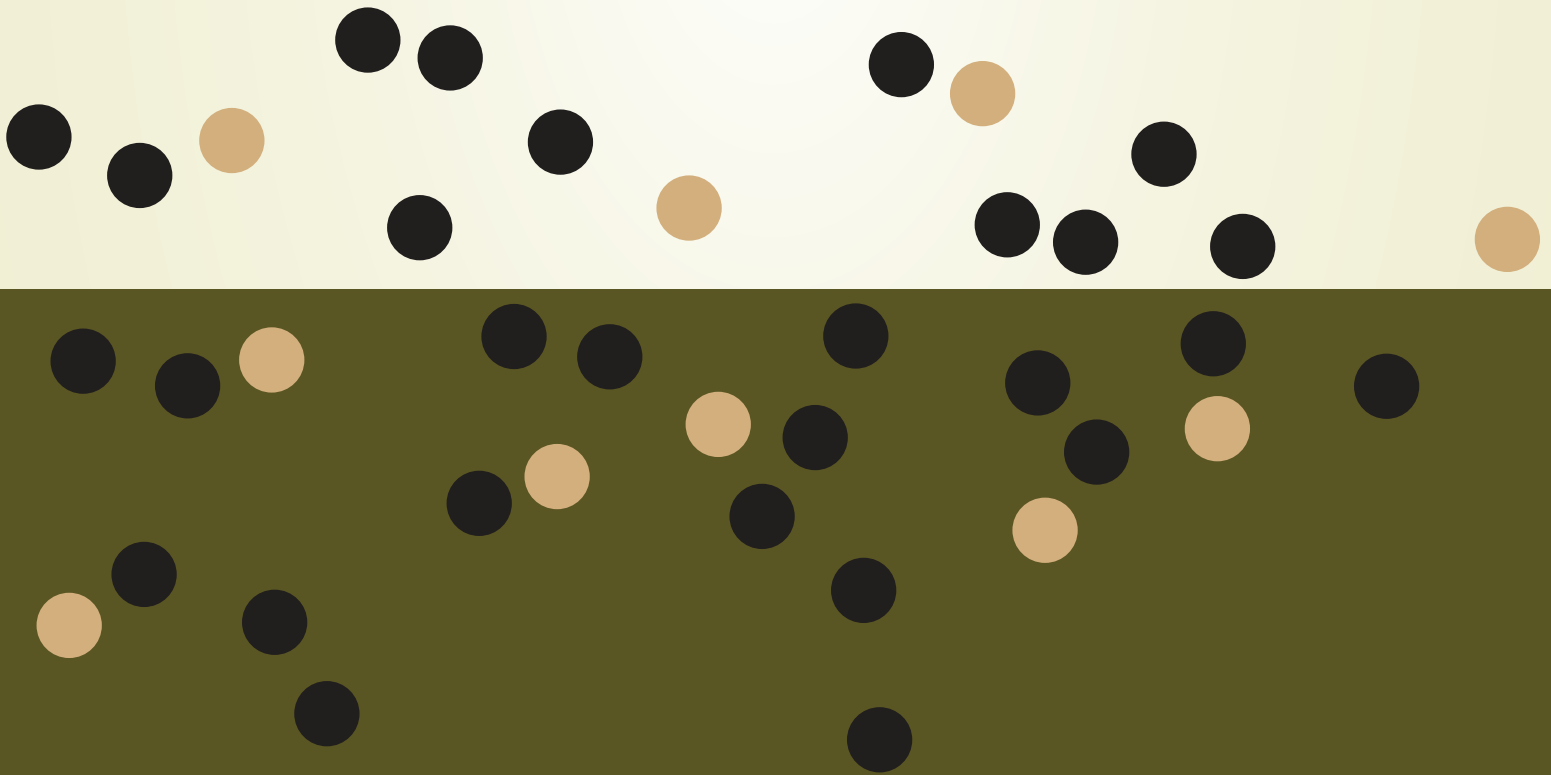


THE BENSIMON BYRNE

Consumerology Report



What Canadians Think About Advertising

January 2013



Introduction

In our recent survey of over 1500 Canadians, we examined attitudes towards advertising – what forms are preferred, what drives interest and what doesn't, and even reactions to specific words and types of images often used in ads. To provide some context for the responses we also explored Canadians' definition of a good life.

