

THE BENSIMON BYRNE

Consumerology Report

August 2010



Methodology

- The Gandalf Group conducted qualitative and quantitative research to produce the Consumerology Report. A national proportionate quantitative online survey was conducted in English and French with 1,500 Canadians between July 6 and July 13, 2010.
- Each quarter the Consumerology Report tracks consumer opinions about the economy, their personal financial expectations, consumer buying intention, and attitudes toward key national issues.
- Now in its ninth quarter, the primary purpose of this edition of Consumerology is to probe and measure the impact of corporate social responsibility and social marketing on attitudes and behaviours of consumers.

Definitions and Sample Sizes

- For the purposes of this presentation, 'Primary Shoppers' refers to a respondent's answer to the question asking "Which of the following most accurately describes your role in household shopping?". Those who selected "You always do the shopping for your household" as their reply are considered Primary Shoppers.
- Primary Shoppers = 49.6%

Corporate Reputation – Does It Matter?

- In two major ways, yes.
- We have already known that a poor corporate reputation can impact on societal permission to operate, resulting in policy and regulatory costs.
- This Consumerology Study establishes that it impacts significantly on consumer purchase decisions as well.

Impact of Corporate Reputation

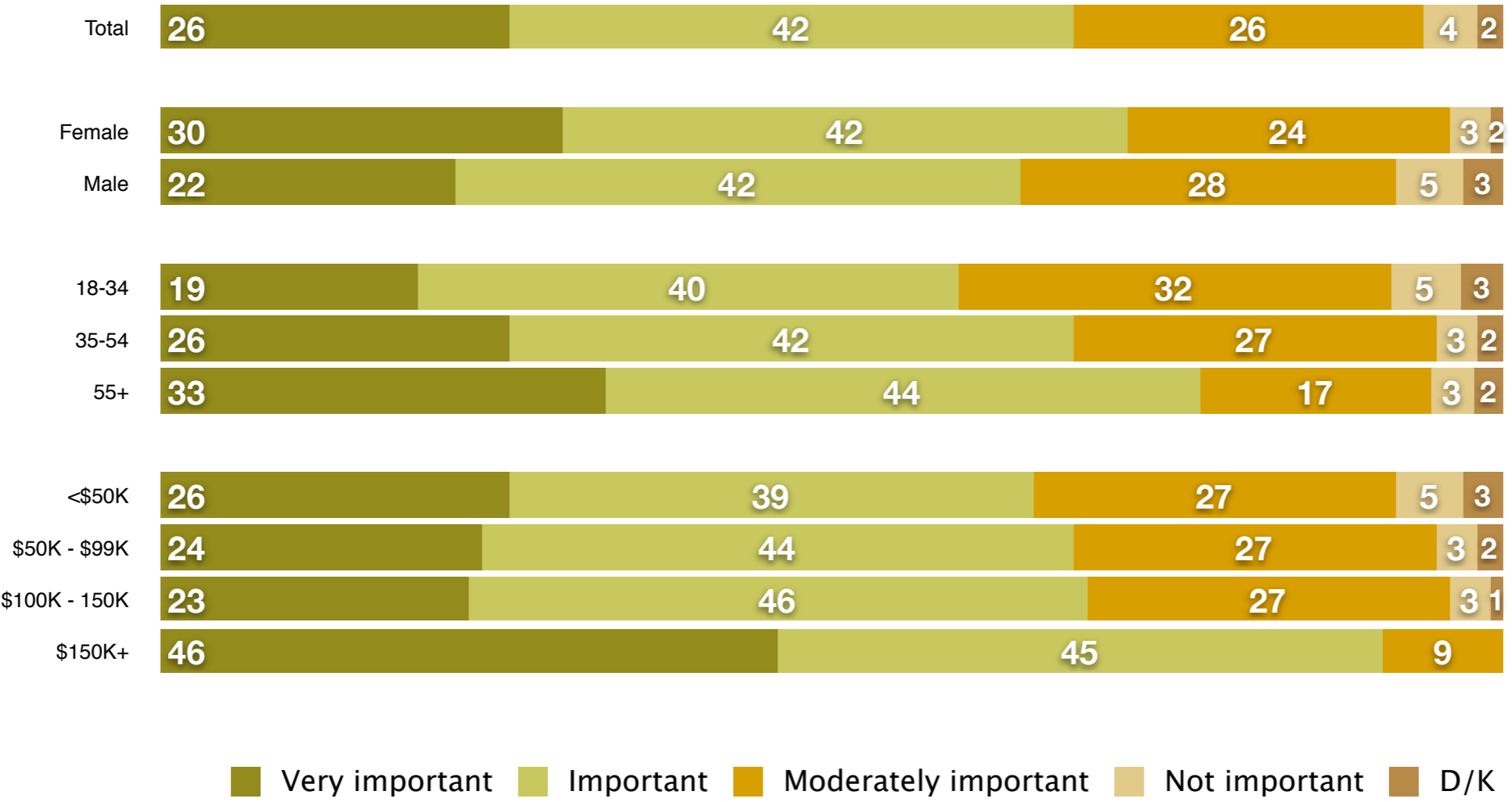
- Two thirds of Canadians say that corporate reputation has a significant impact on which brands they choose.
- Negative reputations are more damaging than favourable ones are helpful. This is largely a game of defence.
- Negative corporate reputation puts sales to three quarters of potential customers at risk, and almost guarantees losing one in five of customers, even if they like the product or service.
- This rises to one in four women over age 55.

Impact of Corporate Reputation

- Older Canadians – male and female – are much more likely to value corporate reputation.
- Women are more impacted by corporate reputation than men, especially over age 55.
- Women 35–54 are particularly attentive to unfavourable reputations compared to their male counterparts.

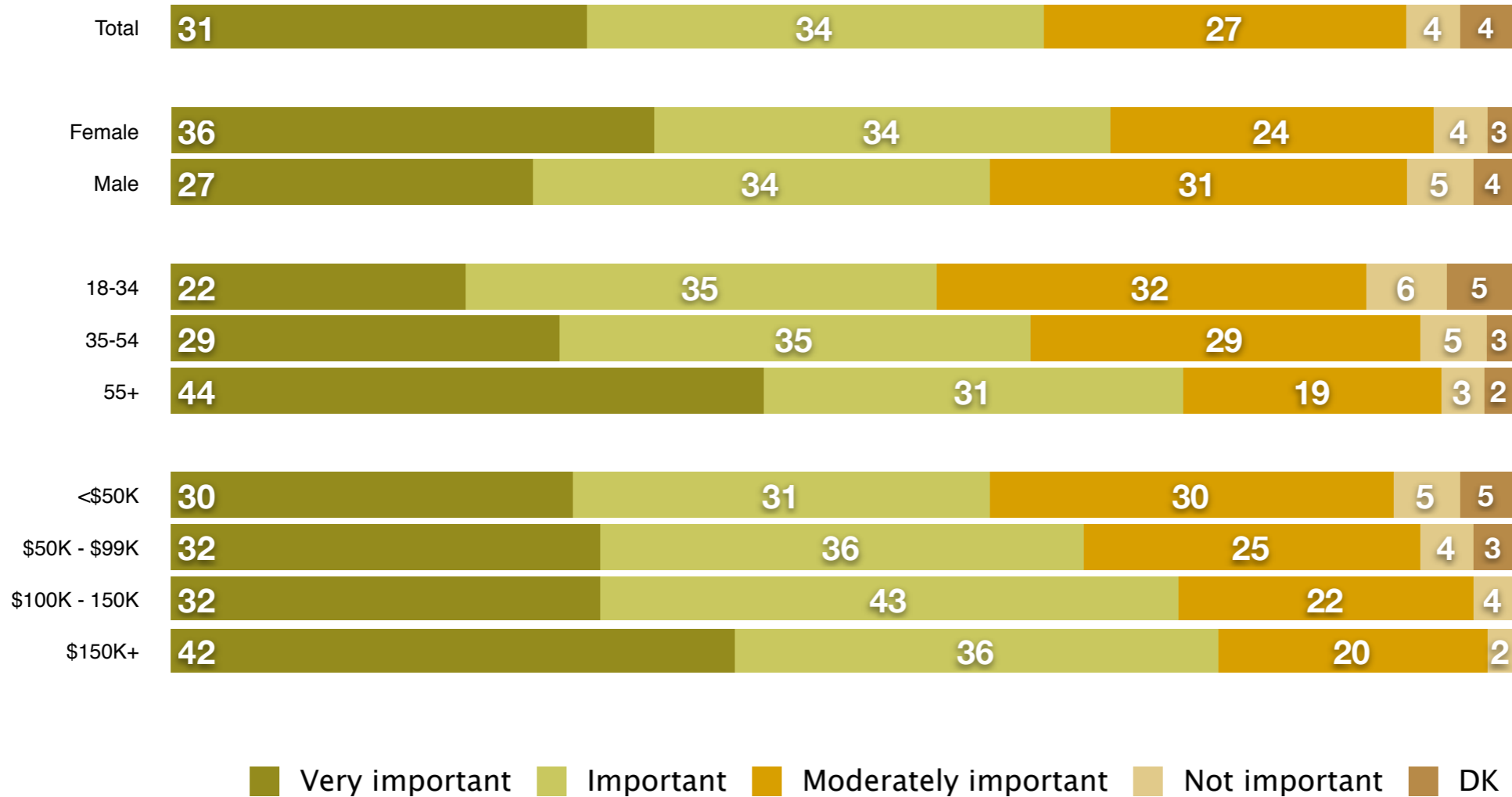
Do Good Corporate Reputations Affect Consumers?

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, when you are deciding to purchase a service or product, how important to your decision about which product to buy is whether you have a favourable opinion of the company that provides that service or manufactures that product?”



