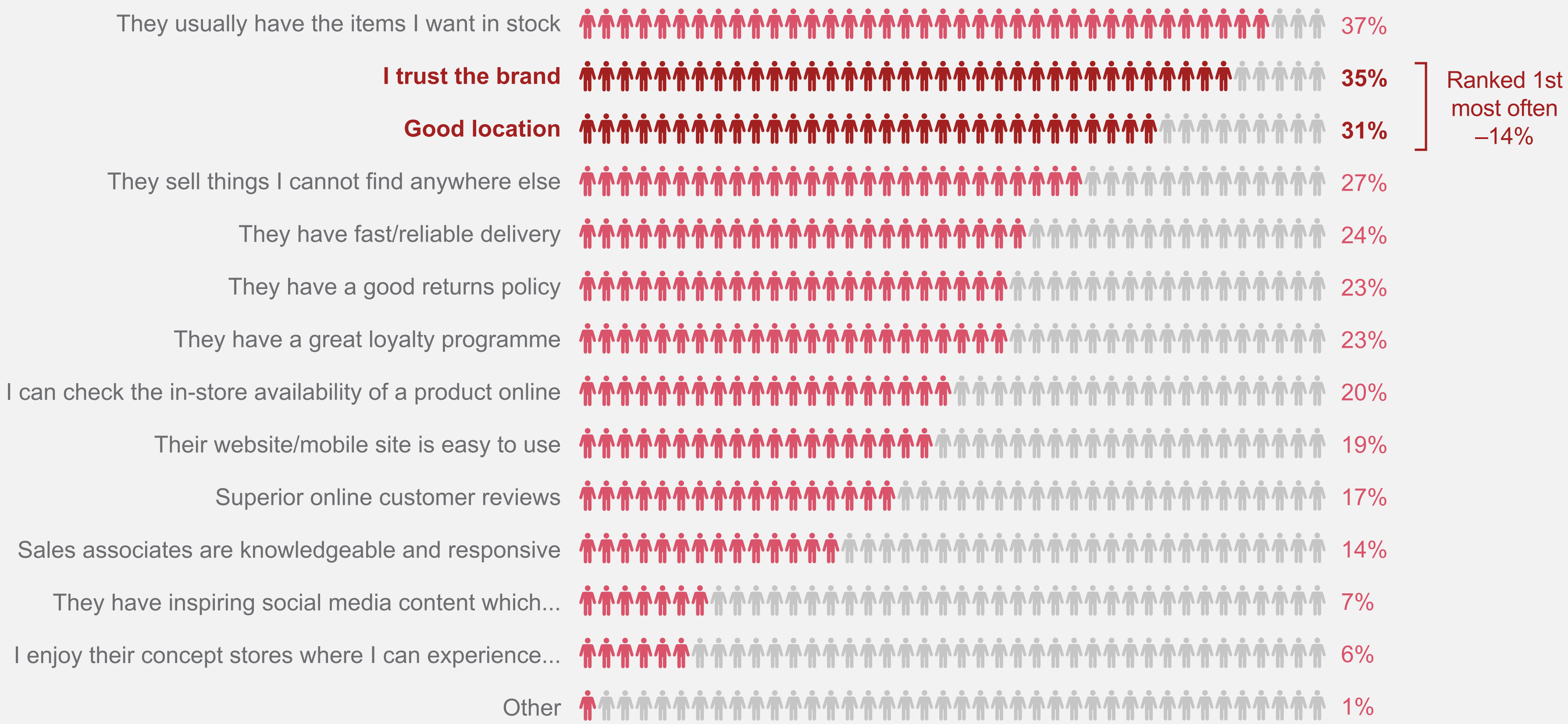
Figure 1: Location and trust are what influence consumers to a particular retailer



Q: Other than price, what influences you to shop at a particular retailer?

Base: 22,481, (Asked to rank top 3)
Source: PwC, Global Consumer Insights Survey, 2018

Indeed, brand trust ranked among the top three reasons for more consumers than 'good location.' And it was only slightly less important to respondents than being able to find items they wanted in stock. Other reasons, such as loyalty program and knowledgeable sales associates, were cited much less often.

Among all respondents, 14% said trust in the brand is the number one reason (other than price) why they shop at a retailer. But among respondents in China's massive consumer market, 21% chose brand trust as their number one reason, more than any other country that participated in our survey. Among US respondents, 16% cited brand trust as the number one reason for choosing a retailer.

