



the gandalf group



# Consumer Perspectives

October 24, 2017 – Full Version



the gandalf group

## Introduction & Methodology

Research objectives:

- Track perceptions of advertising, acceptability of advertising
- Track the importance of standards and the role of Ad Standards
- Study perceptions of advertising and content by media, channel, platform
- Study perceptions of online content and trends in digital marketing

What: Online survey

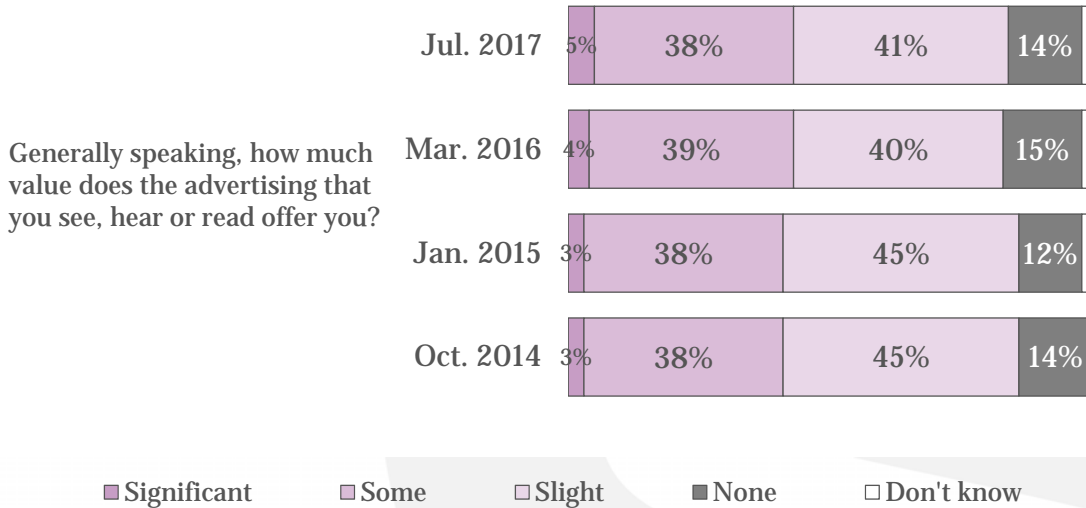
Who: 1,526 Canadians – a representative of adult Canadian population

- “Millennials” refers to the subgroup of respondents aged 18-35

When: July 12, 2017 to July 21, 2017

## What Do Consumers Get from Advertising?

Consumers continue to say they value advertising.



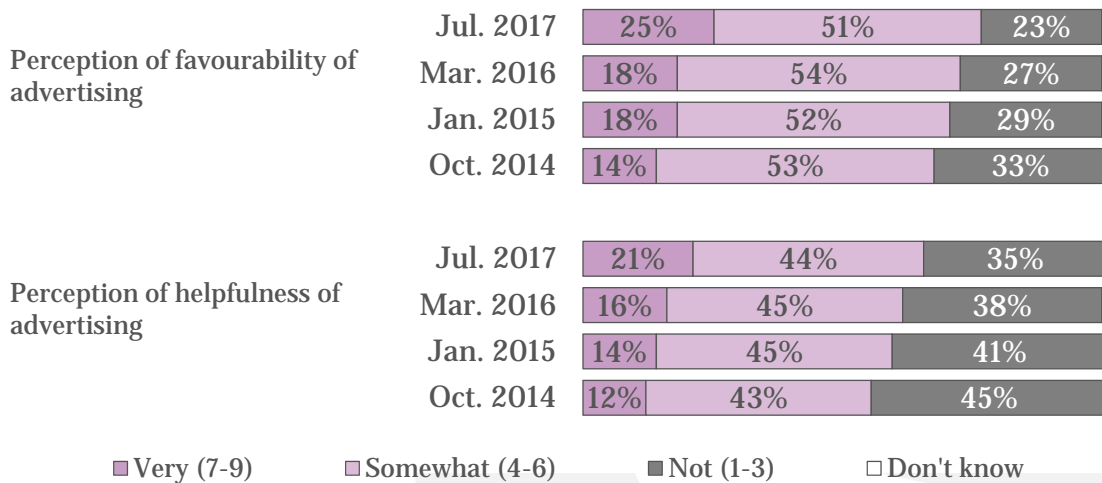
“Generally speaking, how much value does the advertising that you see, hear or read offer you?”

Total 2017 n=1526 | Total 2016 n=1564 | Total 2015 n=1052 | Total 2014 n=1275

3

## What Do Consumers Get From Advertising?

The proportion of consumers with a very favourable view of advertising has increased significantly. A similar increase was seen in those finding advertising helpful.



“Generally speaking, how favourable is your impression of the advertising you see, hear or read?” | “How helpful is the advertising you see, hear or read to your decision-making as a consumer?”

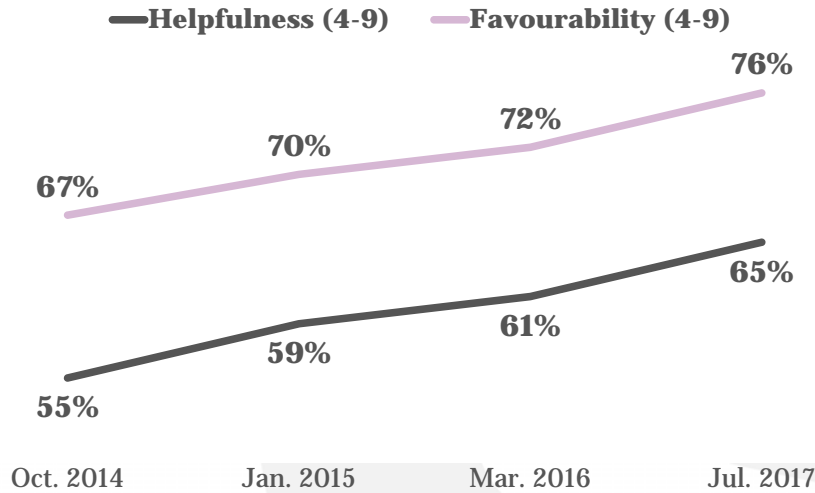
Total 2017 n=1526 | Total 2016 n=1564 | Total 2015 n=1052 | Total 2014 n=1275

4



## Attitudes Towards Advertising

Since 2014, consumers report an increasingly favourable impression of advertising and that advertising is more helpful to them.



“Generally speaking, how favourable is your impression of the advertising you see, hear or read?” | “How helpful is the advertising you see, hear or read to your decision-making as a consumer?”

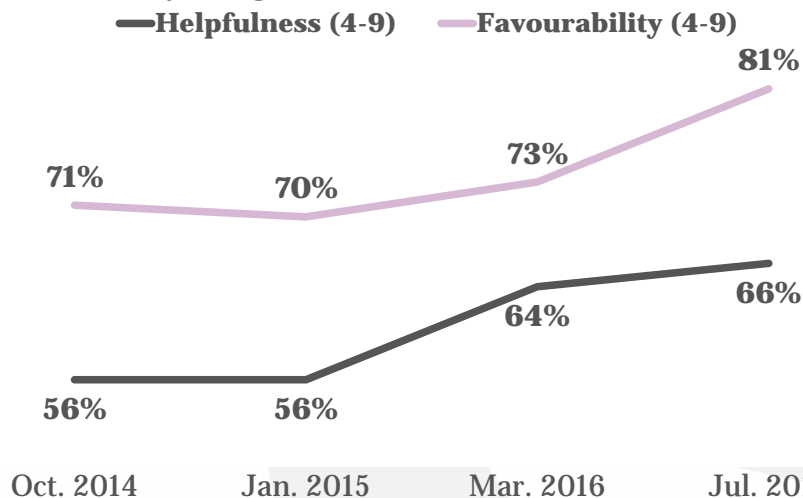
Total 2017 n=1526 | Total 2016 n=1564 | Total 2015 n=1052 | Total 2014 n=1275



## Attitudes Towards Advertising: Quebec

Year-over-year increases in favourable impression and helpfulness was also reported by Quebec consumers.

In fact, favourability is higher in Quebec – 81%.



“Generally speaking, how favourable is your impression of the advertising you see, hear or read?” | “How helpful is the advertising you see, hear or read to your decision-making as a consumer?”

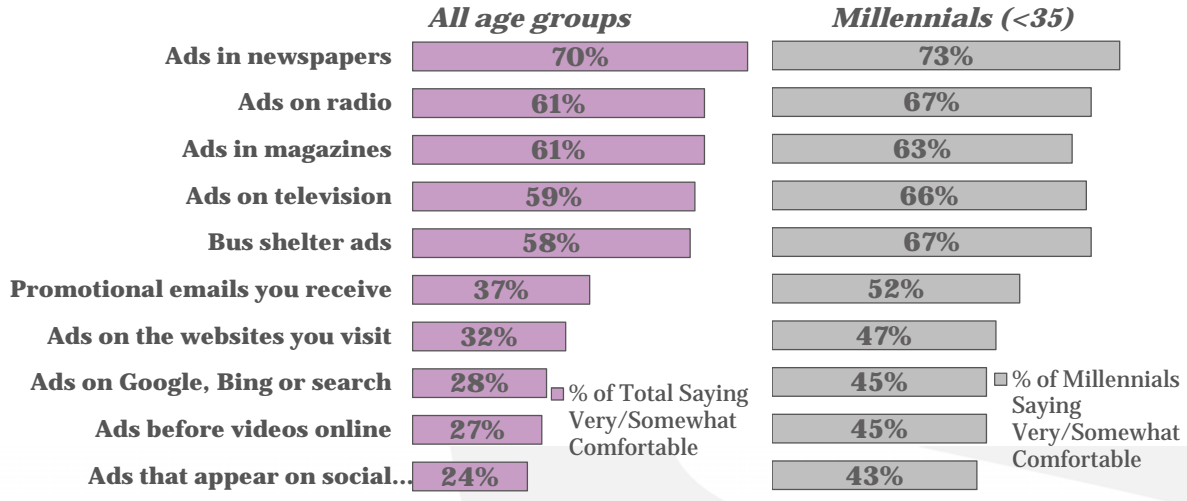
Quebec Cases Only



# Truth & Accuracy

Consumers continue to report higher levels of comfort with the truth & accuracy in traditional media than they do for digital advertising.