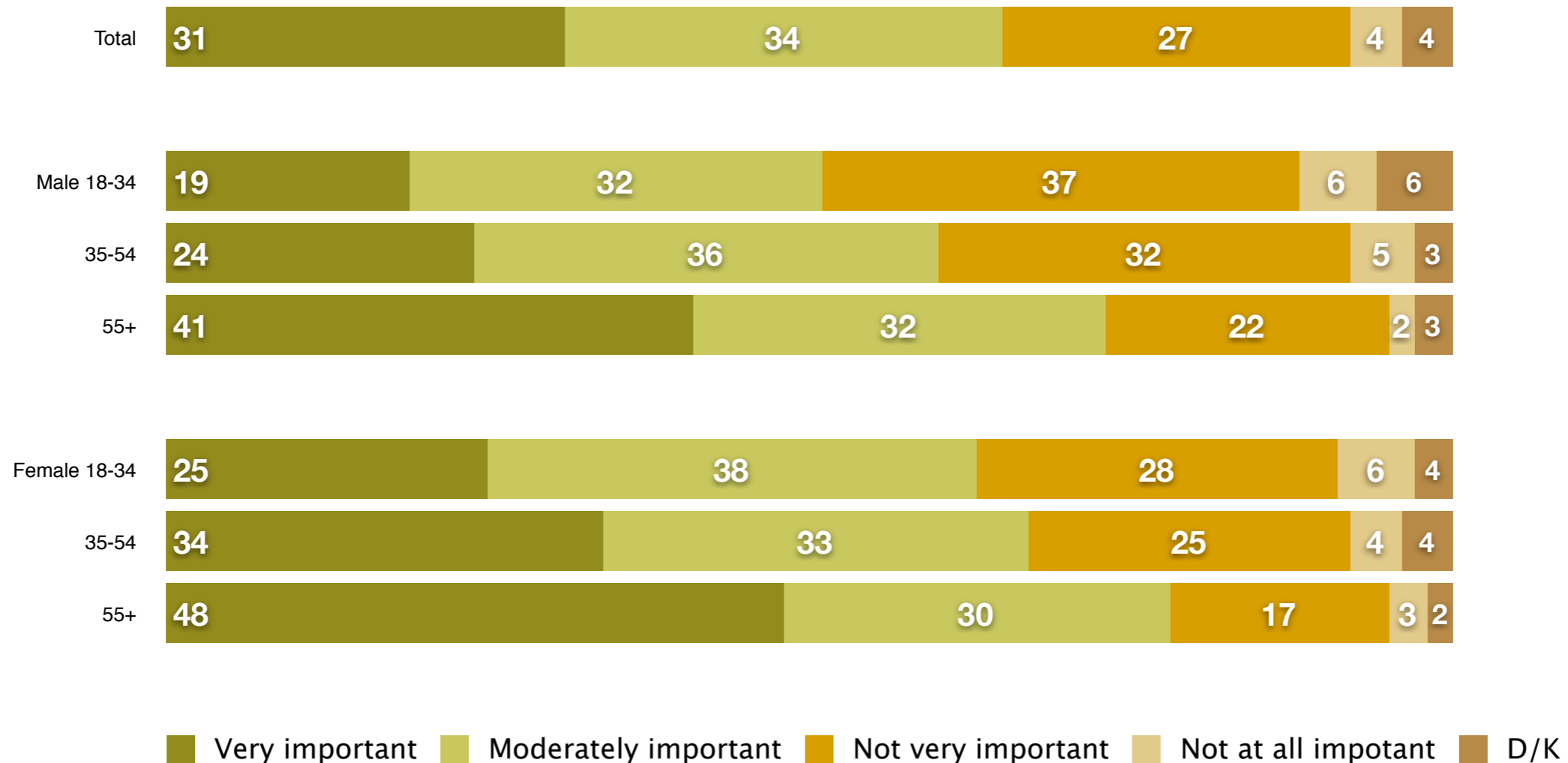
Do Bad Corporate Reputations Affect Consumers?

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, when you are deciding to purchase a service or product, how important to your decision about which product to buy is whether you have an unfavourable opinion of the company that provides that service or manufactures that product?”



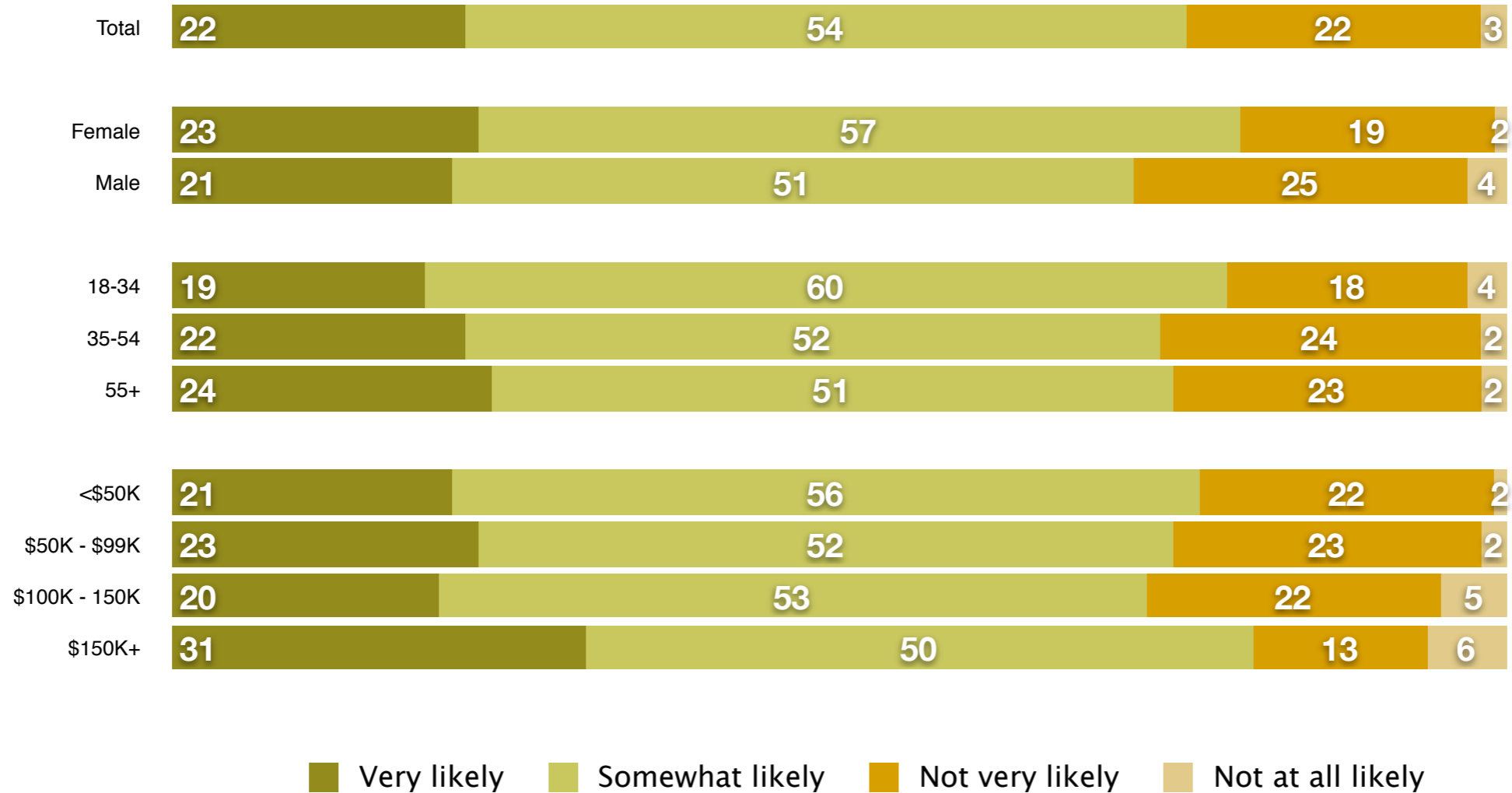
Corporate Reputation May Matter If Your Market is Young, But It Will Matter If Your Market are Ageing Boomers

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, when you are deciding to purchase a service or product, how important to your decision about which product to buy is whether you have an unfavourable opinion of the company that provides that service or manufactures that product?”



A Negative Impression Can Cause Consumers to Switch Brands

“If you really like the products or services of a company but have a negative impression of the company that makes the product or provides the service, how likely are you to switch to the product or service of a competitor? Very likely, somewhat likely, not very likely, not at all likely.”

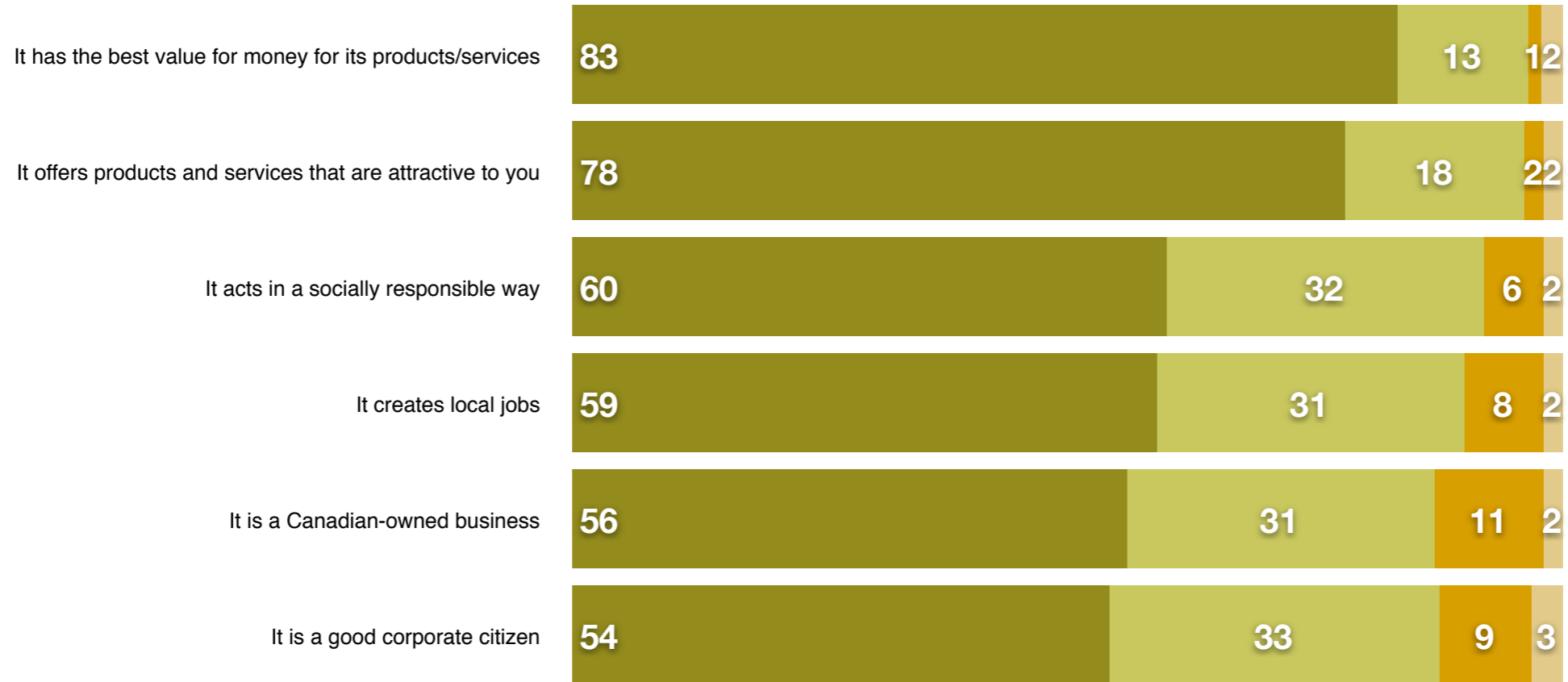


What Factors Impact Corporate Reputation?