Building brand trust isn't easy, of course. Understanding individual consumers and consistently meeting their expectations is essential to making it happen.

Building brand trust isn't easy, of course. Understanding individual consumers and consistently meeting their expectations is essential to making it happen. For example, Kroger, a US retailer, uses robust consumer analytics to uncover trends in consumer behaviour, allowing it to adjust its offerings and tailor its digital promotions to individual shoppers.[1] And brand trust implies much more than understanding shopping behaviour, of course. Trust can be earned through transparency regarding sources/suppliers and ingredients, dependability and consistent quality products and services, genuine engagement in community and charity activities, admitting errors and making up for them—the list goes on and on. These trust factors hold not just for established brands but can also be used as guiding principles for newly launching brands.

The wisdom of the crowd matters too

Although trust in the brand plays a strong role in determining *where* consumers shop, they rely heavily on other people's opinions to decide *what* to buy. "Today's consumers trust the wisdom of the crowd, what somebody in their network says about something," says Rick Kauffeld, a PwC US principal. Our survey asked respondents which online media they regularly use to find inspiration for their purchases (allowing them to select up to three options). Social networks ranked first (37% of respondents), followed by individual retailer websites (34%) and price comparison websites (32%) (see Figure 2). Chinese respondents again stood out, as their preference for social networks soared to 52%, with retailers' websites (20%) and emails (10%) trailing far behind. But consumers in some other countries rely even more heavily on social networks in this regard, with 70% of respondents from the Middle East selecting social networks, 58% from Indonesia and Malaysia, and 55% from Hungary.

Figure 2: Social networks are most influential when finding inspiration

Q: What online media do you regularly use to find inspiration for your purchases?
Base: 22,481 (Respondents were asked to select **up to three** options)
Source: PwC, Global Consumer Insights Survey, 2018

These findings suggest that opinions and suggestions on social media sites—posted by friends and strangers alike—have more influence on specific purchase decisions than factors that retailers can control, such as advertising, promotions, and pricing. Recognising the importance of social media, many retailers have sought to use these sites as channels not just for getting their mass marketing messages out to consumers, but also to participate in ongoing conversations that are relevant to the brand. Consumers trust opinions on social media because they regard these as authentic and helpful. The challenge for brands has been to engage in the conversation on social networks in a way that consumers perceive as genuine and caring rather than self-serving. According to Kauffeld: "Brands have to think about what's the way for them to engage so that they come off as being authentic and caring and contributing to the network rather than doing something in the self-interest of the brand."

Patagonia, the outdoor clothing and gear brand, stands out for projecting authenticity and putting consumers' interests first in its approach to marketing on social media. The company is well known for communicating its commitment to environmental causes. In one campaign, the company actually told consumers, "don't buy this jacket," with the goal of encouraging people to consider the environmental impact of their purchases. Consumers respect the company's eco-friendly values, and its brand has thrived.[2] Another example is outdoor gear retailer REI, which has been going against the grain of the industry by closing its stores not just on Thanksgiving but also on Black Friday, both of which are key shopping days in the US, to give its employees time off for family and to enjoy the outdoors.

Beyond selling products, leading companies are using social media to provide services and help customers fulfill their aspirations. These companies are leveraging the power of social communities as online gathering places for consumers who share common interests and lifestyles. For example, Under Armour has developed an online fitness community in which participants create and share content on a wide range of social media, joined by Under Armour athletes like former number one golfer Jordan Spieth.[3]

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Consumers want benefits, not surveillance

Trust is essential for retailers seeking to harness data about consumers in order to provide a better experience. For the most part, our survey respondents seem to trust retailers to collect data about their interactions and use the information to make individualised offers. Over 40% of our survey respondents said they were comfortable having a retailer monitor their shopping patterns and purchases and expect a retailer to have up-to-date information on how they interact with it across all channels, including in store, online, and via social media. Only 27% said they did not have this expectation. (See Figure 3.)

Figure 3: In the age of increasing surveillance, the biggest concerns for consumers are around being tracked

Q: Please indicate how strongly you agree or disagree with the following statements.

Base: 22,481
Source: PwC, Global Consumer Insights Survey, 2018

For Chinese consumers, these expectations are amplified, as fully two-thirds expect retailers to be maintaining updated information about their interactions.