Millennials are significantly more comfortable with online advertising.



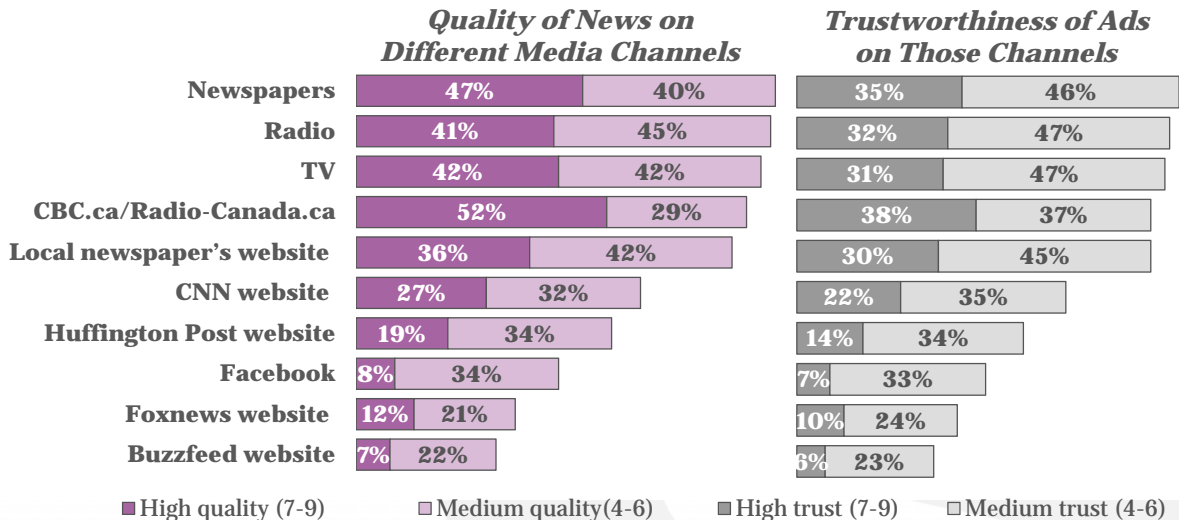
"Thinking about advertising across different types of media, how comfortable are you with the levels of truth and accuracy in the advertising you read, see or hear for each of the following?"

Total 2017 n=1526 | Millennials n=404



# Quality of News/Trust in Ads On Different Channels

Consumers' levels of trust in ads across different media channels reflect their perceptions of the quality of news on those media channels.

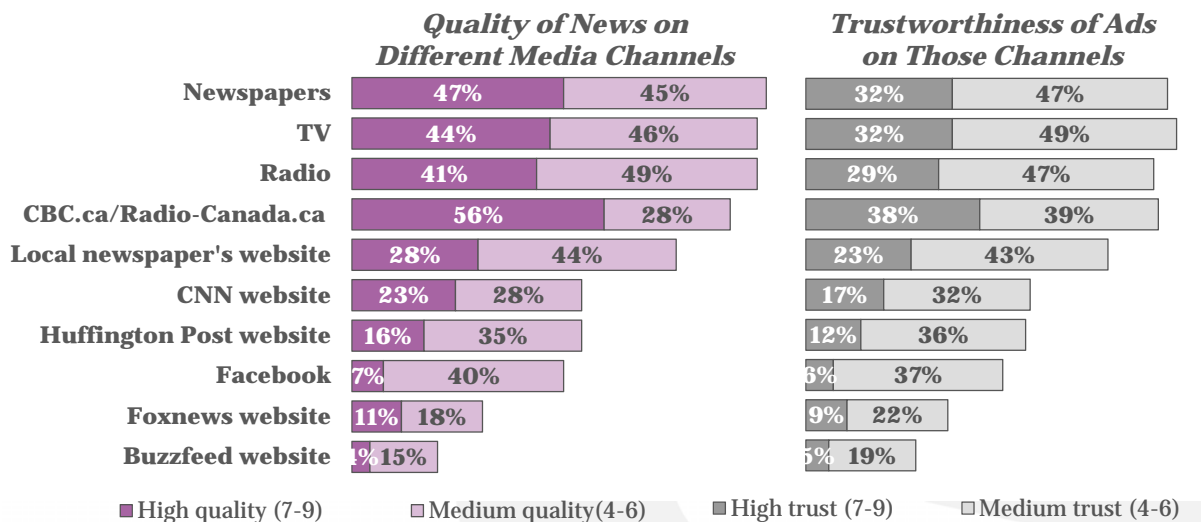


"How would you describe the level of quality of news that you see on each of the following? Please answer on a scale of 1 to 9 where 9 denotes very high quality and 1 denotes very low quality." | "How trustworthy would you assess advertisements on each following? Please answer on a scale of 1 to 9, where 1 means it is not at all trustworthy and 9 means it is very trustworthy."

Total n=1526

## Quality of News/Trust in Ads: Quebec

In Quebec, consumers' levels of trust in ads across different media channels also reflect their perceptions of the quality of news on those media channels.



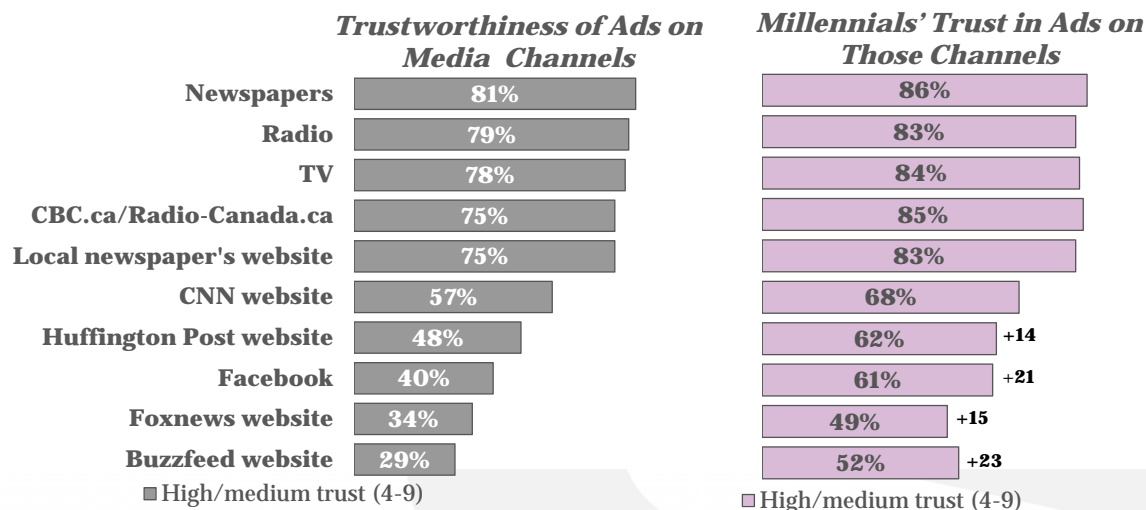
"How would you describe the level of quality of news that you see on each of the following? Please answer on a scale of 1 to 9 where 9 denotes very high quality and 1 denotes very low quality." | "How trustworthy would you assess advertisements on each following? Please answer on a scale of 1 to 9, where 1 means it is not at all trustworthy and 9 means it is very trustworthy."

Total Quebec n=351

9

## Trustworthiness of Ads: Total v Millennials

While Millennials' trust in ads in traditional media was similar to that of the total population, they reported higher levels of trust in ads on digital media channels than other Canadians did.

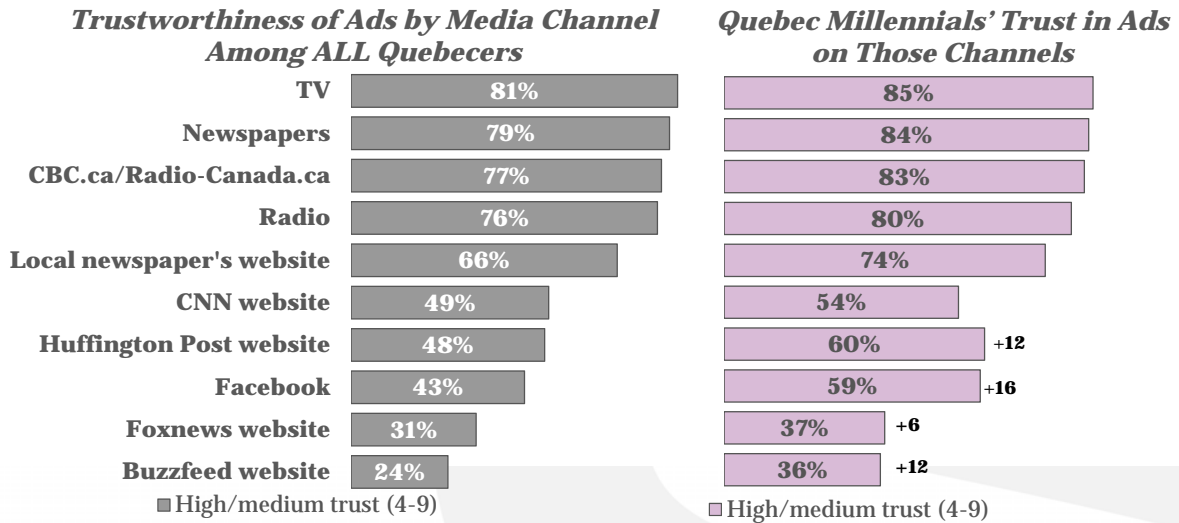


"How trustworthy would you assess advertisements on each following? Please answer on a scale of 1 to 9, where 1 means it is not at all trustworthy and 9 means it is very trustworthy."