First, Be Good At What You Do

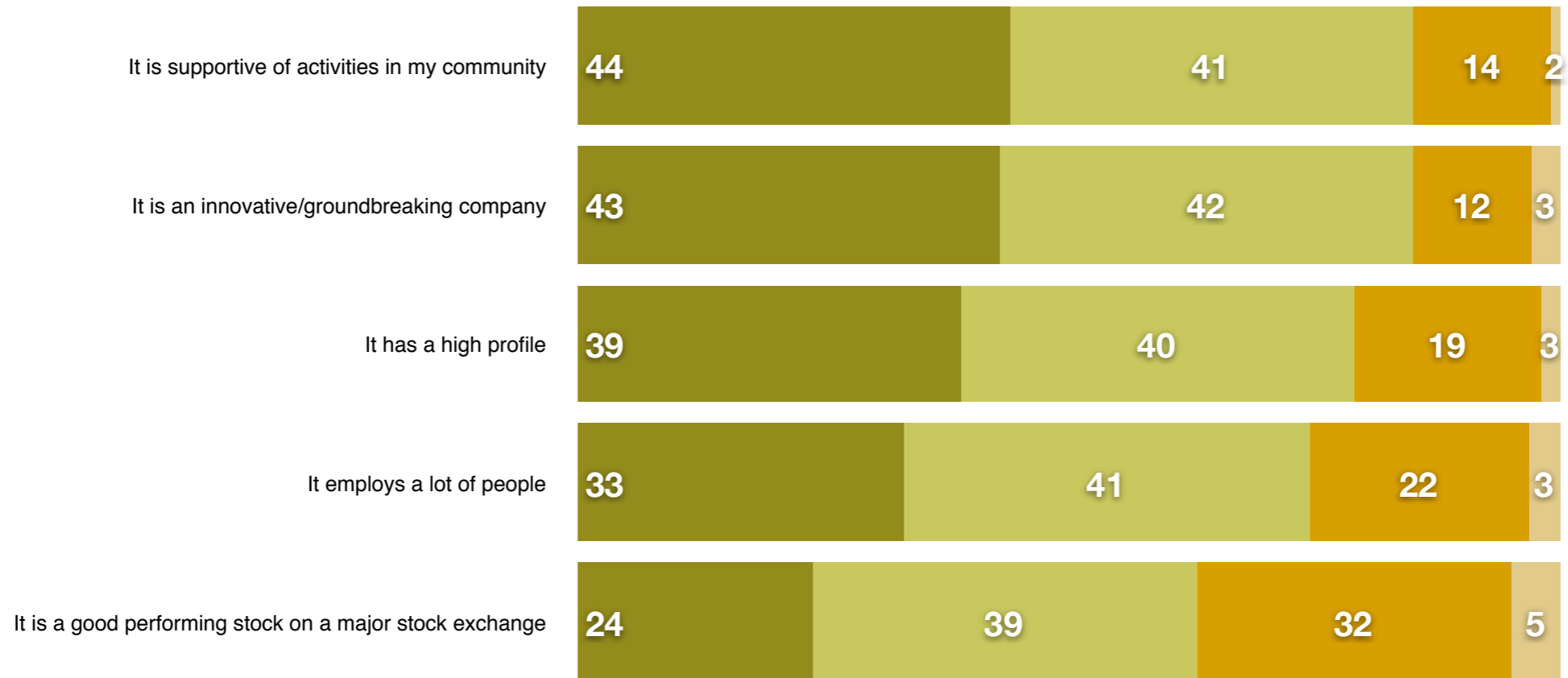
- The most essential elements of a strong corporate reputation are offering an attractive product or service at good value.
- Secondary considerations also matter to large numbers of consumers.
 - Social responsibility is a major consideration for most Canadians.
 - Having a lot of employees doesn't matter unless they are local.
 - Being Canadian is a modest advantage to reputation.
 - Sponsoring community events has almost no positive impact on reputation.
 - The term good corporate citizenship has some but modest resonance. Social responsibility is stronger.
 - Being innovative surely matters to being a good corporation, but Canadians don't think it tells them anything about corporate character.

Elements of Reputation



Important
 Somewhat important
 Not important
 D/K

Elements of Reputation



Important
 Somewhat important
 Not important
 D/K

What Makes A Good Corporate Citizen?

A Good Corporate Citizen Cleans Up It's Messes

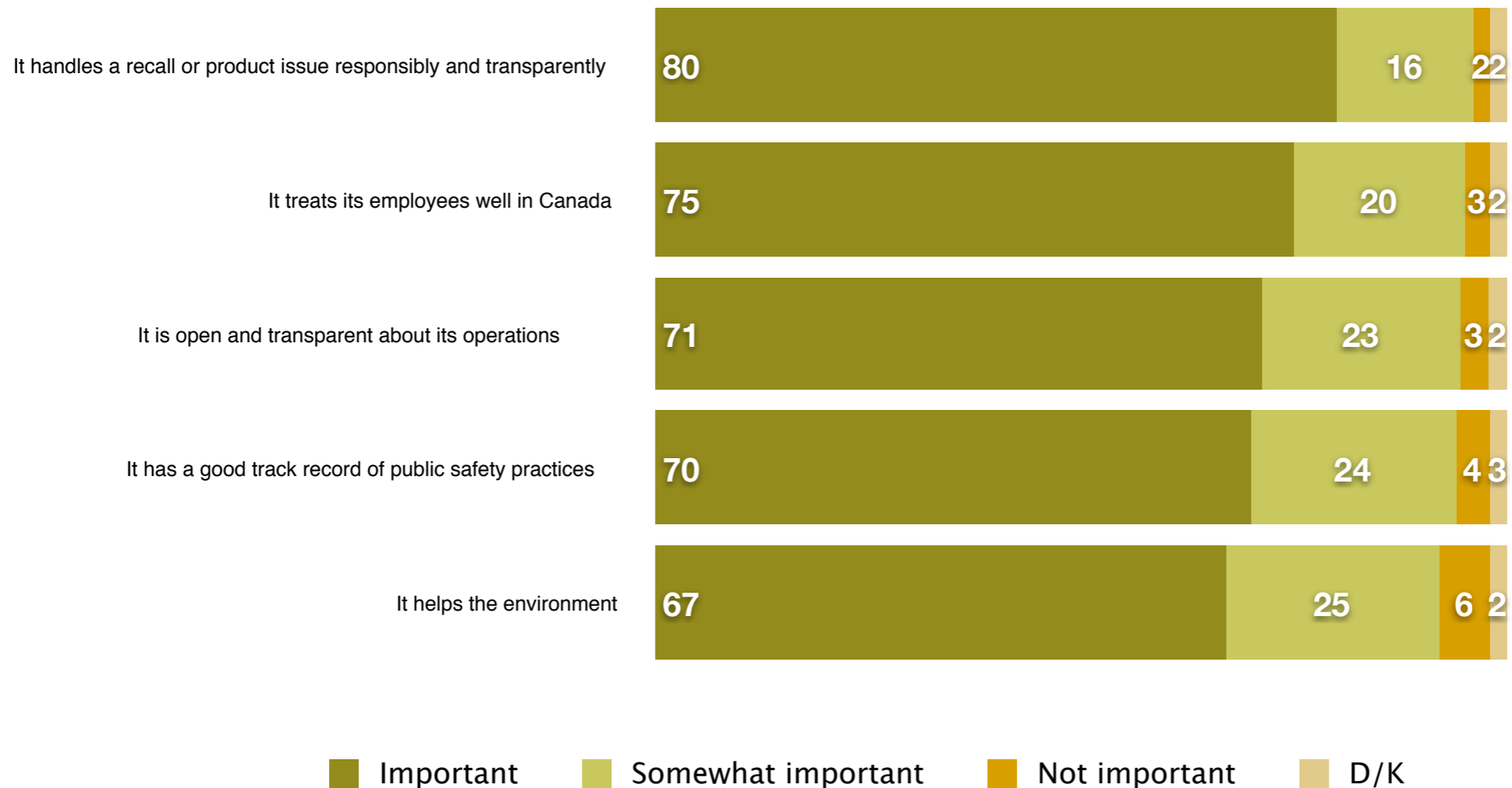
- Job one of a good corporate citizen is to handle a product problem or recall with transparency and accountability.
- It is generally more valuable reputation-wise to be seen to mitigating inherent downside – helping the environment, handling a recall or product problem responsibly – than to be trying to create upside – doing good works in the community.
- Transparency is a core expected behaviour.
- Treating your Canadian employees well is more telling of your approach to corporate citizenship than any community or charitable activities that might be pursued.
- Older Canadians have higher expectations of companies.

Defining Good Corporate Citizenship

- Helping the environment is an important factor to whether a company is considered a good corporate citizen but consumers will also take into account whether a company hurts the environment when forming an opinion. Again, downside mitigation matters.
- With groups that may be more involved in and rely more on their community, doing local good works and reflecting community values becomes more significant, such as with women and those 55+.