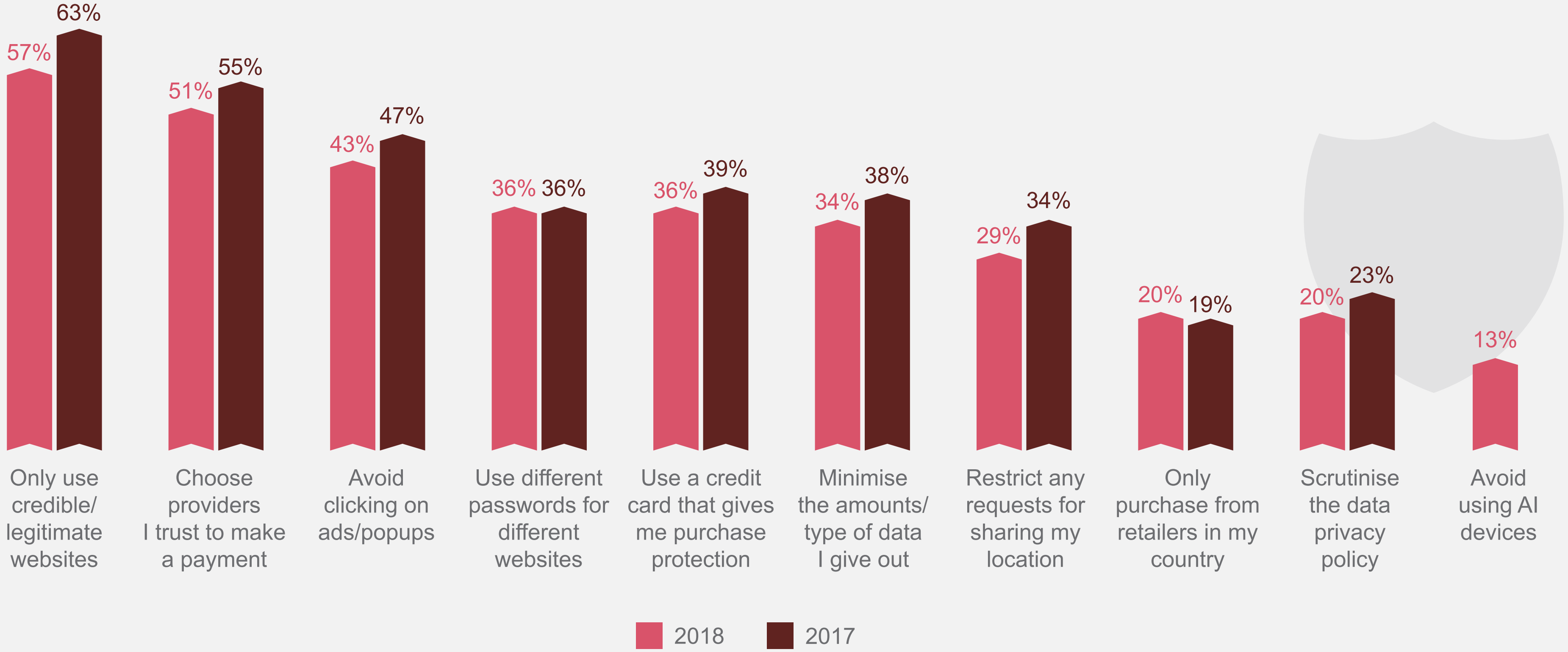
Consumers generally seem less enthusiastic about the prospect of retailers knowing their physical locations. Among all respondents, only 34% said they would be happy for a retailer to identify when they are nearby and send them personalised offers via a mobile device, while 37% said they would not be happy about such surveillance. Chinese and Indonesian consumers are an exception: 59% are happy to get personalised offers based on their whereabouts and only 14% of Chinese and 9% of Indonesian shoppers are not.

Trust eases fears about online security risks

Trust also plays an important role in how consumers evaluate online security risks. Our survey asked respondents how they reduce the risk of online security issues and fraud (allowing them to select all the options that apply). More than half said they only use credible and legitimate websites (57%) or choose providers they trust when making payments (51%). Other factors, such as minimising the amount of data given out and avoiding the use of artificial intelligence devices (like Amazon Echo), trailed far behind (see Figure 4, on the next page.)