Total n=1526 | Millennials n=404

## Trustworthiness of Ads: QC Total v QC Millennials

Similarly in Quebec, Millennials' trust in ads in traditional media was similar to that of the total population, but they reported significantly higher levels for some digital media channels than other channels.

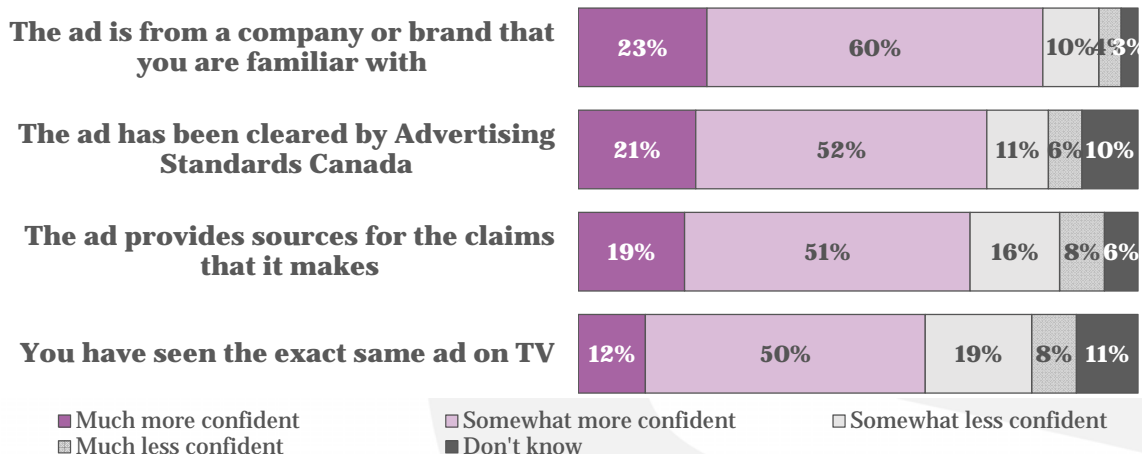


"How trustworthy would you assess advertisements on each following? Please answer on a scale of 1 to 9, where 1 means it is not at all trustworthy and 9 means it is very trustworthy."

Quebec n=351 | Quebec Millennials n=97

## What Contributes To Trust With Online Ads?

Consumers report more confidence in online advertising when it is for a product or service they know, is also seen on TV or provides support for any claims.

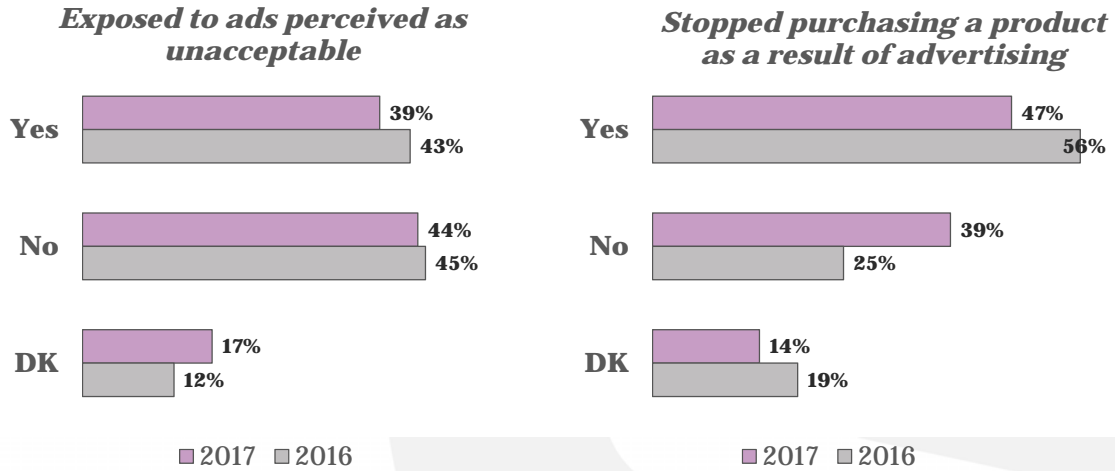


"Do the following considerations tend to make you more confident or less confident that you can trust the advertising you see on the internet?"

Total n=1526

## Advertising Perceived as Unacceptable

Exposure to ads perceived as unacceptable is down slightly this year.  
Fewer report they stopped purchasing a product as a result of advertising.



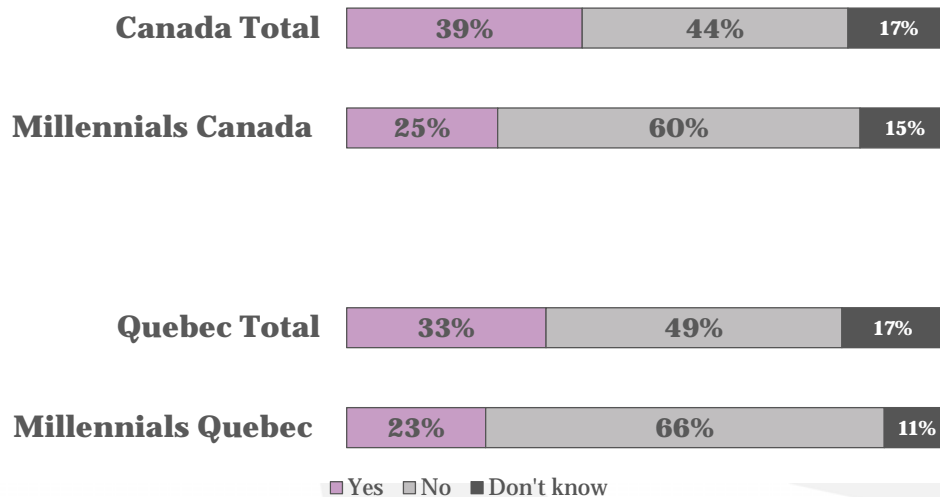
“Have you recently been exposed to any advertising that you found unacceptable?” | “Have you ever stopped purchasing a company’s product or service because the company’s ads were unacceptable to you?”

Total 2017 n=1526 | Total 2016 n=1564

13

## Unacceptable Advertising All of Canada vs. Quebec

### Exposed to ads perceived as unacceptable



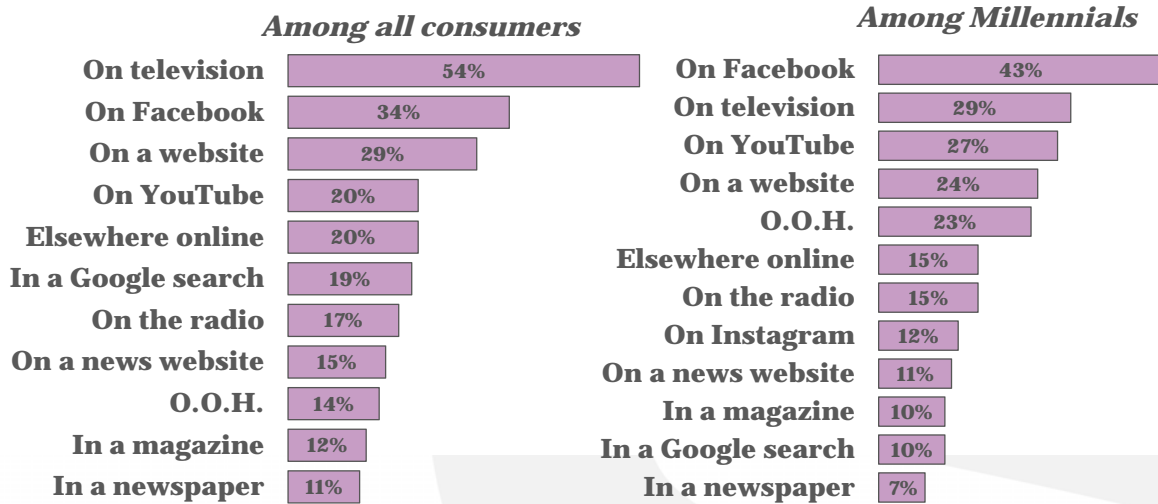
“Have you recently been exposed to any advertising that you found unacceptable?”

Canada Total n=1526, Millennials Canada n=412 | Quebec Total n=351; Millennials Quebec n= 88

14

## Ads perceived as unacceptable: Where?

Most who reported exposure to ads they found unacceptable saw them on TV. Among online media, Facebook was most frequently cited. Among Millennials, Facebook was cited more often than TV.