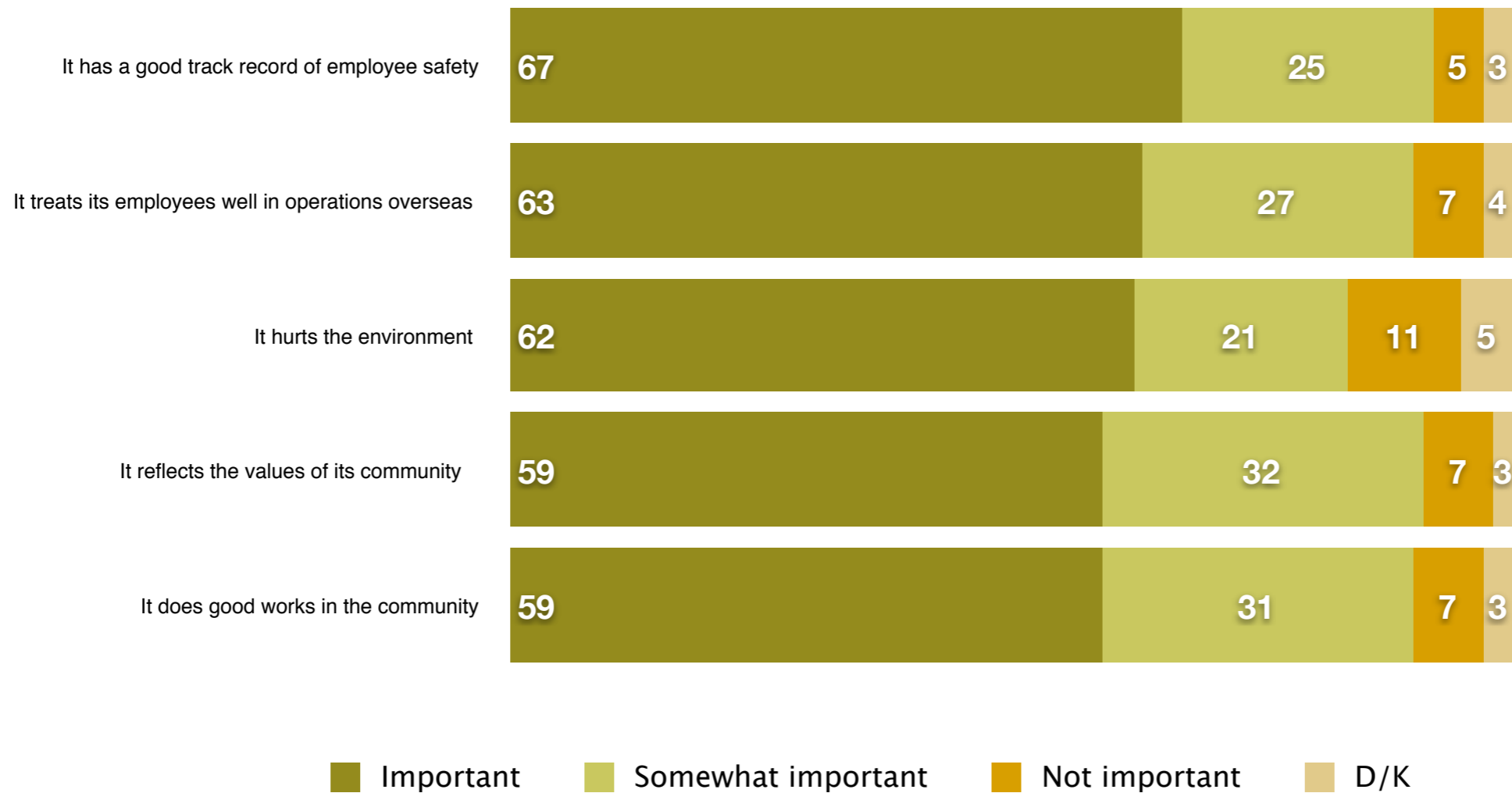
Measures of Good Corporate Citizenship – Tier 1

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, how important are each of the following to your impression of whether a company is a good corporate citizen or not?”



Measures of Good Corporate Citizenship – Tier 2

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, how important are each of the following to your impression of whether a company is a good corporate citizen or not?”

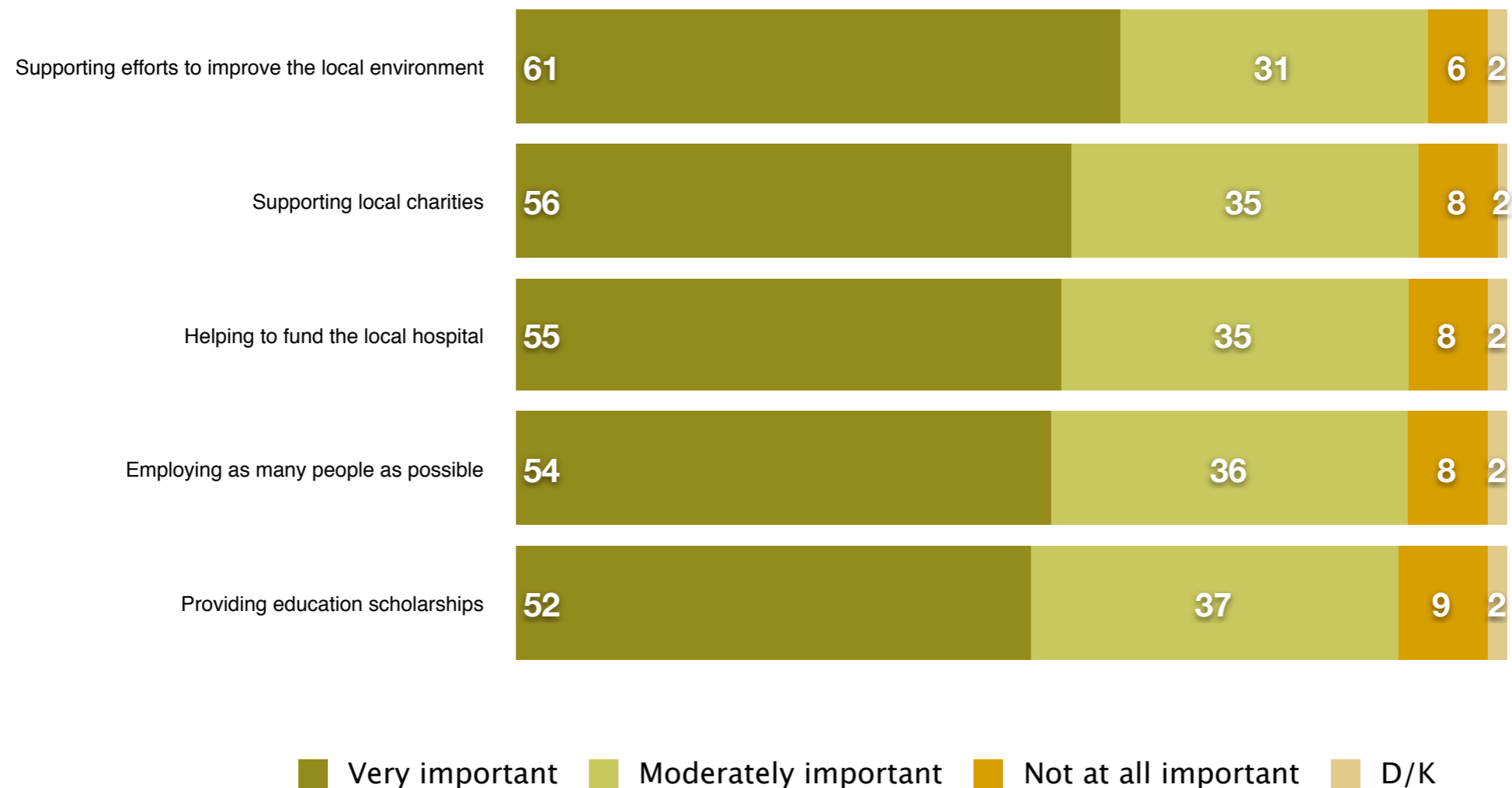


What Resonates In The Community?

- Corporations that want to make an impact in the community should focus on maximizing employment and on helping the environment.
- If you are going to invest in local infrastructure, make it the hospital.
- Children are a comfortable place to land, but one that has little impact on reputation.
- Theatre and cultural events reach a small segment of the population.
- Most Canadians are pretty clear that sponsorship of professional sports teams does not improve their impression of the sponsor's corporate behaviour.

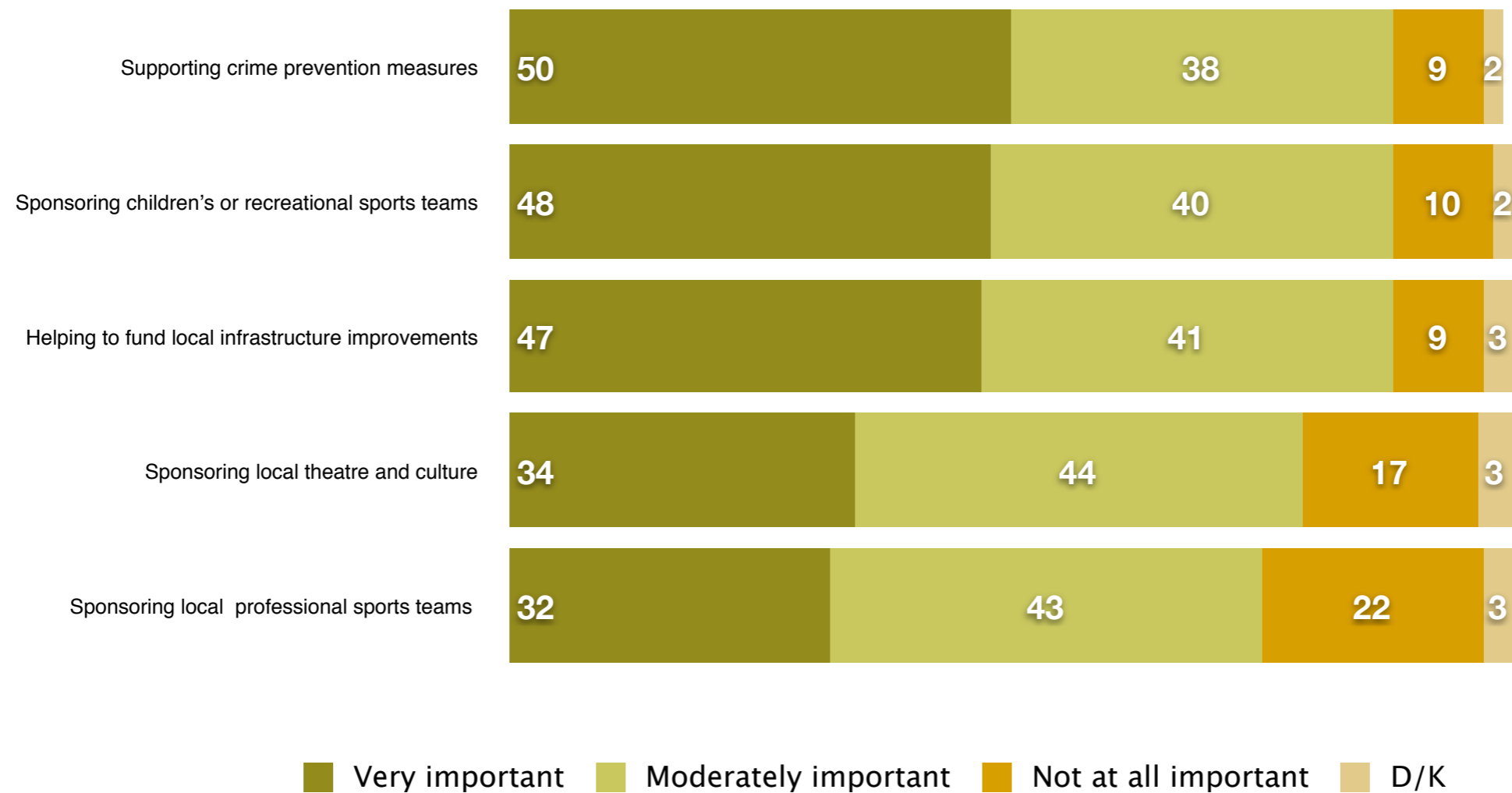
The Impact of Local Good Works On Consumers – Tier 1

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, for a company intending to do good works in their community and local area, how important should each of the following activities be?”



The Impact of Local Good Works On Consumers – Tier 2

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, for a company intending to do good works in their community and local area, how important should each of the following activities be?”