The findings confirm that while many Canadians actually enjoy advertising, many of the things typically featured in advertising (such as new products, luxurious lifestyles, claims of popularity, famous people, and limited time offers) are not particularly effective in driving interest. In fact, the findings challenge the assumption that aspirational promises and images are broadly appealing to Canadians. This is consistent with what we identified in other Consumerology Reports: a continuing culture of thrift exists and though the recession has receded, the level of consumerism that preceded it has not returned.

For over 5 years the Bensimon Byrne Consumerology Report has been tracking consumers' assessments of their own economic reality. And we've seen a widening gap between the two ends of the economic spectrum. What has emerged are segments of Canadians with very different financial realities. These divergent segments often have different points of view on the subject matter and this holds true when exploring their reactions to advertising. As a result, in addition to reporting the findings for Canadians in general, we also looked at reactions among 4 segments that reflect those contrasting economic realities. These segment findings may be particularly relevant to marketers of products designed to appeal to either the higher end market or those more with more value-oriented brands.

The segments include the Upwardly Mobile (those whose personal financial situation is better than a year ago and have more savings than debt not including a mortgage) represents 32% of Canadians, and the Downwardly Mobile segment (those whose personal financial situation is worse than a year ago and have more debt than savings not including a mortgage). This group represents 27% of Canadians with the balance falling in between these two groups. We also reported the findings by household income and contrast findings for the Upper Income segment (households earning over \$100K/year and represent 18% of Canadians) to the Mid-Lower Income segment (households earning less than \$100K/year which represent the remaining 81% of Canadians). Here's what we found.