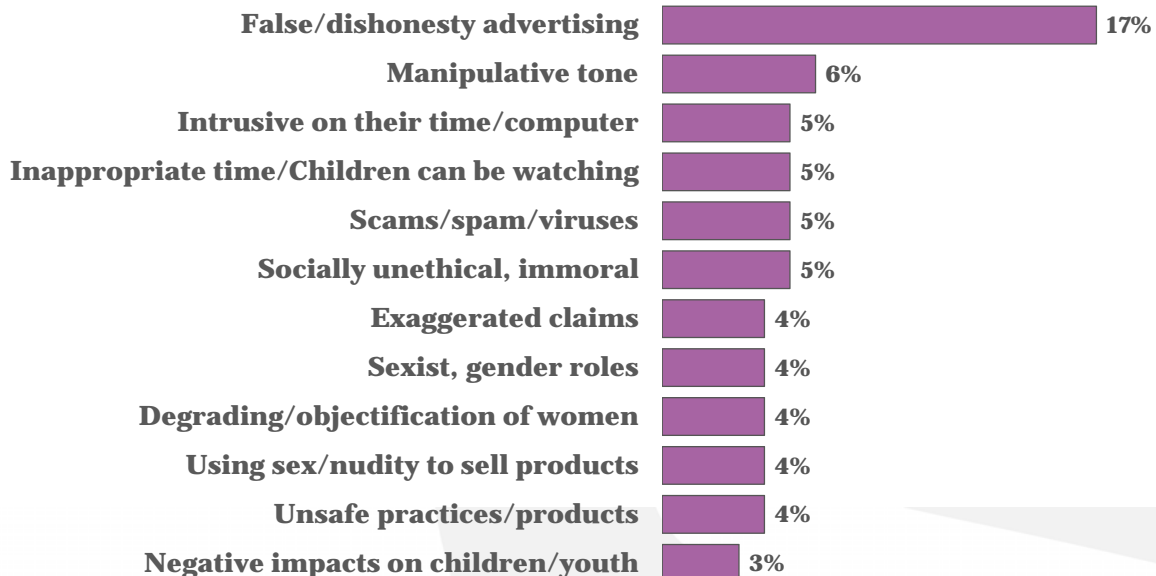


“Have you recently been exposed to any advertising that you found unacceptable?” | “Where did you encounter this advertising?”

Total n=1526 | Exposed to unacceptable ad n=602

## Why was it found unacceptable?

False, manipulative messages are key reasons why ads were perceived to be unacceptable.



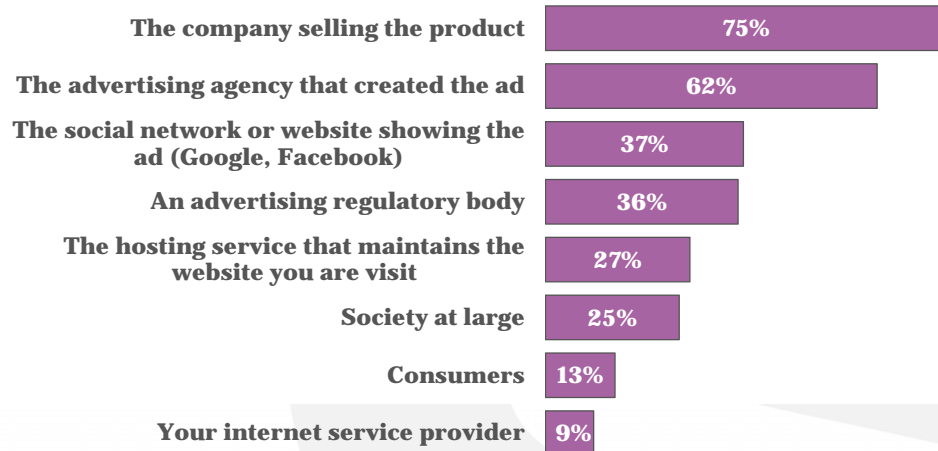
“Why do you feel it is unacceptable?”

Exposed to unacceptable ad n=602



## Who is to blame?

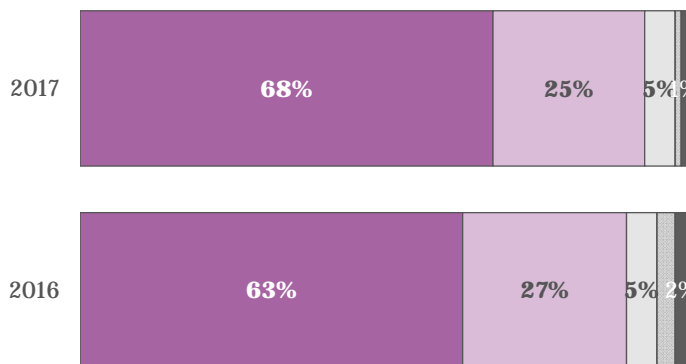
The advertiser & its agency are deemed most responsible for ads that were found unacceptable. Far fewer would blame society or consumers.



"When you see an unacceptable ad, who do you think is to blame? Please select all that apply."

## Standards: Importance of Rules & Regulations

The vast majority of consumers believe there should be rules and regulations for advertisers to follow.



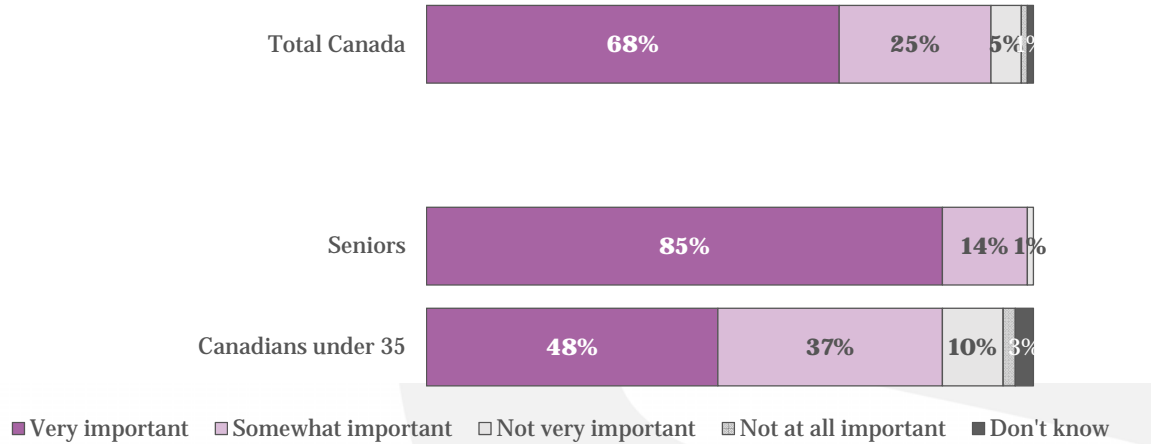
■ Very important 
 ■ Somewhat important 
 ■ Not very important 
 ■ Not at all important 
 ■ Don't know

"In your opinion, how important is it to have rules and regulations that advertisers must follow? Would you say that it is..."



## Standards: Importance of Rules & Regulations

There is a noteworthy difference in response by age group, most significantly between Millennials and the general population.



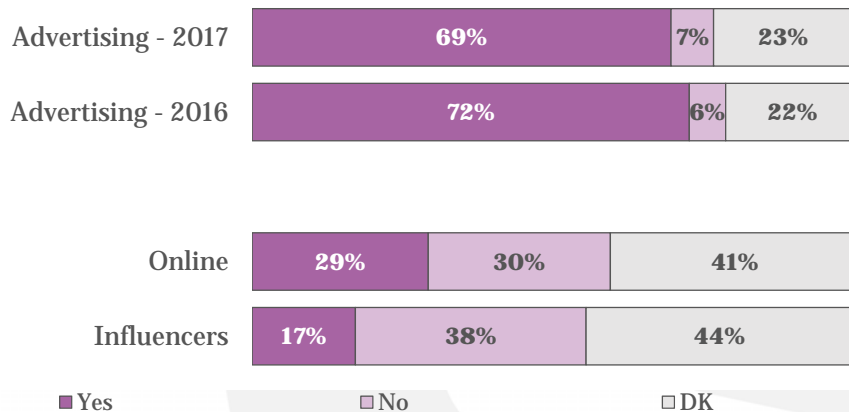
"In your opinion, how important is it to have rules and regulations that advertisers must follow? Would you say that it is..."

Total 2017 n=1526 | Total 2016 n=1564



## Standards: Familiarity with the Existing Standards

The vast majority of Canadians believe advertising standards exist for most media. They are not as sure the same standards exist for online advertisers or "influencers."



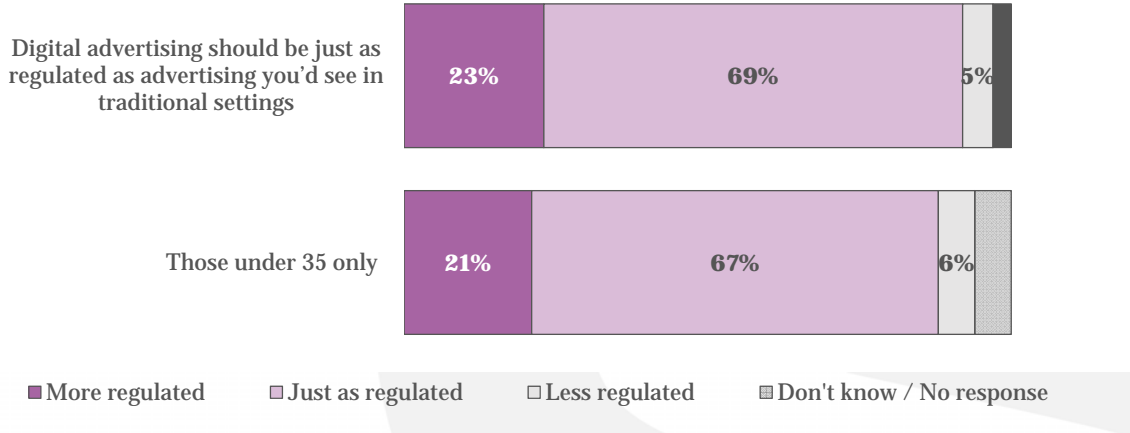
"To the best of your knowledge, are there rules and regulations about advertising that advertisers must follow? | To the best of your knowledge, are there rules and regulations about advertising that advertisers must follow when it comes to advertisements online and posted by influencers?"