Local Good Works – Male/Female Age Breakdowns

“On a scale of 1 to 9 where 1 is not at all important and 9 is very important, for a company intending to do good works in their community and local area, how important should each of the following activities be?”

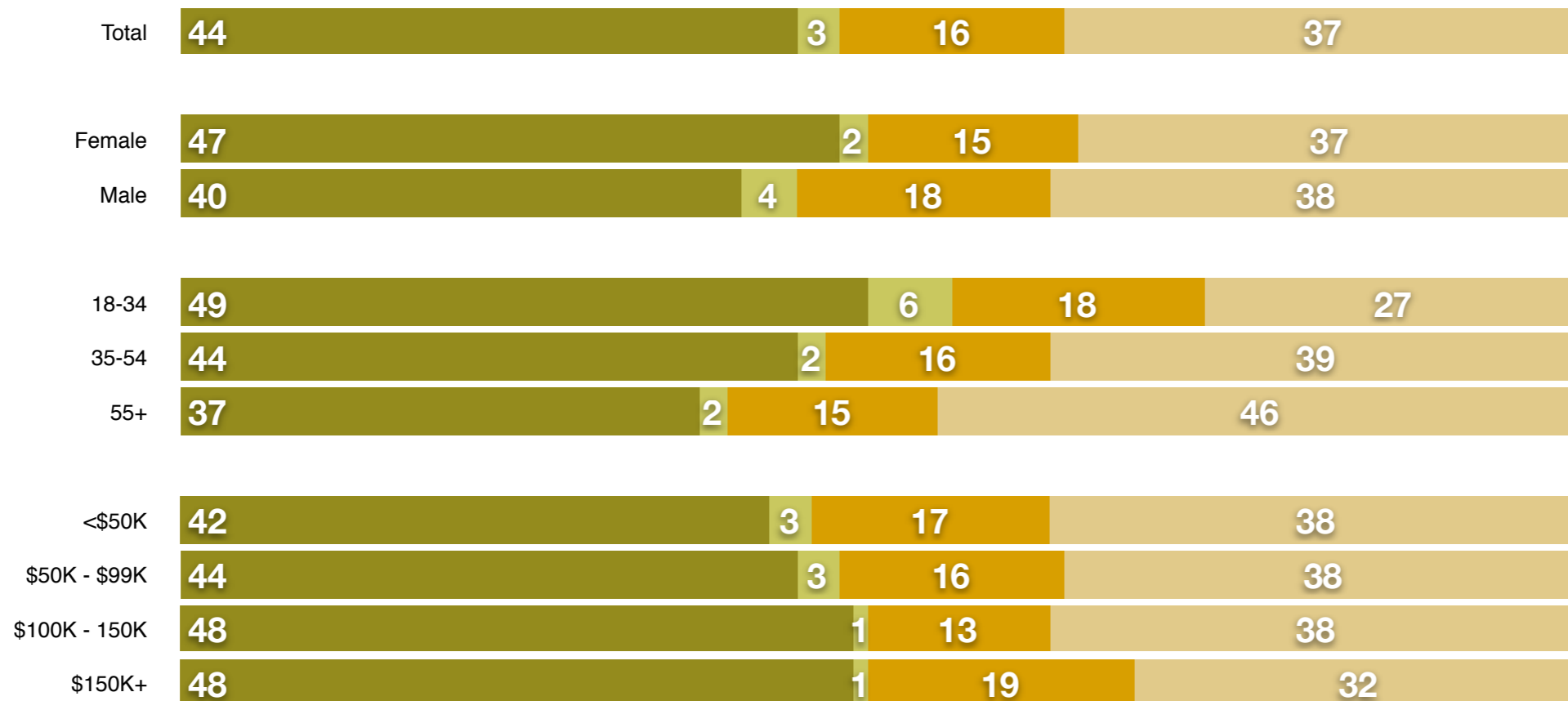
Total	M 18-34	M 35-54	M 55+	F 18-34	F 35-54	F 55+
Sponsoring children’s or recreational sports teams	5.91	5.96	6.27	6.29	6.43	6.76
Supporting local theatre and culture	5.32	5.16	5.43	5.71	5.64	6.19
Supporting local charities	6.11	6.11	6.59	6.61	6.79	7.13
Sponsoring local professional sports teams	5.37	5.06	5.07	5.26	5.36	5.75
Supporting efforts to improve the local environment	6.53	6.37	6.70	6.92	7.04	7.61
Employing as many people as possible	6.13	6.22	6.49	6.39	6.77	7.29
Helping to fund local infrastructure improvements	6.10	5.88	6.23	6.22	5.64	6.90
Helping to fund the local hospital	6.05	6.22	6.71	6.52	6.79	7.33
Providing education scholarships	5.97	5.94	6.44	6.51	6.63	7.01
Supporting crime prevention measures	5.93	5.88	6.50	6.35	6.48	7.17

Company/Cause Relationship

- There is no downside to either companies or causes in entering into a partnership. Very few will think less of the cause related organization, and a substantial number will think better of the company.
- Consumers rank causes or organizations addressing illnesses and diseases, dealing with poverty and supporting countries or areas suffering from natural disasters as the top three important causes to support.

Corporate Sponsorship

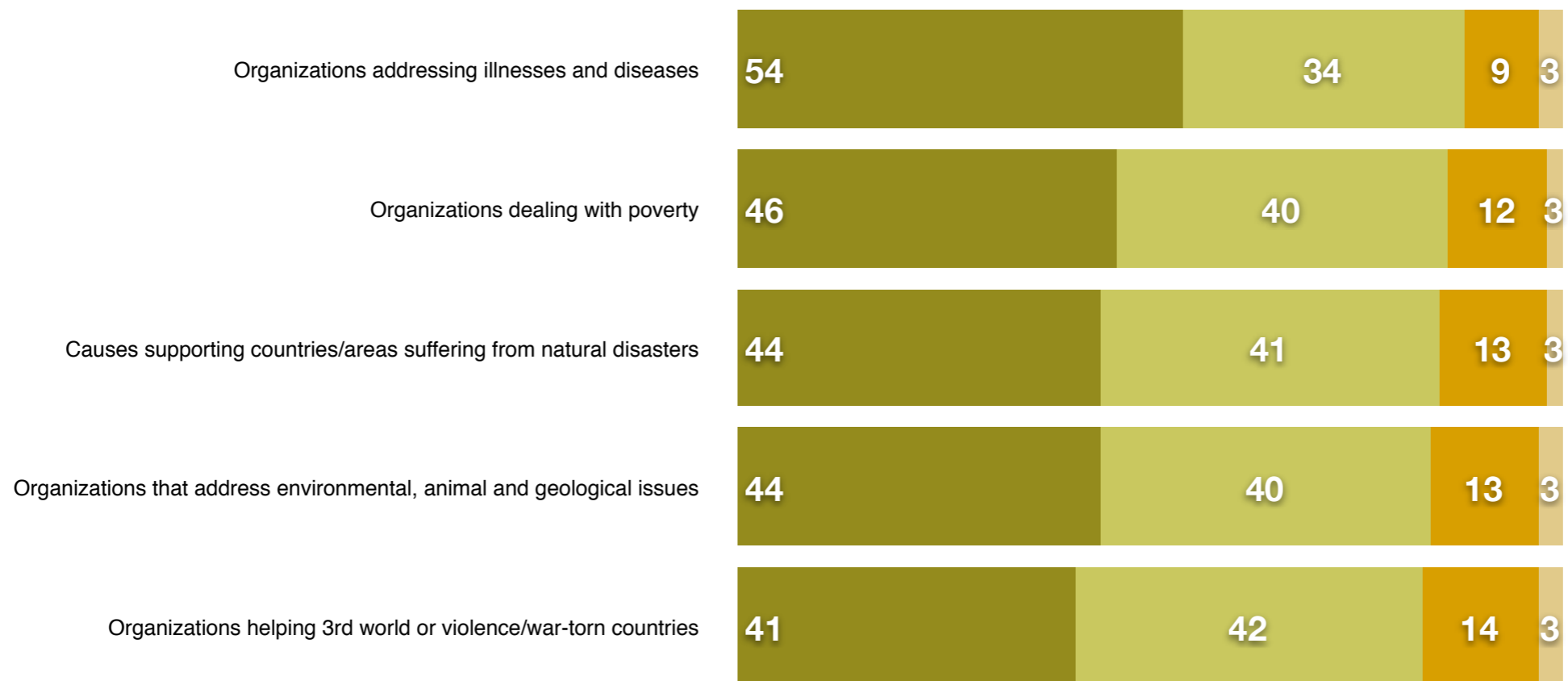
“When a company promotes or sponsors a cause, which of the following best characterizes your reaction:”



- It makes you think better of the company
- It makes you think worse of the charity
- Some of both
- It does not have any impact on how you feel about either the company or the charity

Cause Support That Can Influence Brand Choice

“On a scale of 1 to 9 where 1 is not at all likely and 9 is very likely, how likely are you to purchase a particular brand because they support the following?”



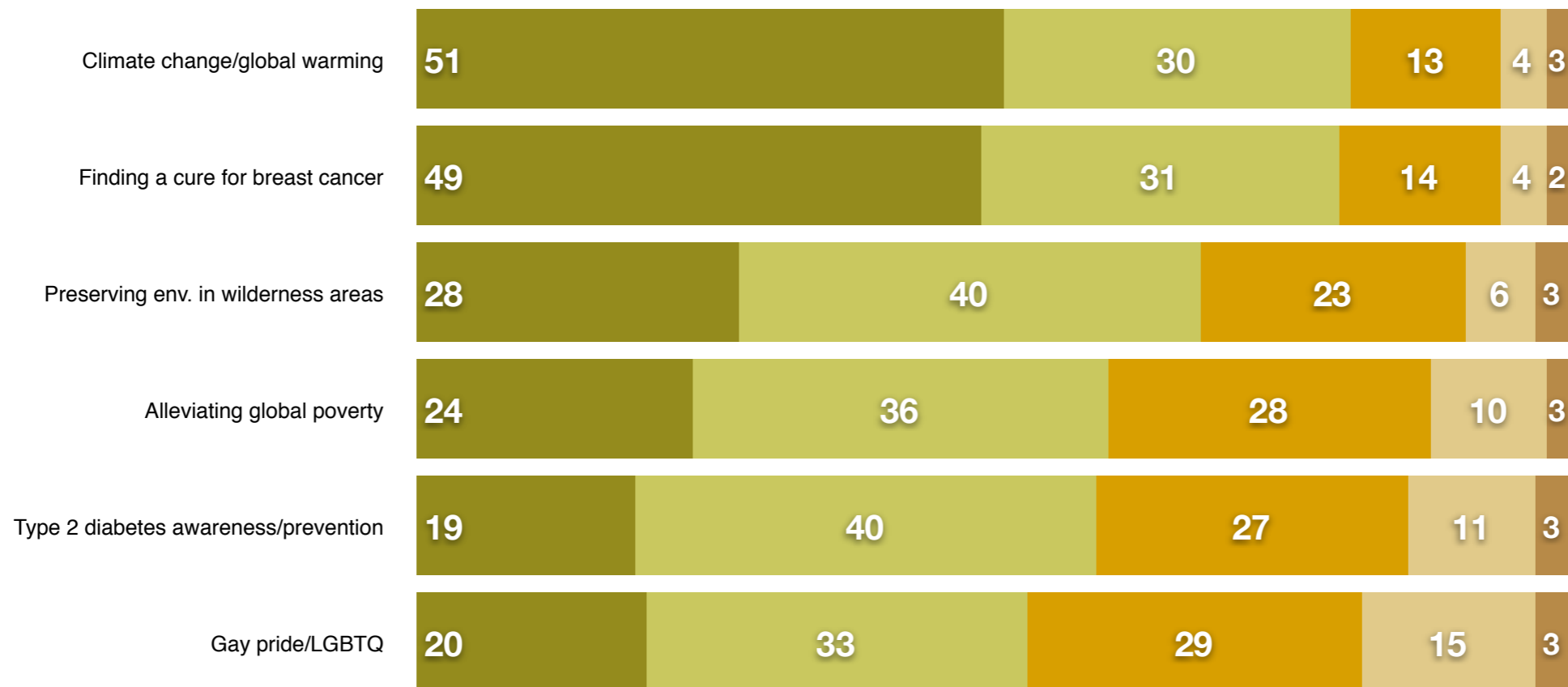
Very likely
 Somewhat likely
 Not at all likely
 D/K