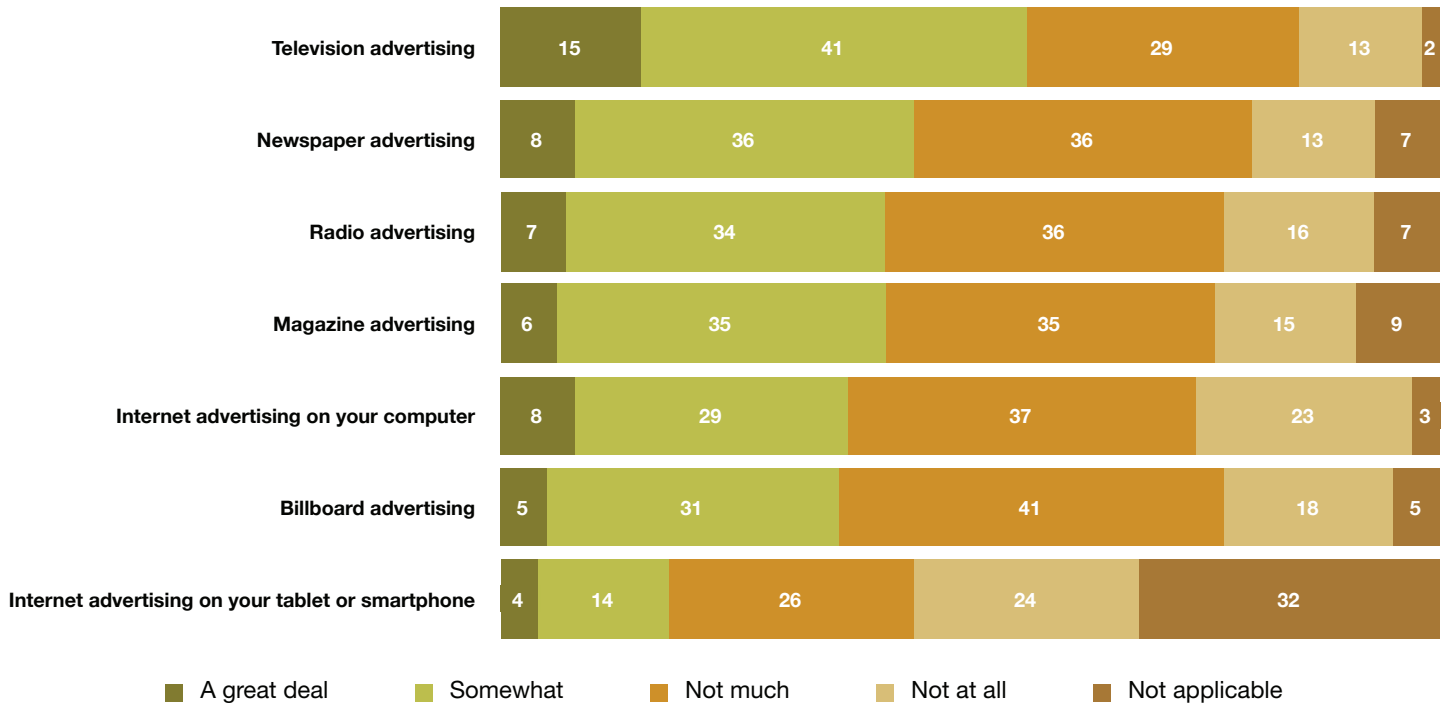
Enjoyment of Advertising by Media

While this may seem self-serving, the truth is, many Canadians actually do enjoy advertising. TV advertising is by far the preferred form. A majority of Canadians (56%) report that they enjoy it a great deal or somewhat. More Canadians enjoy television advertising than newspaper, magazine, billboard and internet ads on smartphones, tablets or on the computer. This confirms that Canadians' preference for video over static messages (consistent with the growth in popularity of online video and YouTube) also applies to advertising.

Advertising in other traditional media (i.e. newspaper, magazines, radio, and billboards) was also enjoyed somewhat or a great deal by between 36% and 44% of Canadians.

The highest negative scores (those who do not enjoy it at all) were for internet advertising (either on a tablet/smartphone or computer). While these levels were not particularly high in absolute terms, they were higher than for all traditional media. This tracks with the general wisdom that in the digital space where the viewer controls content, for some, ads may be viewed as interruptions and therefore enjoyed less.

“How much do you enjoy advertising that you see in each of the following media?”



Advertising Elements

What advertising elements drive interest the most?

Humour is by far the biggest driver of interest in advertising. Over $\frac{2}{3}$ of Canadians are very interested in humour that makes you laugh out loud, and humour that makes you smile, and $\frac{1}{10}$ of Canadians are very interested in slapstick or sight gag humour.

Music ('a song you really like') is the next most effective element in driving interest in advertising (57% of Canadians are very interested in ads with this).

Fewer Canadians are very interested in rational facts, expressed as studies, evidence or statistics.

There is no particular advertising technique (narration, dialogue, titles on screen), that drives strong interest for a majority of Canadians. Famous people acting as spokesperson drives stronger disinterest than they do strong interest.

More people in the Upper Income group find advertising using humour and word play to be very interesting compared to the Mid-Lower Income group.

The Upper Income group are also more likely than the Mid-Lower Income group to be very interested in advertising featuring studies that show the product is effective, statistics to make a point, or evidence that the product or service is very popular and widely used.