Total 2017 n=1526 | Total 2016 n=1564



# Expectations For Digital Advertising

Almost all Canadians believe that digital advertising should be just as regulated as traditional advertising, with some believing there should be more regulation in this space. There is consensus across age groups on this question.



“Would you say generally that digital advertising should be just as, less or more regulated than advertising you'd see in traditional settings, like on TV or in a magazine?”

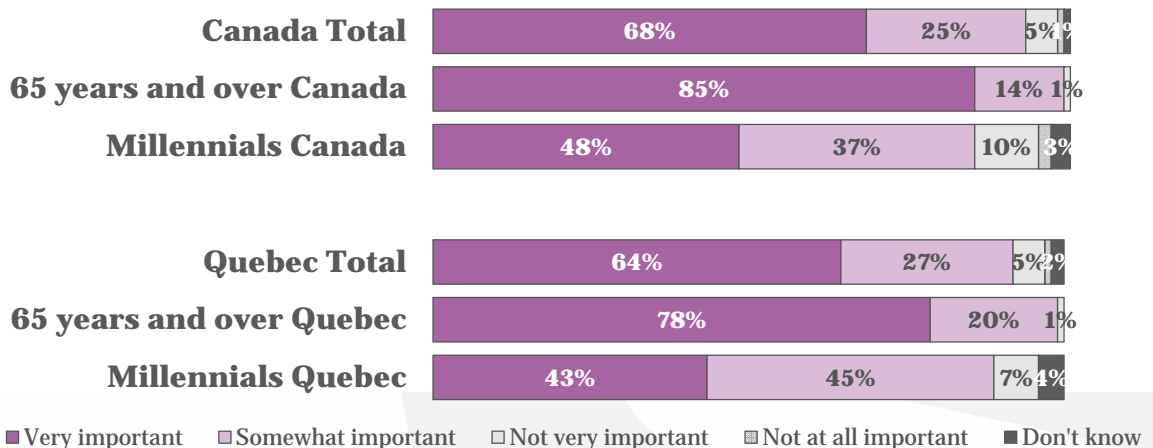
Total n=1526

21



# Importance of Rules & Regulations

Overwhelmingly, Canadians believe it is important that there be rules and regulation for advertisers to follow. This is true across age groups and regions.



“Thinking again about all forms of advertising, both online and traditional... In your opinion, how important is it to have rules and regulations that advertisers must follow? Would you say that it is...”

Canada: Total 2017 n=1526, Millennials n=404, Seniors n=313 | Quebec: Total n=351, Millennials n=97, Seniors n=77

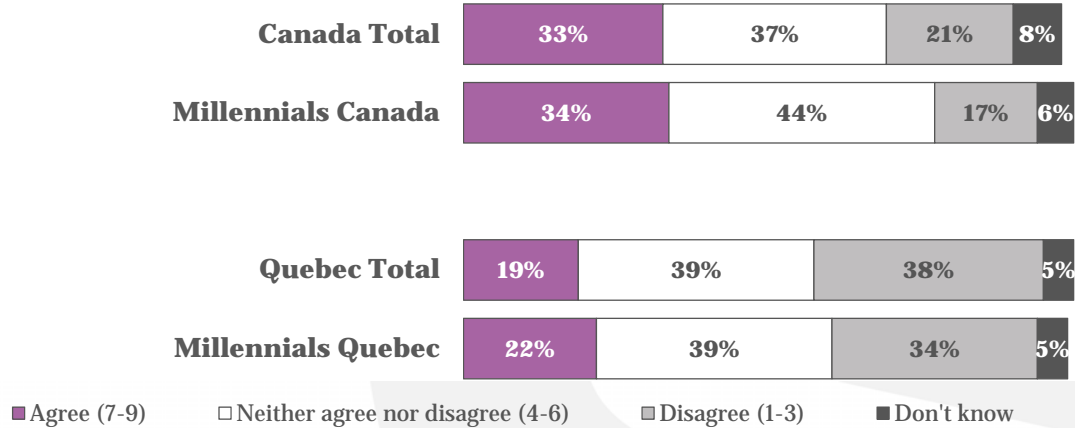
22



## Impact of "Fake" News

"Fake news" in social media is a concern but only one in three report much experience with it. Quebecers are far less likely to report seeing "fake" news.

### *Much of the news I read on social media I consider to be "fake news" (news that isn't true or honest)*



"Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?"

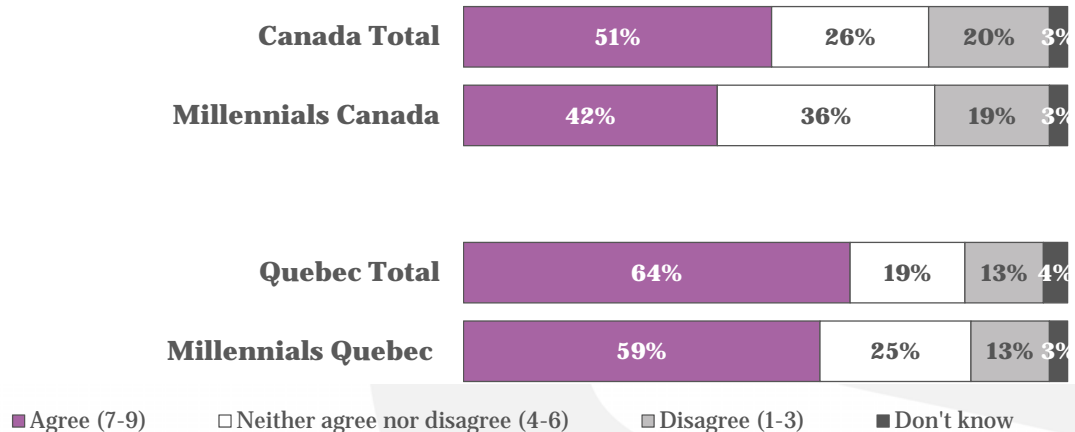
Canada: Total 2017 n=1526, Millennials n=404 | Quebec: Total n=351, Millennials n=97



## Impact of "Fake" News Canada & Quebec

Most Canadians agree with the need for regulation to curb falsehoods online. Agreement with the need for regulation is significantly higher in Quebec.

### *"The internet should be more strongly regulated to prevent so much mistruth and falsehood from being circulated"*



"Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?"

Canada: Total 2017 n=1526, Millennials n=404 | Quebec: Total n=351, Millennials n=97

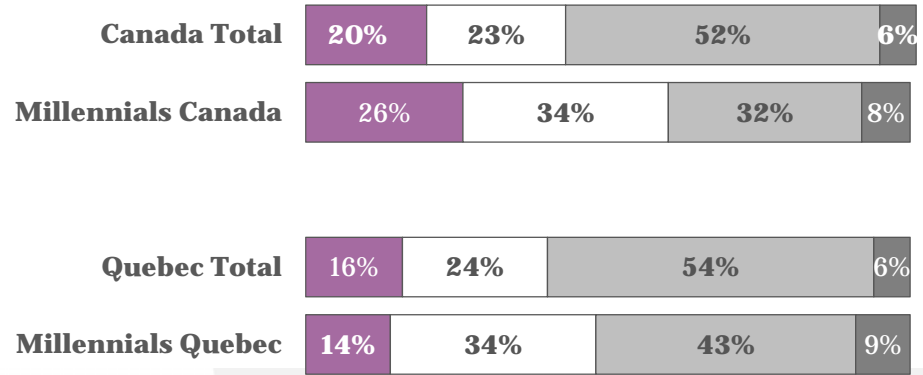


## “Fake” News & Regulations

Most respondents disagreed that freedom of speech protects the right to share “fake” news.

Yet Millennials were far less likely to disagree and somewhat more likely to say freedom of speech should be that broadly protected.

***“Freedom of speech protects the right of people to post fake news”***



■ Agree (7-9)   □ Neither agree nor disagree (4-6)   ■ Disagree (1-3)   ■ Don't know

“Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?”

Canada: Total 2017 n=1526, Millennials n=404 | Quebec: Total n=351, Millennials n=97



## Online Trends

In this 2017 research, our study focused on several digital advertising practices that appear to be hot button issues with consumers:

- Influencer marketing (products promoted on blogs, etc.)
- Drip pricing (the addition of unexpected charges at checkout)
- Astroturfing (fake reviews presented as real impartial opinions)
- Native advertising (paid content that matches the look and feel of the editorial)



# Familiarity With Digital Ad Trends

Most consumers are familiar with drip pricing.

Roughly half are very familiar with influencers, astroturfing or native ads.