High Importance Causes

- There are significant opportunities for brands to identify themselves with causes that matter greatly to their consumers.
- The two causes or issues people hear the most about are climate change and breast cancer. Both of those are issues of importance to most Canadians. Other issues of high importance that are occupying less bandwidth include:
 - Preserving the environment in wilderness areas
 - Making streets safer
 - Shelter and assistance for victims of domestic violence
 - Organ donation
- Most people hear more than they would like to about gay pride and gay and lesbian rights.
- Other issue areas also command interest and empathy, and many have strong followings among specific segments.

How Often Canadians Hear About a Particular Cause – Tier 1

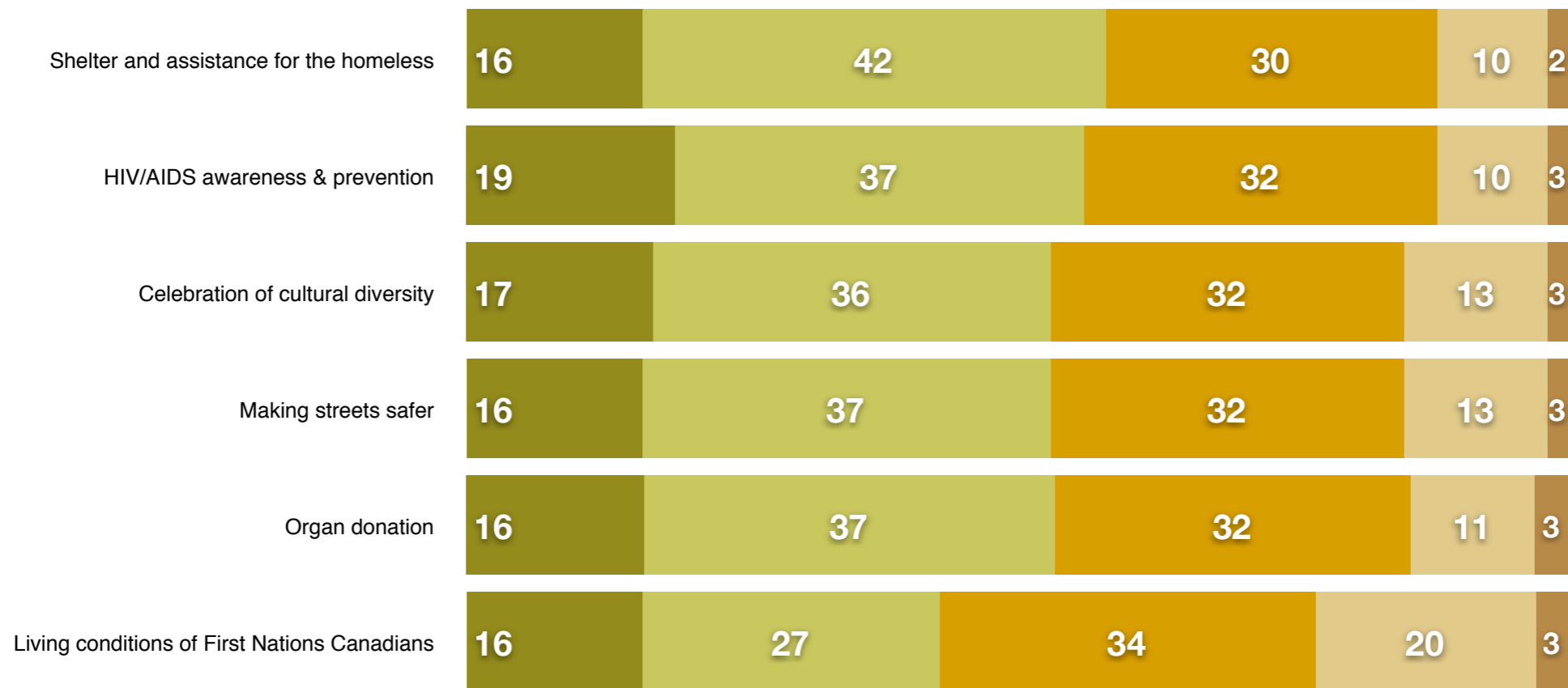
“How much do you hear about each of the following causes:”



Very much
 A little
 Not much
 Not at all
 DK/NR

How Often Canadians Hear About a Particular Cause – Tier 2

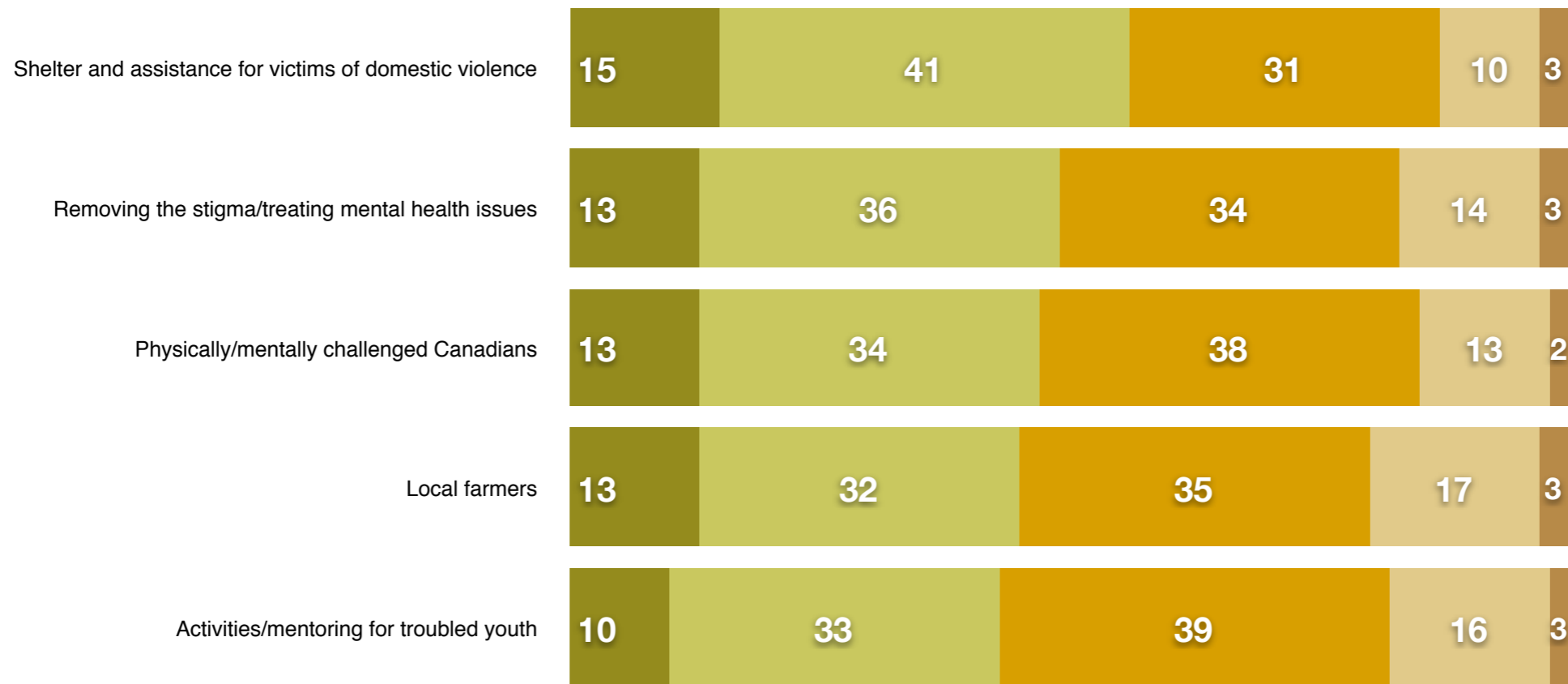
“How much do you hear about each of the following causes:”