Words/Phrases in Advertising

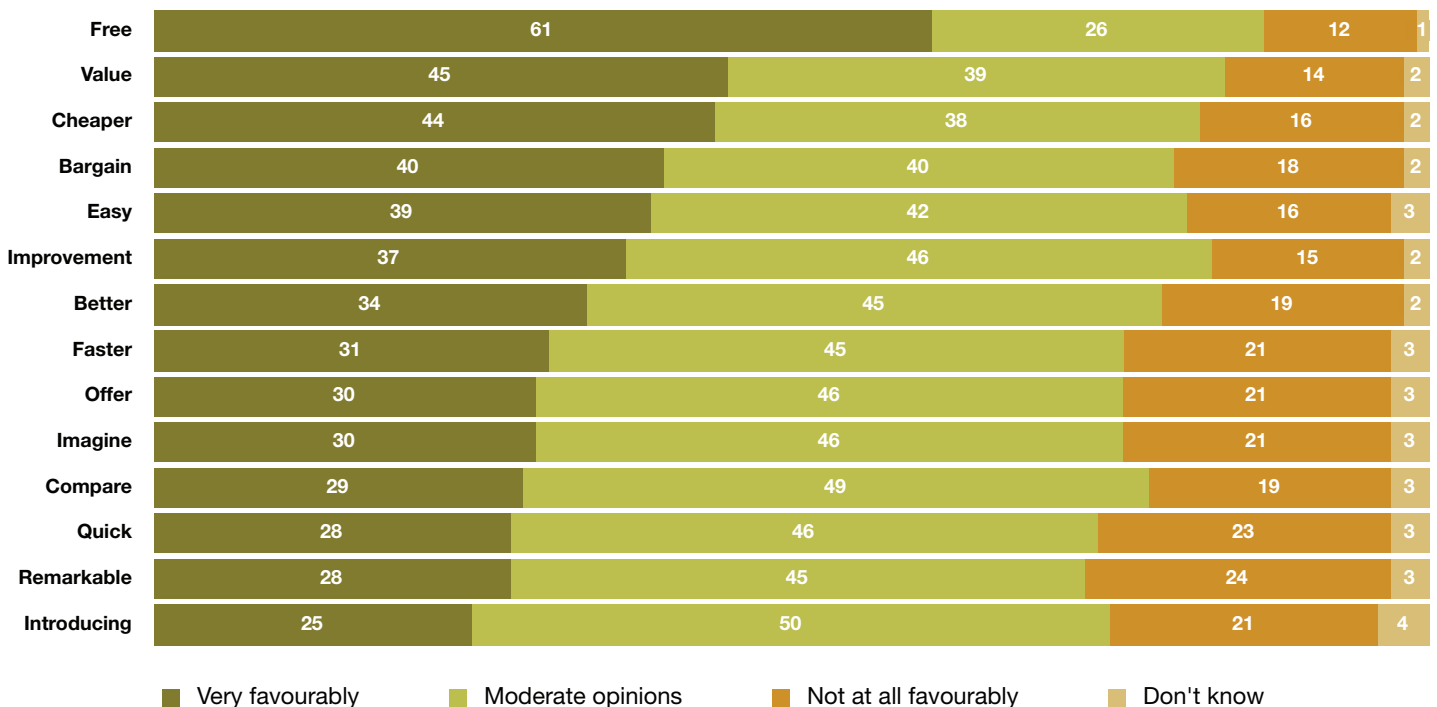
Free is a very effective word in advertising. Over 60% of Canadians view it very favourably. While it is effective for all four subgroups, it is most broadly meaningful for the Downwardly Mobile and the Mid-Lower Income groups (vs the Upwardly Mobile and the Upper Income groups).

Words related to low cost (i.e. 'value', 'cheaper', 'bargain') are more likely to be viewed very favourably by more Canadians than words related to superiority (i.e. 'improvement', 'better', 'faster' 'compare'). A greater percentage of the Mid-Lower Income group feel very favourably towards words related to low absolute cost ('cheaper', 'bargain'), than the Upper Income group. The reverse is true however for the word 'value' which more of those in the Upper Income group view very favourably than those in the Mid-Lower Income group) suggesting that for the more well-off group, meaning beyond price is important to this segment.

Some words often used with the intention of adding importance to the message can have the opposite effect. Use of the words 'miracle', 'magic', 'suddenly', 'startling', 'announcing', 'sensational', 'revolutionary', 'now' all were more likely to be viewed very unfavourably by more Canadians than they were to be viewed favourably.

Call-to-action terms related to driving urgency ('hurry', 'call us for information' 'limited time only') are some of the least favourably viewed of all those tested.

“How favourably or unfavourably do you react to the following words or phrases that are used commonly in advertising?”