Drip pricing – the addition of unexpected costs so that the final price is higher than originally stated



Astroturfing – the use of paid reviews presented as opinions of impartial consumers



Influencers – individuals who are sometimes compensated to feature a product or service in their posts or blogs



Native advertising – advertising that resembles media content



■ Very familiar (7-9) □ Moderate familiarity (4-6) □ Not familiar (1-3) ■ Don't know

How familiar are you with this practice on a scale of 1 to 9, where 1 means you are not at all familiar and 9 means you are very familiar?

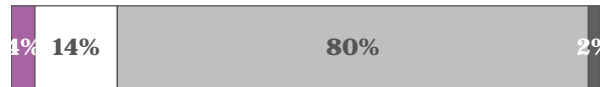
- (Influencers) "Some advertisers pay or give product or services to individuals who write blogs or are active in social media such as Facebook, Instagram and Twitter, to feature their products in their posts. These individuals, called influencers, can be celebrities, bloggers and others who sometimes mention products in their posts."
- (Drip pricing) "Some advertisers list a price for a product or service and then, during the purchase process, they add on unexpected additional costs such as added taxes, or shipping costs, so that the final purchase price is higher than the one originally stated."
- (Astroturfing) "Some online companies have been accused of promoting paid or fake reviews or endorsements, written by a paid consumer or a staff person. These paid or fake reviews or endorsements are presented as opinions of impartial consumers, that give the impression that they have been made by ordinary people."
- (Native) "Some companies place advertising on news websites that look like news stories or news story links but are advertisements. This is sometimes called a type of 'native advertising.' This paid content matches a publication's editorial look and feel intentionally."



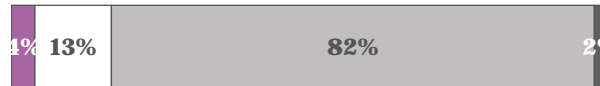
# Impact of Ad Trends on Purchase Intent

Most consumers said most of these practices actually make them less likely to buy.

Fake customer review posted by the company



Higher price at checkout than it did when it was originally listed on the website



Brought to your attention by clicking what you thought was a news article



Product was endorsed by a paid influencer

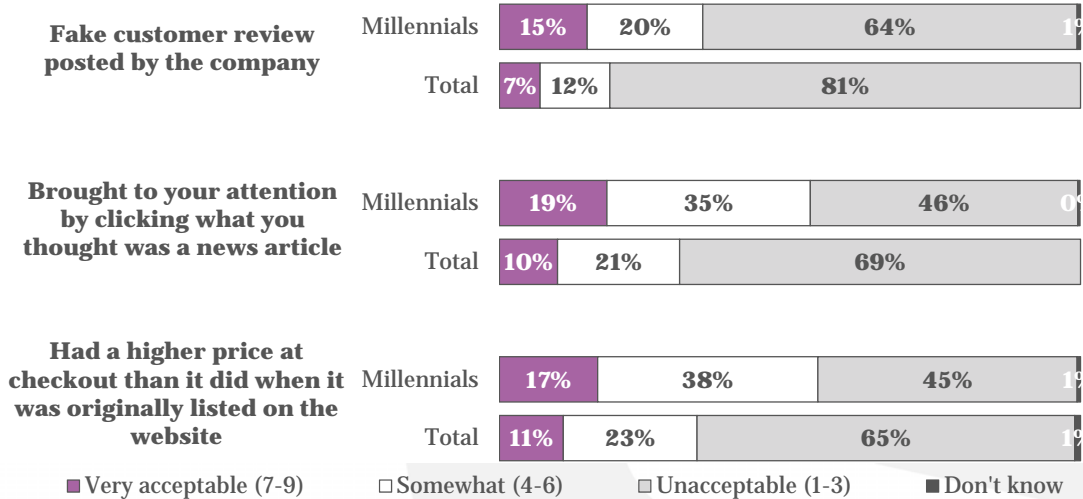


■ Much/somewhat more likely □ Neither more nor less likely □ Somewhat/much less likely ■ Don't know

"Do each of the following make you much more, somewhat more, neither more nor less, somewhat less or much less likely to buy a product online?"

## Acceptability of Ad Trends: Among those familiar

Most considered these practices to be unacceptable.



“How acceptable is this practice to you on a scale of 1 to 9, where 1 means it is completely unacceptable and 9 means it is completely acceptable?”

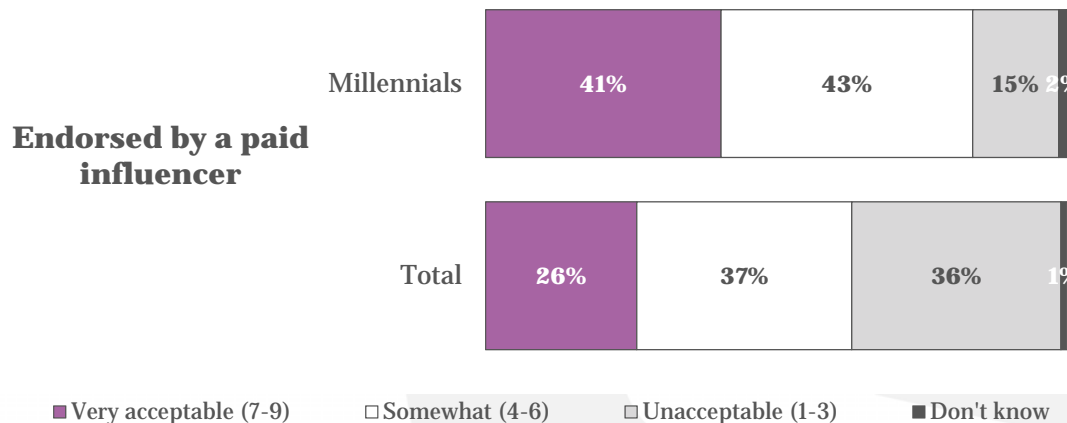
Total among those who were very/somewhat familiar with each description (5 or higher on a 1 to 9 scale, where 9 was very familiar). Very familiar with additional costs practice Total n=1335, Millennial n= 361 | Very familiar with fake reviews practice Total n=1151, Millennial n=325 | Very familiar with native advertising practice Total n=1031, Millennial n=276

## Endorsement by paid influencer

There is much more acceptance of influencer marketing than the other practices.

Less than half of Canadians say influencer marketing is unacceptable.

Less than 1 in 5 Millennials say influencer marketing is unacceptable.



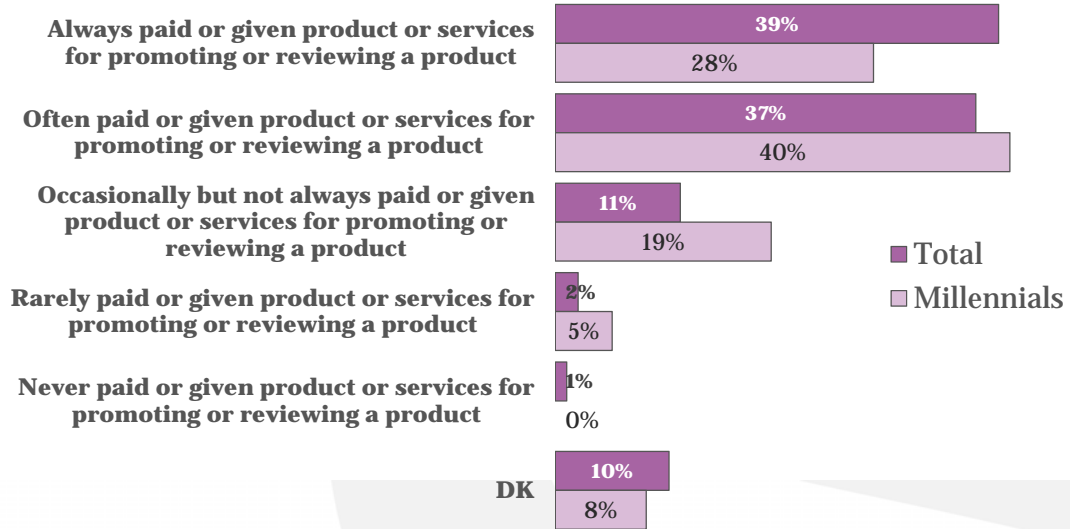
“How acceptable is this practice to you on a scale of 1 to 9, where 1 means it is completely unacceptable and 9 means it is completely acceptable?”

Total among those who were very/somewhat familiar with each description (5 or higher on a 1 to 9 scale, where 9 was very familiar). Very familiar with influencer practice Total n=1014, Millennial n=352 n=276



## Impressions about Influencers

Most Canadians believe influencers are often or always paid or given products, etc. Millennials are less likely to believe this is always the case.



"Is it your impression that influencers are...?"

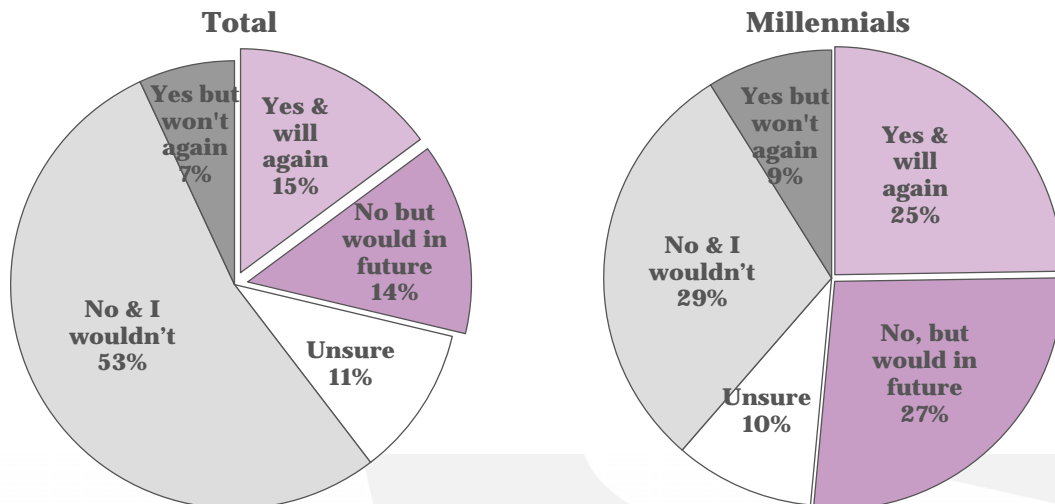
Total n=

31



## Product Purchase based in Influencer Reviews

Most have not purchased a product as a result of influencer reviews. And most – 60% – are not open to doing so. Millennials are significantly more open to the concept.