Very much
 A little
 Not much
 Not at all
 DK/NR

How Often Canadians Hear About a Particular Cause – Tier 3

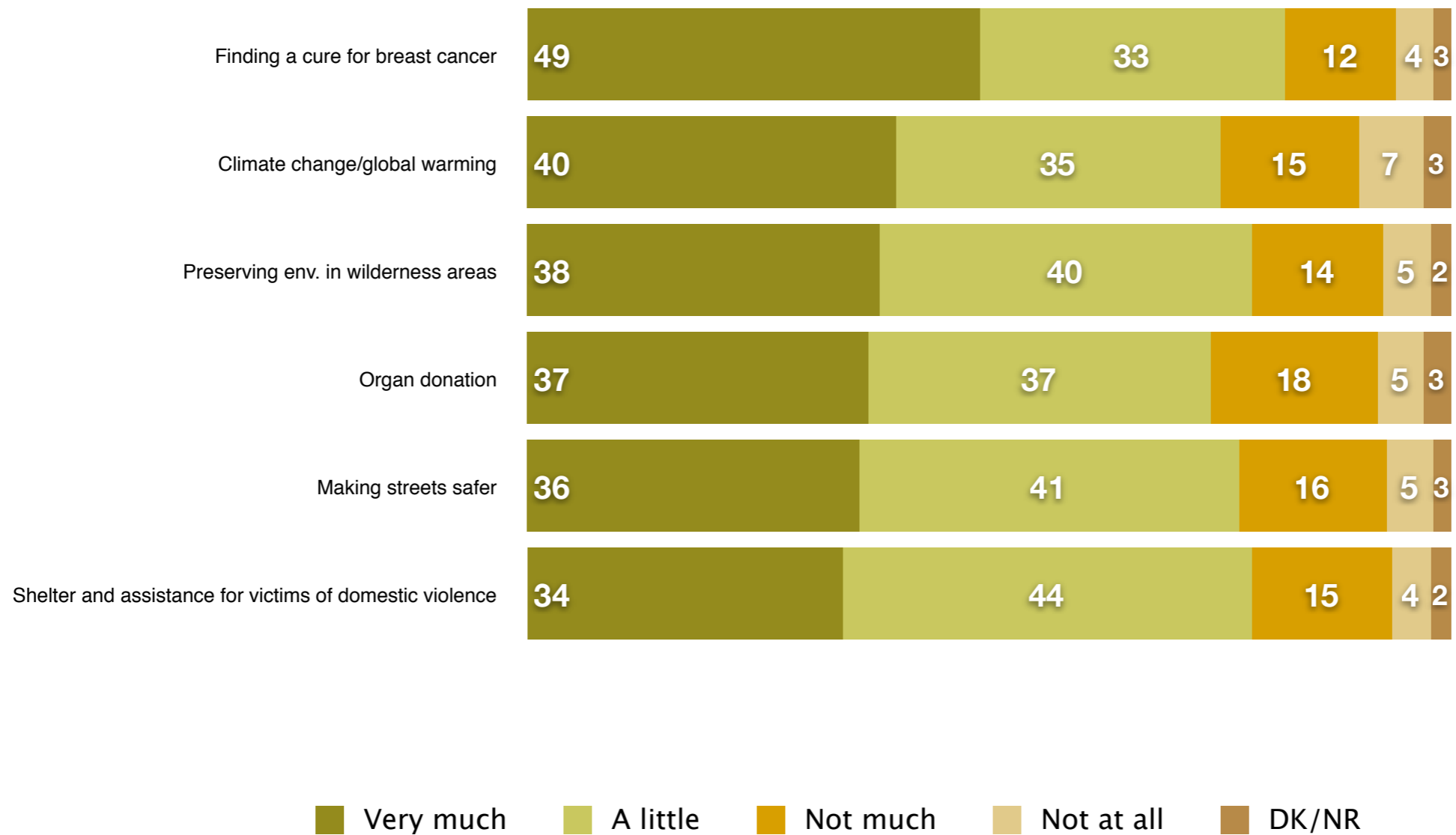
“How much do you hear about each of the following causes:”



Very much
 A little
 Not much
 Not at all
 DK/NR

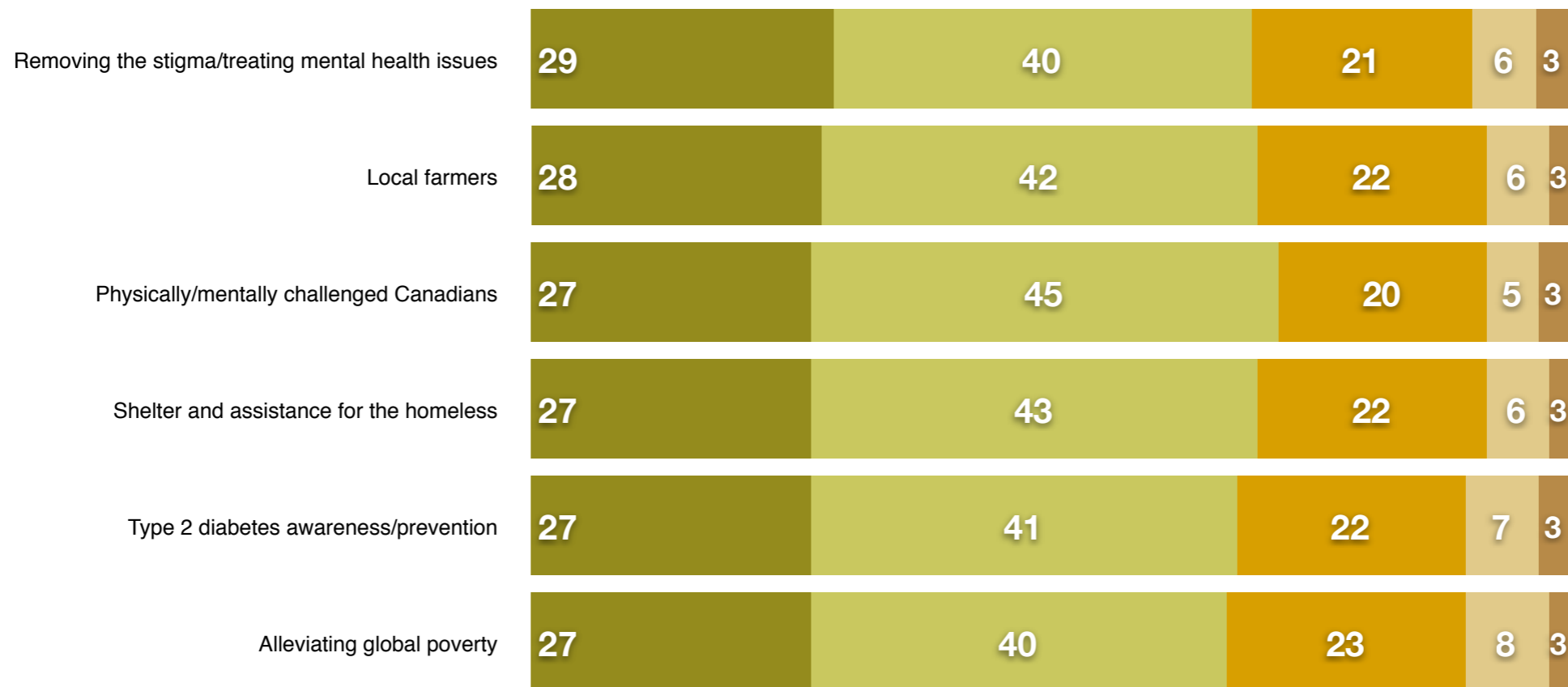
How Important a Particular Cause is to Canadians – Tier 1

“How much do you care about each of the following causes:”



How Important a Particular Cause is to Canadians – Tier 2

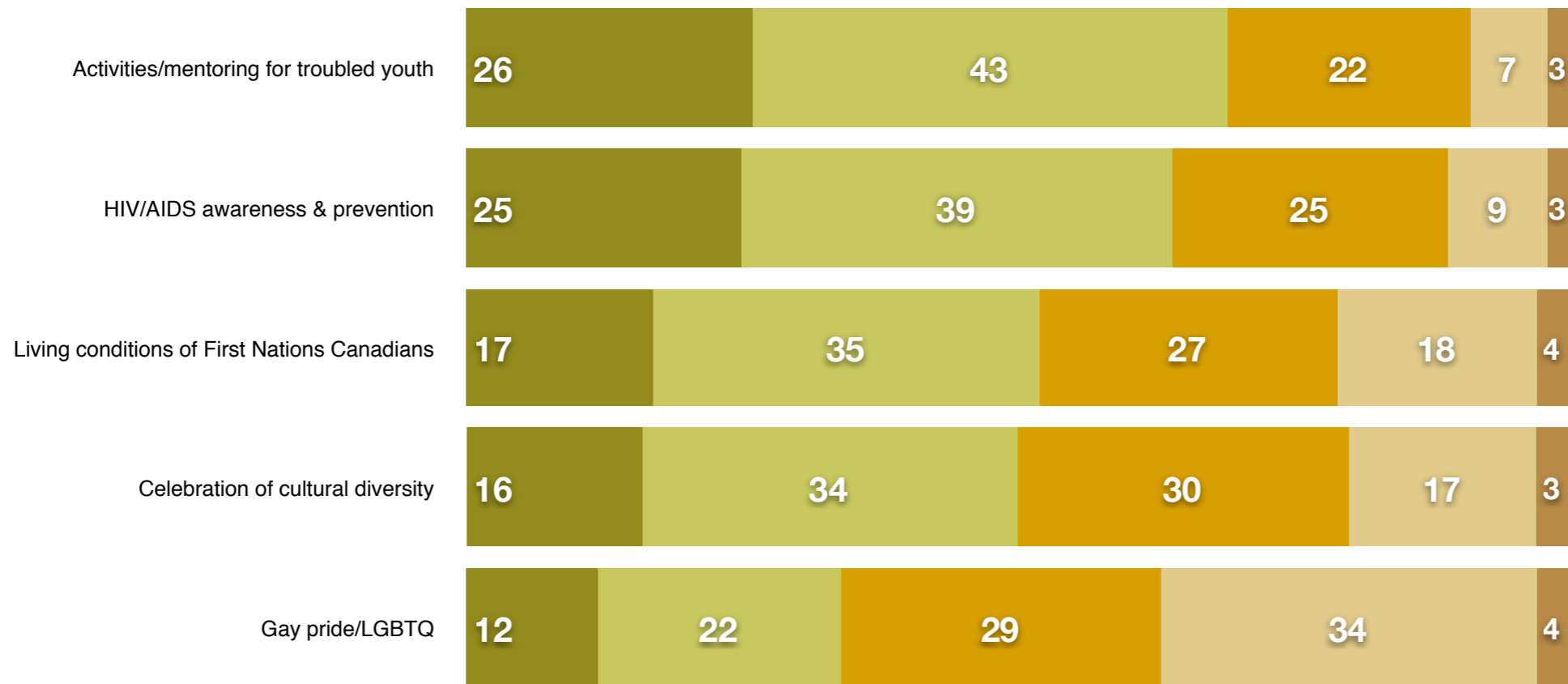
“How much do you care about each of the following causes:”