Only 34% said they would be happy to get personalised offers based on their whereabouts.

Figure 4: Consumers remain conscious of ways to reduce online security risks



Q: How do you personally reduce the risk of online security issues/fraud?

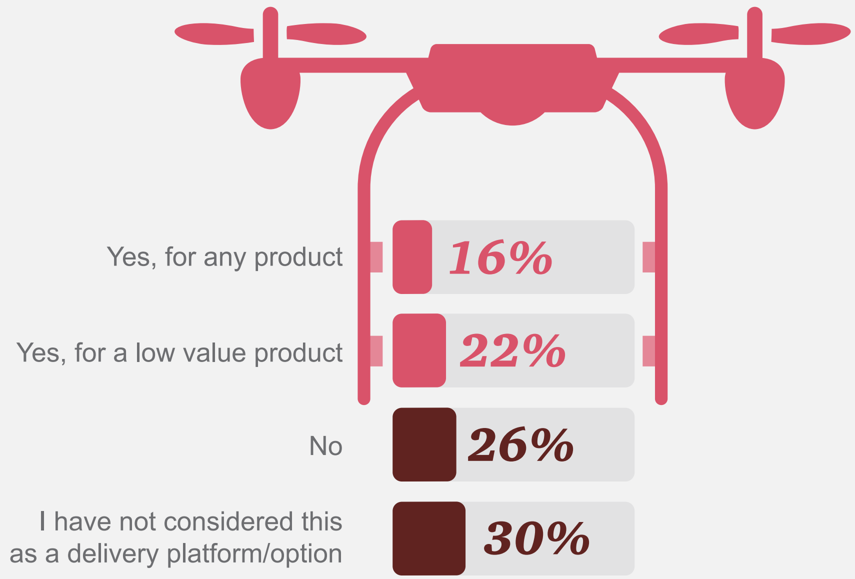
Base: 22,481 (2017), 24,471 (2016) – (Respondents were asked to select **all** that apply)
Source: PwC, Global Consumer Insights Survey, 2018

It is notable that overall consumers' security precautions seem to have decreased slightly since last year's survey. This could mean that shoppers trust retailers more, which would be good news, and at the same time it may also imply raised expectations for reliable security.

Will trust issues create headwinds for drones?

Beyond quality, authenticity, and security, trust affects consumers' attitudes toward technology. Drones are a case in point. The value of the drone-delivered product appears to make a difference to some consumers when it comes to trusting drones. Among our survey respondents, only 16% said they trust a drone to deliver any package and 22% said they would only trust one to deliver a low-value product. About one in four respondents said they would not trust drone delivery, an indication that retailers will need to promote confidence in this new delivery method if its use is to gain universal acceptance (see Figure 5).

Figure 5: The jury is still out on drone delivery



Q: Would you trust a drone device to deliver your package?

Base: 22,480 (7% of consumers selected 'Don't know')
Source: PwC, Global Consumer Insights Survey, 2018

Gauging trust in healthcare at retail locations

In the past decade, retailers have begun exploring opportunities to provide health-related services in-store. For many consumers, it's a natural fit: retail stores are more convenient and customer-centric than traditional healthcare clinics or physicians' offices. As retailers join the ranks of non-traditional healthcare providers, it's important to understand which types of services consumers trust them to provide. Among our global sample, more than half (53%) would trust a non-traditional provider to offer over-the-counter medicine, up from 42% in last year's survey. Consumer's trust in non-traditional providers dispensing contact lenses has also increased slightly from last year (35% to 39%), and 43% would have an eye exam. The trust level for other services was generally consistent from year to year. Services that more than 40% of respondents trust a non-traditional provider to offer include visits with physicians, diagnosis of minor ailments, and an eye exam (see Figure 6, on the next page).

In the old days, building trust with consumers was fairly straightforward: provide quality products when and where consumers need them. Today, the challenges have increased exponentially, as issues such as authenticity, community-building, and data security have become fundamental pillars of trust. Companies must understand their customers' aspirations, join in the conversation in a not overtly promotional way, and apply data effectively and securely. Brands and retailers that master the challenges will be the trust champions in the decades to come.