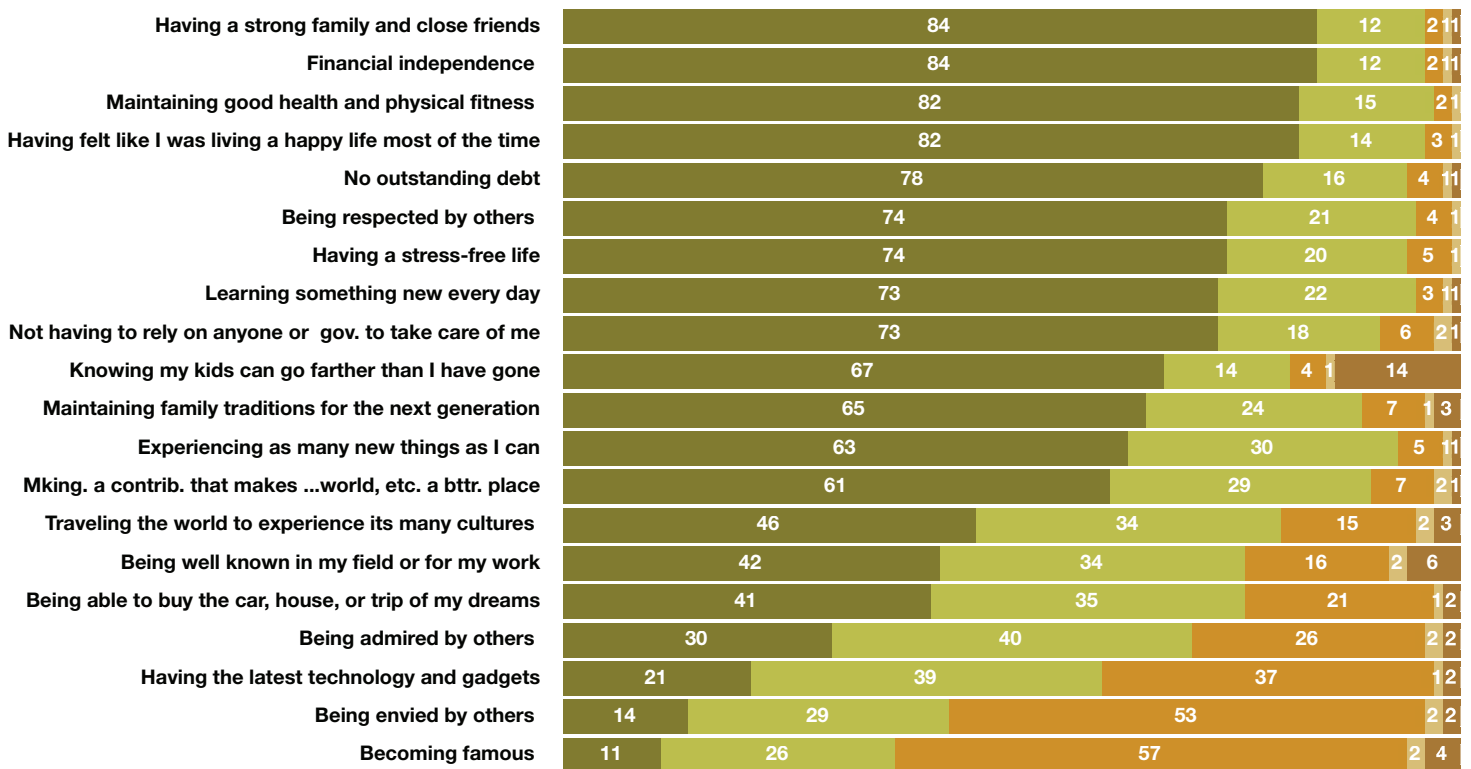
What is a successful life to Canadians?

In order to understand Canadians reactions to advertising, we had to explore how Canadians define a successful life or a good life lived. The vast majority (over 75%) agree strongly that the following is how they would define success or a good life lived – ‘having strong family and close friends’, ‘financial independence’, ‘good health’, ‘living a happy life’ and ‘no outstanding debt’.

In contrast, Canadians do not agree in a majority that many elements common to advertising define success or a good life lived: ‘travelling the world’, ‘being well known in one’s field’, and ‘being able to buy the car, house, trip of my dreams’. These things are important to some, but are not as broadly appealing.

True to stereotype, many Canadians prefer a more ordinary life; the majority of Canadians strongly disagree that becoming famous and being envied are indicators of a good life lived.

“The following is a list of ways that people might define success or a good life lived. please tell us how much you agree with these definitions of success.”



■ Strongly agree ■ Moderate opinions ■ Strongly disagree ■ Don't know ■ Not applicable

One’s current personal financial situation does not appear to affect one’s definition of success. Across both income groups, Canadians strongly agree that, a successful life or a good life lived is: ‘strong family and close friends’, ‘having felt like they were living a happy life most of the time’, and ‘maintaining good health and physical fitness’.

Those in the Upper Income group however are more likely than those making less than that to strongly agree that ‘travelling the world’, ‘being well known in my field’ and ‘being admired by others’ are indicators of success or a good life lived (however the level of agreement is much lower than for those top indicators).