"And have you ever purchased a product because of an influencer's recommendation before?"

Total n=1526

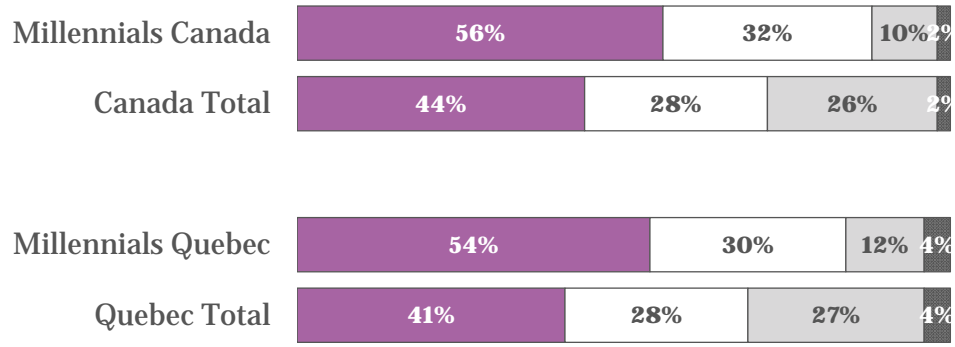
32



## Importance of Influencer Disclosure

The practice is more acceptable if influencers disclose compensation.

*“When the influencer is being paid or given product or services and discloses this.”*



■ Acceptable □ Neither acceptable nor unacceptable □ Unacceptable ■ Don't know

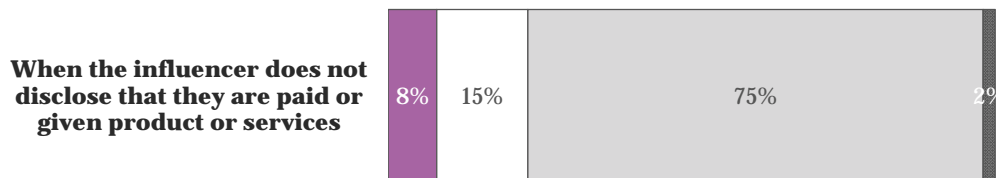
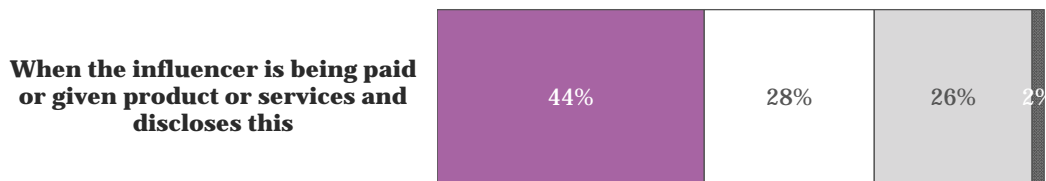
“How acceptable is the following to you on a scale of 1 to 9, where 1 means it is completely unacceptable and 9 means it is completely acceptable? When the influencer is being paid or given product or services and discloses this.”

Total n=1526

33

## Acceptability of Influencer Disclosure

- Most said influencer marketing would be acceptable if influencers disclosed compensation.



■ Acceptable □ Neither acceptable nor unacceptable □ Unacceptable ■ Don't know

“How acceptable is the following to you on a scale of 1 to 9 where 1 is completely unacceptable and 9 is completely acceptable?”

Total n=1526

34



The vast majority strongly agree there should be disclosure rules for influencers.

***“There should be rules to prevent influencers from posting reviews without disclosing they are being paid or compensated”***



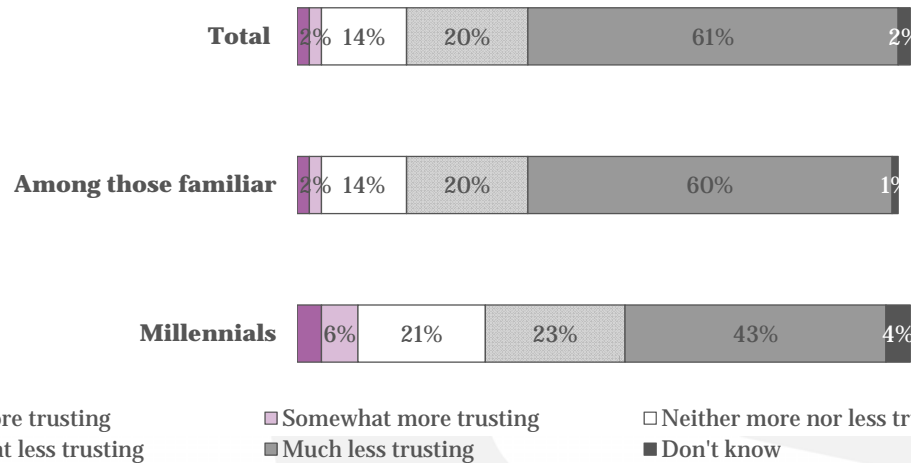
“Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?”

Total n=1526



## Impact of Drip Pricing on Trust

Most believe that if a final price is more than the list price it would make them trust that brand or product much less.



“When the final price is different than the initial listed price, does this make you more or less trusting of the advertiser of the product or service?”

Total n=1526



## Rules to Prevent Drip Pricing

There is near consensus around having rules to prevent drip pricing. There is no difference between those who are more familiar than others with this practice.

Millennials were only slightly less supportive of rules around this.

**There should be rules for online retailers to prevent them from charging a higher price at checkout than was originally listed on the website: all respondents**



**Millennials**



■ Strongly agree (7-9)   □ Somewhat agree (4-6)   ■ Disagree (1-3)   ■ Don't know

“Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?”

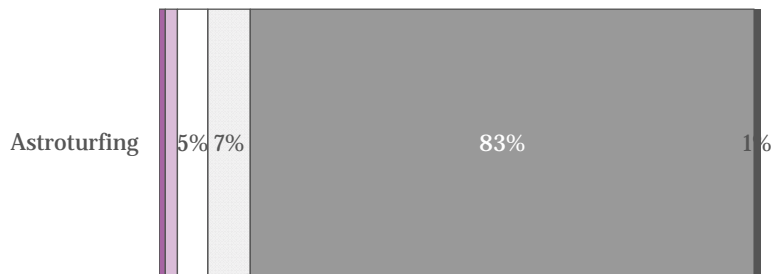
Total n=1526

37



## Effect of Transparency about Astroturfing:

- The vast majority said they would be far less trusting of a brand if it engaged in false reviews.



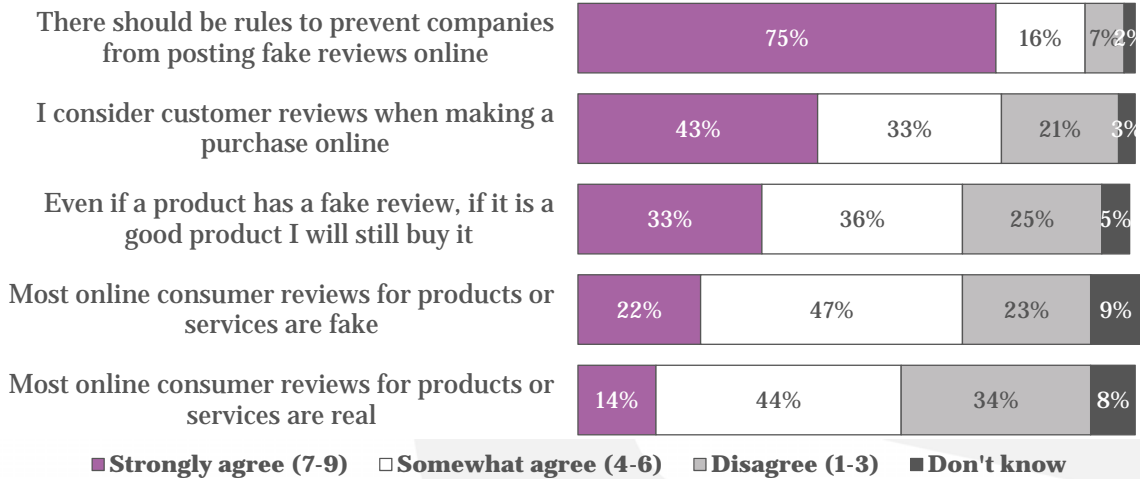
■ Much more trusting   □ Somewhat more trusting   □ Neither more nor less trusting  
□ Somewhat less trusting   ■ Much less trusting   ■ Don't know

“When online companies use fake online endorsements or reviews, does this make you more or less trusting of the company selling the product or service?”