53%

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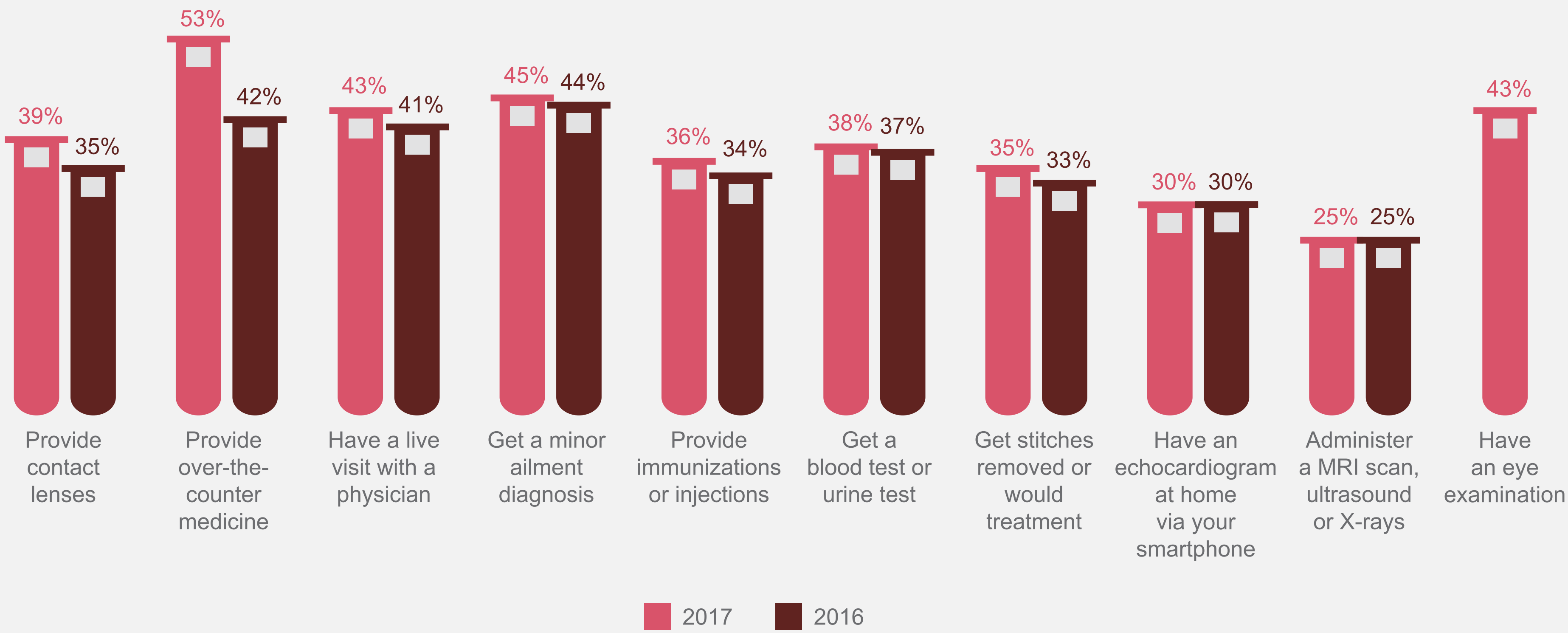
Figure 6: Healthcare in retail trend; similar results experienced year over year



Q: Would you trust such a non-traditional healthcare provider?

Base: 22,480 (Only those who responded 'Yes')
Source: PwC, Global Consumer Insights Survey, 2018

Sources

1 “The Five Retailers That Matter,” *RIS News,* 6 January 2016. https://risnews.com/five-retailers-matter

2 Allchin, Josie, “Case study: Patagonia’s ‘Don’t buy this jacket’ campaign,” *Marketing Week,* 23 January 2013, https://www.marketingweek.com/2013/01/23/case-study-patagonias-dont-buy-this-jacket-campaign/

3 Under Armour website, 30 January 2018, https://www.underarmour.com/en-us/ua-record

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About PwC's Global Consumer Insights Survey

Since 2010, PwC has annually surveyed thousands of consumers around the globe to track shopping behaviour, and then chronicled these findings in various global reports on the future of retail under the "Total Retail" banner.

This year we decided that a new umbrella term for our findings was warranted: PwC's Global Consumer Insights Survey. We want to acknowledge that the once bright lines demarking retailers, manufacturers, technology companies, logistics service providers, and healthcare organisations are becoming more and more obscured as consumers are more open than ever to non-traditional solutions.

www.pwc.com/consumerinsights

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