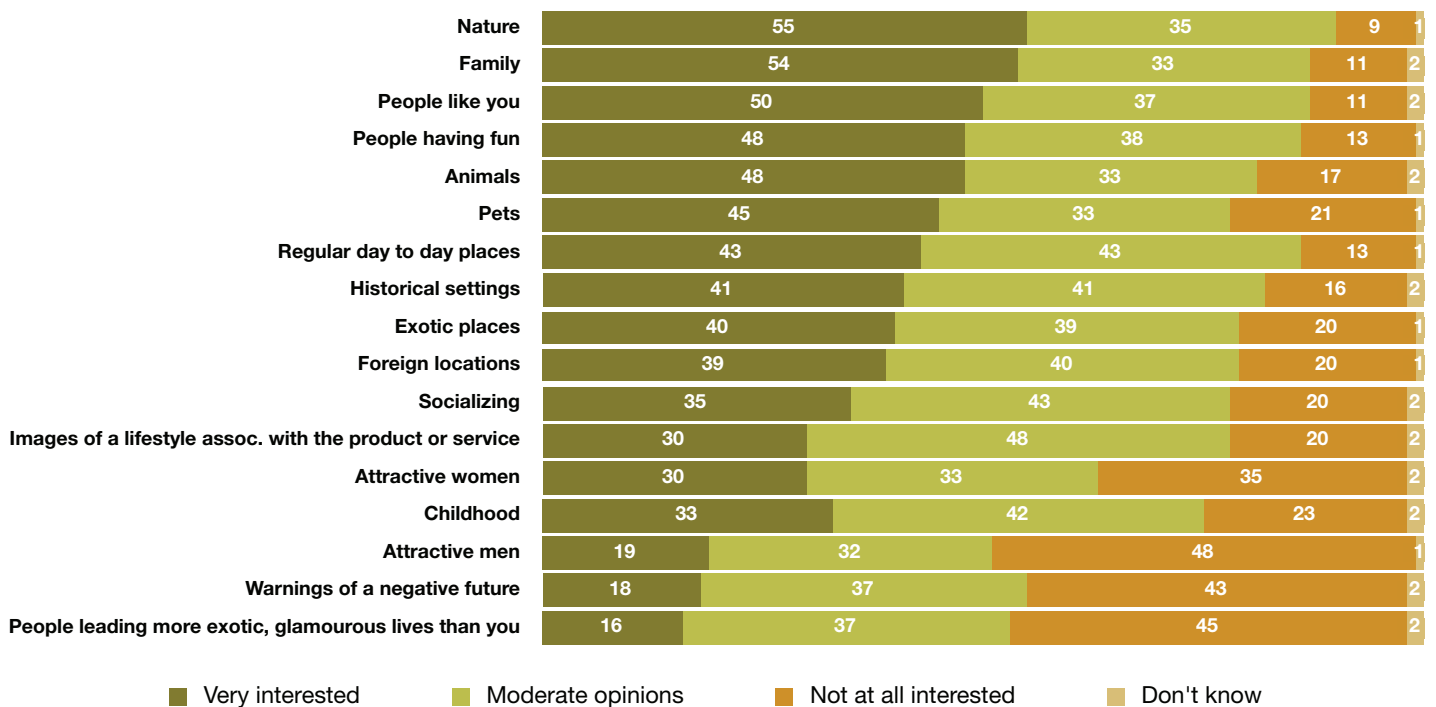
The vast majority of both the Upwardly Mobile and Downwardly Mobile segments strongly agree with common definitions of success including: ‘financial Independence’, ‘no outstanding debt’ and ‘not having to rely on anyone or government to take care of me’. Fewer people in both these groups strongly agree that ‘being able to buy the car, house or trip of my dreams’ is an indicator of a successful life or good life lived.

Consistent with this view of success, a majority of Canadians were very interested in advertising that portrayed the product/service as contributing to the more universal views of success (i.e. ‘happy family life’, ‘caring for loved ones’, and ‘peace of mind’). A third of Canadians reported being not at all interested in advertising that portrays the product/service as contributing to ‘popularity’, ‘a luxurious lifestyle’ or ‘giving the impression you are successful’.

Images in Advertising

What visuals draw the interest of more Canadians? Ads that feature images of ‘family’, ‘nature’ and ‘people like you’. Images of ‘animals’ and ‘pets’ in ads also generate a lot of interest, particularly for women (53% of women are very interested in ads with ‘pets’ compared to 37% of men).