Total n=1526

38

Customer reviews are important for almost half of consumers.  
 Few strongly agreed that the majority of consumer reviews are real.  
 Most strongly agreed there should be rules to prevent the posting of fake reviews.

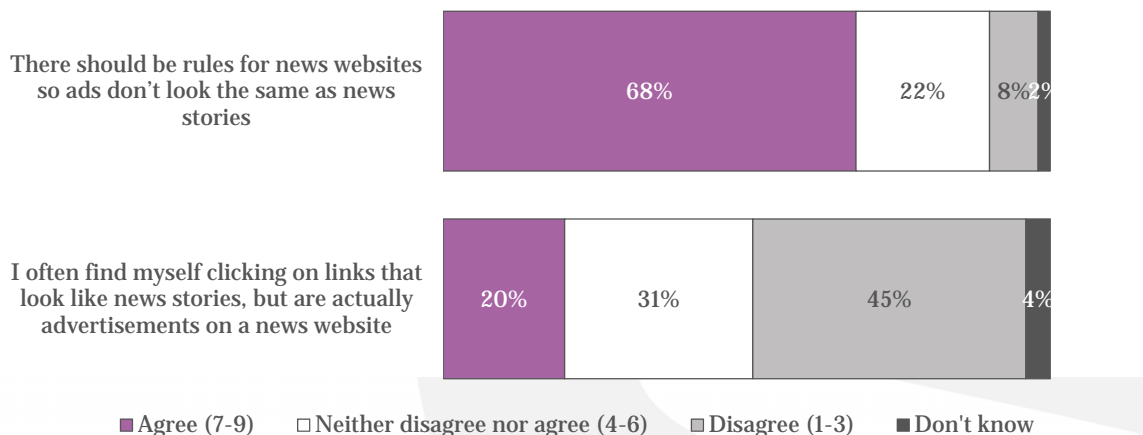


“Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?”

Total n=1526

39

About 1 in 5 Canadians strongly agreed they have clicked on links to ads that look like news stories.  
 Most strongly agreed news websites should have rules to prevent ads from looking like news stories.



“Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?”

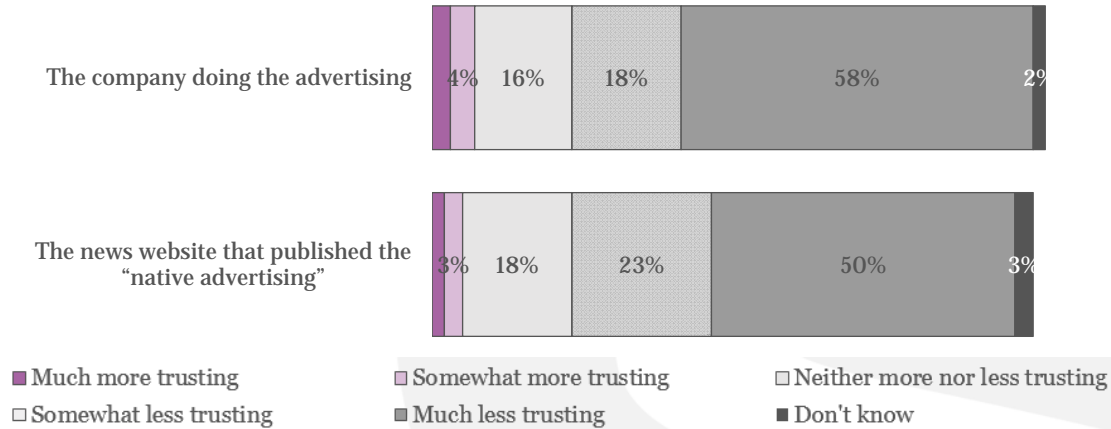
Total n=1526

40



# Effect of Transparency About Native Ads:

Most said placing advertising on news websites that look like news stories would make them much less trusting of both the advertisers and news websites.



"When companies place advertising on news websites that look like news stories or news, does this make you more or less trusting of...?"

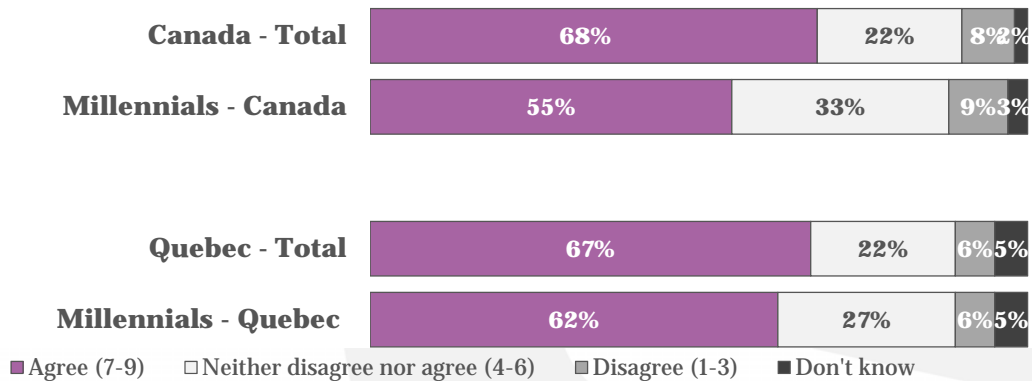
Total n=1526



# Regulation Of Native Ads

Most Canadians strongly agreed there should be rules for native ads.

***"There should be rules for news websites so ads don't look the same as news stories"***



"Do you agree or disagree with each of the following statements on a scale of 1 to 9, where 1 means you strongly disagree and 9 means you strongly agree?"

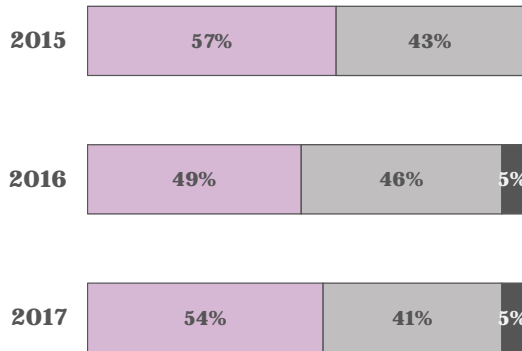
Total n=1526 | Millennials n=404

## Familiarity with *Code* & Ad Standards

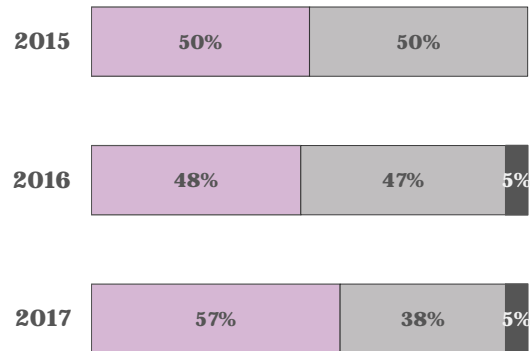
Significantly more Canadians say they are aware of Ad Standards and the *Canadian Code of Advertising Standards* compared to 2016.

Recall of the *Code* is up slightly to 54% but down from 57% in 2015.

### *Aware of the Canadian Code?*



### *Heard of Ad Standards?*



Yes No DK

Yes No DK

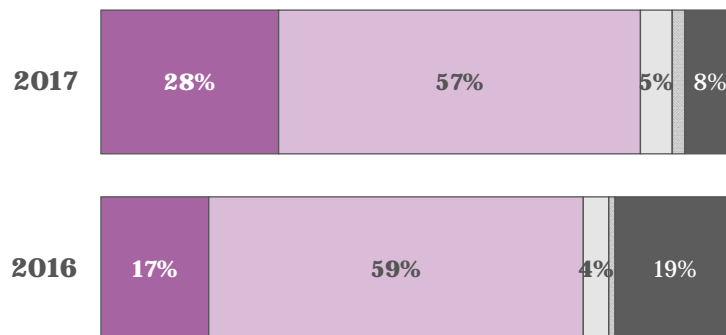
"Before participating in this survey, were you aware of the Canadian Code of Advertising Standards?" | "Before participating in this survey, had you heard of Advertising Standards Canada?"

Total 2017 n=1526 | Total 2016 n=1564 / Total 2015 n=1052

43

## Trust in Advertising based on membership in Ad Standards

Most Canadians say they would trust ads more if they knew the advertiser was a member of Ad Standards. This is up significantly since 2016.



Much more likely Somewhat more likely Somewhat less likely Much less likely Don't know

"Would you be more or less likely to trust an advertisement if you knew the advertiser was a member of Advertising Standards Canada?"

Total 2017 n=1526 | Total 2016 n=1564

44

- Awareness of Ad Standards has increased slightly year over year, as has awareness of the *Canadian Code of Advertising Standards*.
- Consumers continue to value advertising; favourability levels are up as are consumer perceptions that advertising is helpful to them.
- Consumers continue to have more comfort with truth and accuracy in traditional media rather than online media.
- Consumers' trust in ads appears to reflect their perception of the quality of content presented in the media channels hosting the ads.
- There is a clear expectation that digital advertising should be as regulated as traditional media.

- Brand recognition and awareness of standards are keys to maintaining trust.
- Most would welcome standards for online marketing and content including reviews and other practices that may be misleading.
- A note on Millennials:
  - Millennials are significantly more comfortable with online advertising.
  - Millennials have a higher level of trust in ads seen on digital news feeds than does the general population.
  - This group is more likely than other Canadians to find influencer marketing acceptable and to make purchases based on influencer endorsements.
  - A majority (56%) of Millennials find influencer marketing acceptable when compensation is disclosed, compared to 44% of the general population.



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**THANK YOU**



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