“How interested are you in advertising that uses the following kinds of images:”



About 4 in 10 Canadians are very interested in ads with images of ‘foreign locations’ or ‘exotic settings’ (particularly the Upwardly Mobile and Upper Income groups), however many Canadians prefer more everyday images over the more exotic.

- 50% of Canadians are very interested in ads with images of ‘people like you’ vs. 16% of Canadians being very interested in ads with images of ‘people leading more exotic, glamorous lives than you’.
- 20% of Canadians are not at all interested in ‘foreign locations’ or ‘exotic places’ but only 13% are not at all interested in ‘regular day to day places’

Almost half of the Downwardly Mobile group find images of ‘people leading more exotic, glamorous lives than you’ not at all interesting. And this group also is also more likely to be not at all interested (than the Upwardly Mobile group) in ads featuring the CEO or President as spokesperson.

When it comes to seeing men or women in ads, there is a clear bias. More Canadians are very interested in an ad with ‘attractive women’ (particularly men) than are very interested in an ad with ‘attractive men’ (this holds true among women).

Future Outlook

Canadians’ current personal financial situation does appear to impact their outlook for their future. More of those in the Upwardly Mobile and the Upper Income groups (than Downwardly Mobile and Mid-Lower Income) strongly agreed that they were optimistic about their future and believe that it’s a good time for saving and investing. Those in the Mid-Lower Income and Downwardly Mobile groups were more likely (than those in the Upper Income or Upwardly Mobile groups) to indicate that they are ‘more worried about falling behind than getting ahead’.

What ads get noticed?

Canadians demonstrate their more practical sides when it comes to what ads they notice most. Almost half of Canadians pay attention to ads that ‘offer savings on a product you already need’.

Forty percent of Canadians are also drawn to ads that ‘open your eyes to possibilities you did not know existed’ or ‘offer you a better version of a product you already know you need’, however only a third of Canadians report being likely to pay attention to ads that featured a new product.

Canadians in the Upwardly Mobile group and Upper Income groups are almost equally as likely to pay attention to ads that offer ‘savings on a product you already need’ and those ads that go beyond the practical and ‘open your eyes to possibilities you did not know existed’.

Canadians in the Downwardly Mobile and the Mid-Lower Income groups are much more likely to pay attention to ads that offer ‘savings on a product you already need’ than they are to ads that ‘open your eyes to possibilities you didn’t know existed’ or that offer a ‘better version of a product you need’.

Not surprisingly, negative messaging of all types (including alerting you to flaws or shortcomings of products) are the least preferred types of ad messages.

Ads for Expensive Items

Ads portraying expensive products and services are not broadly relevant to Canadians, however there are significant differences in how the subgroups react to this kind of message.

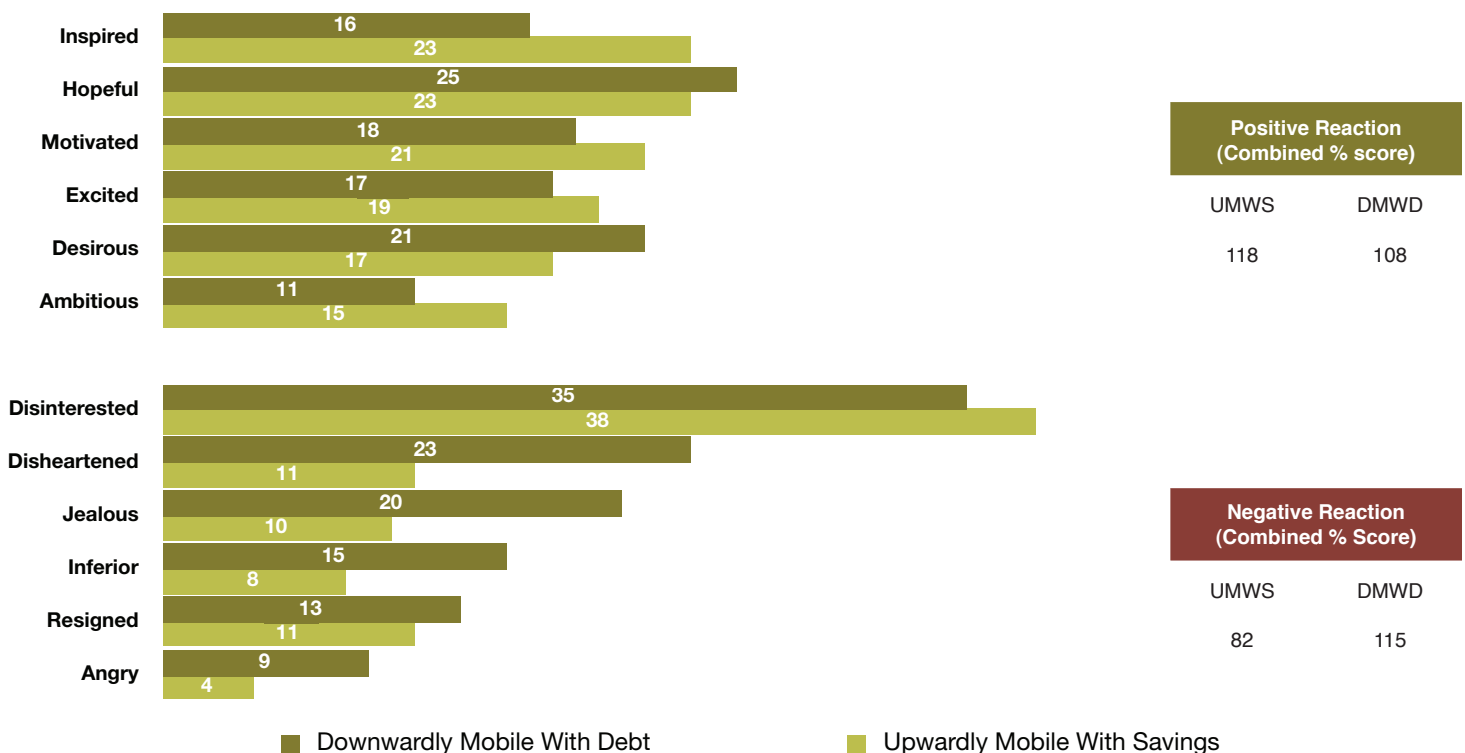
For many Canadians, when they are exposed to advertising for an expensive product (either a big ticket item like a car, a vacation or expensive versions of food/clothing or alcohol), the most common reaction is one of ‘disinterest’ (with 37% of Canadians selected this reaction) indicating the limited appeal of these kinds of products and services.

Other reactions to ads for expensive items include a polarizing mix of positive (i.e. 'hopeful', 'motivated', 'inspired') as well as a range of negative reactions ('disheartened', 'jealous', 'resigned', 'inferior', and 'angry'), with a greater percentage of Canadians selecting positive reactions overall than negative reactions.

Greater cumulative percentages of both the Upwardly Mobile and Upper Income groups had more positive reactions than negative reactions to expensive products or services overall.

The opposite is true of the Downwardly Mobile and Mid-Lower Income groups. There was a visceral negative reaction to those in the Downwardly Mobile group with 23% feeling 'disheartened' and 20% feeling 'jealous' and 15% feeling 'inferior'. There were similar negative reactions in the Mid-Lower Income group with almost 1 in 5 feeling 'disheartened', 15% feeling 'jealous' and 11% feeling 'inferior'.

“If you see an advertisement for an expensive product or service, like a vacation, home renovations, a car, or expensive versions of things, like food, alcohol or clothing, which of the following words express how you feel when you see the advertisement?” (Select as many as apply)



Conclusion

Previous Consumerology reports we have published stressed the growing culture of thrift that accompanied the slow recovery from recession as well as the divergence between the top income earners and others on this and related questions about consumer confidence. This study connects some of those findings directly into ad content and positioning. We've learned not simply how people like or dislike or relate to ads, but reinforced the importance of understanding (and truly speaking to) consumers perspectives in the post-recessionary marketplace.

Appendix

Methodology

- The Gandalf Group conducted qualitative and quantitative research to produce the Consumerology Report.
- Online focus groups took place from September 24th to 26th, 2012.
- For more reliable income analysis, we collected an additional sample of 100 Canadians with a household income of \$100K+. In most cases, the findings are reported based on the proportionate sample of 1500 Canadians with the oversample weighted back to proportionate representation based on age, gender, and region. The exception is the reporting on the responses of the <\$100K vs. \$100K+ in household income groups, which is based on unweighted data, in order to draw from the full oversample.
- The online survey was conducted in English and French and fielded from November 6th through November 21st, 2012.