Very much
 A little
 Not much
 Not at all
 DK/NR

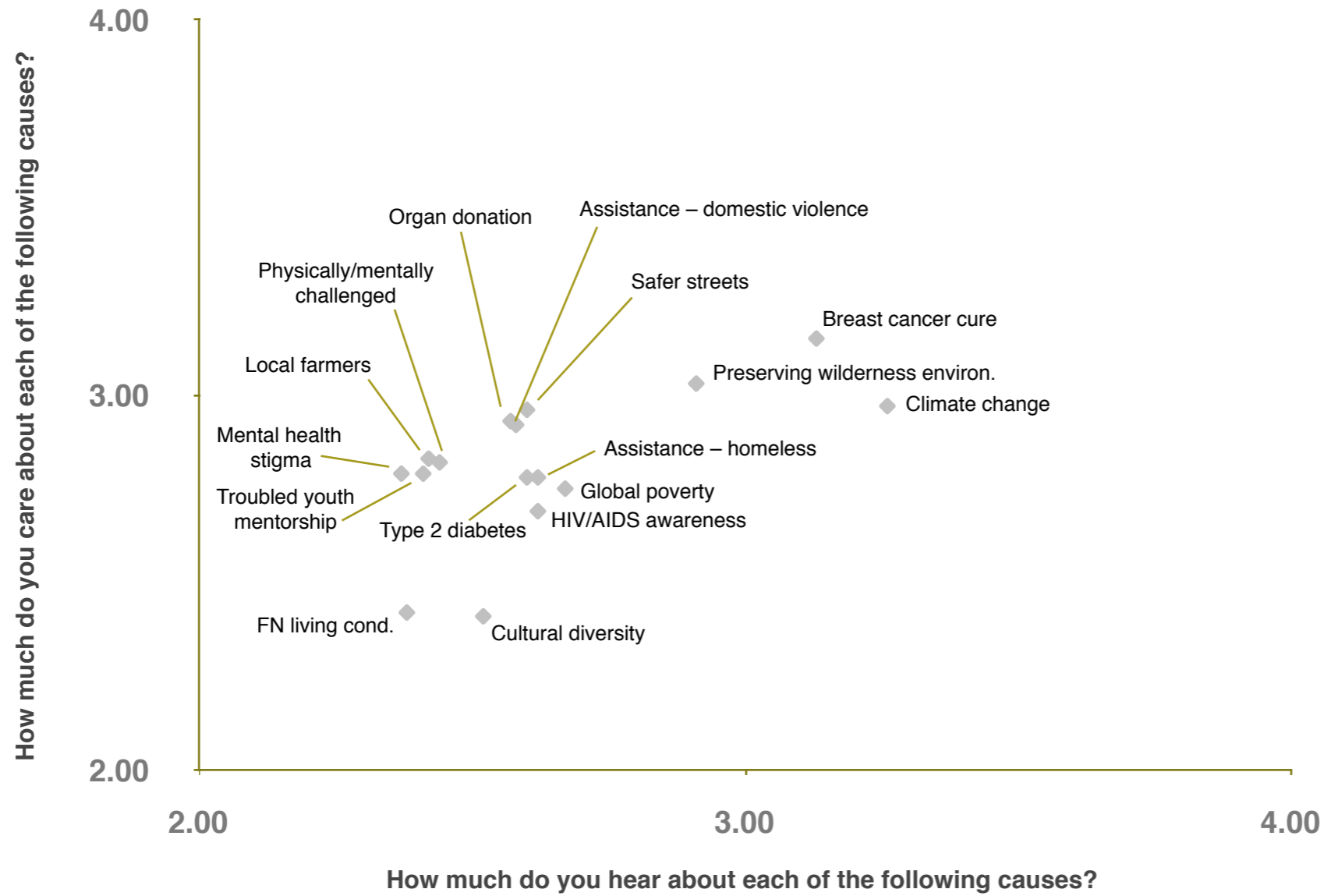
How Important a Particular Cause is to Canadians – Tier 3

“How much do you care about each of the following causes:”

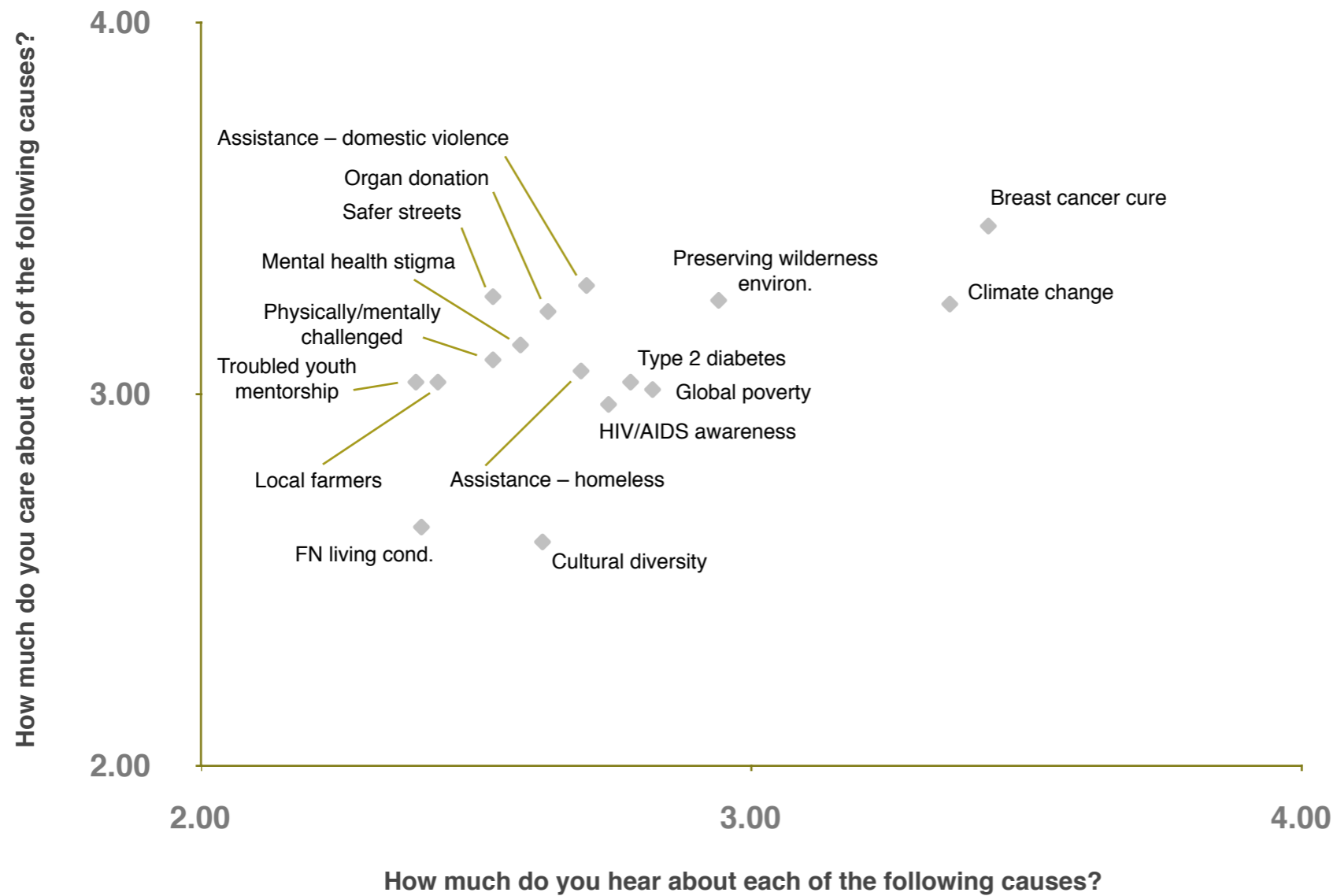


Very much
 A little
 Not much
 Not at all
 DK/NR

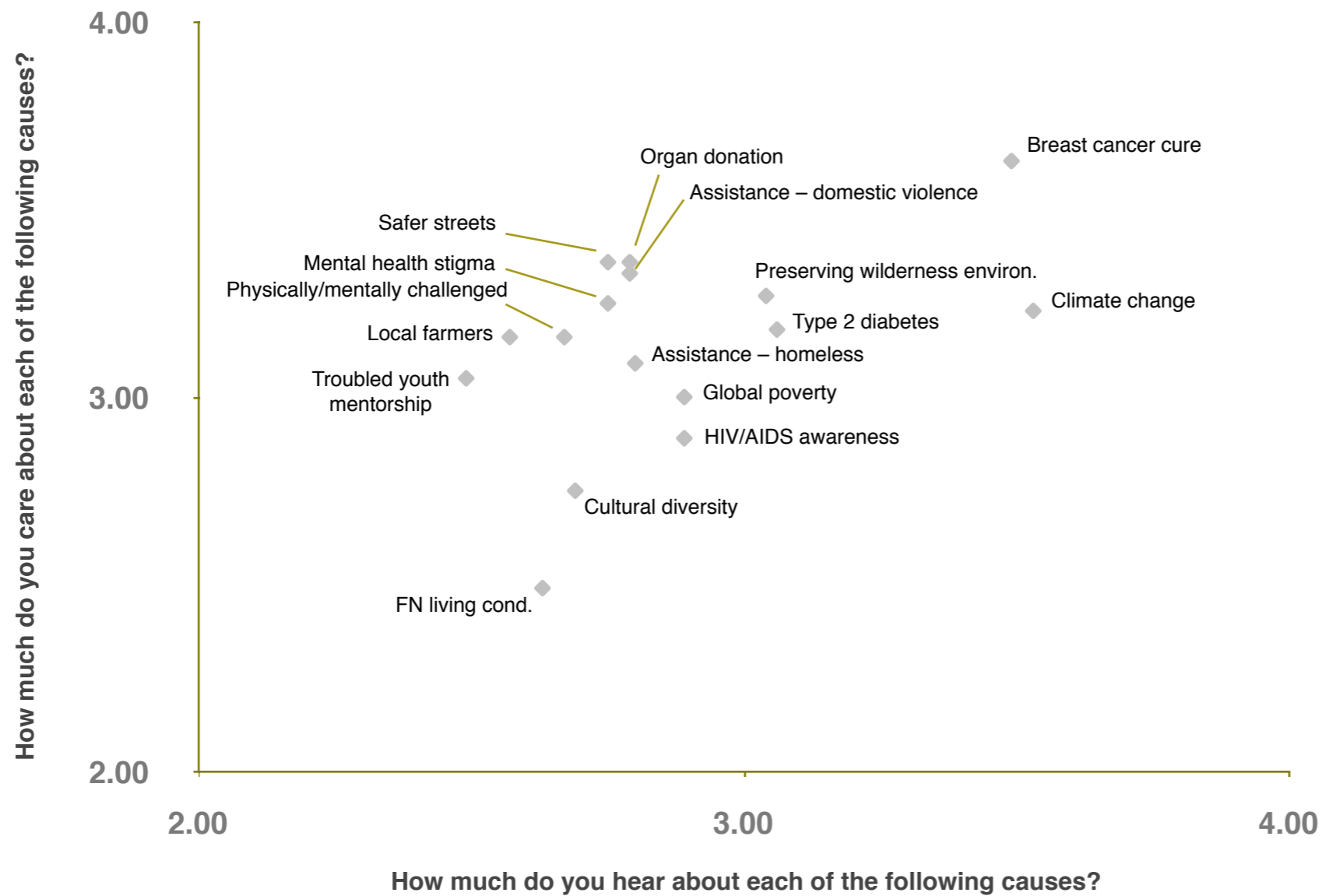
Cause Presence vs. Importance – Men



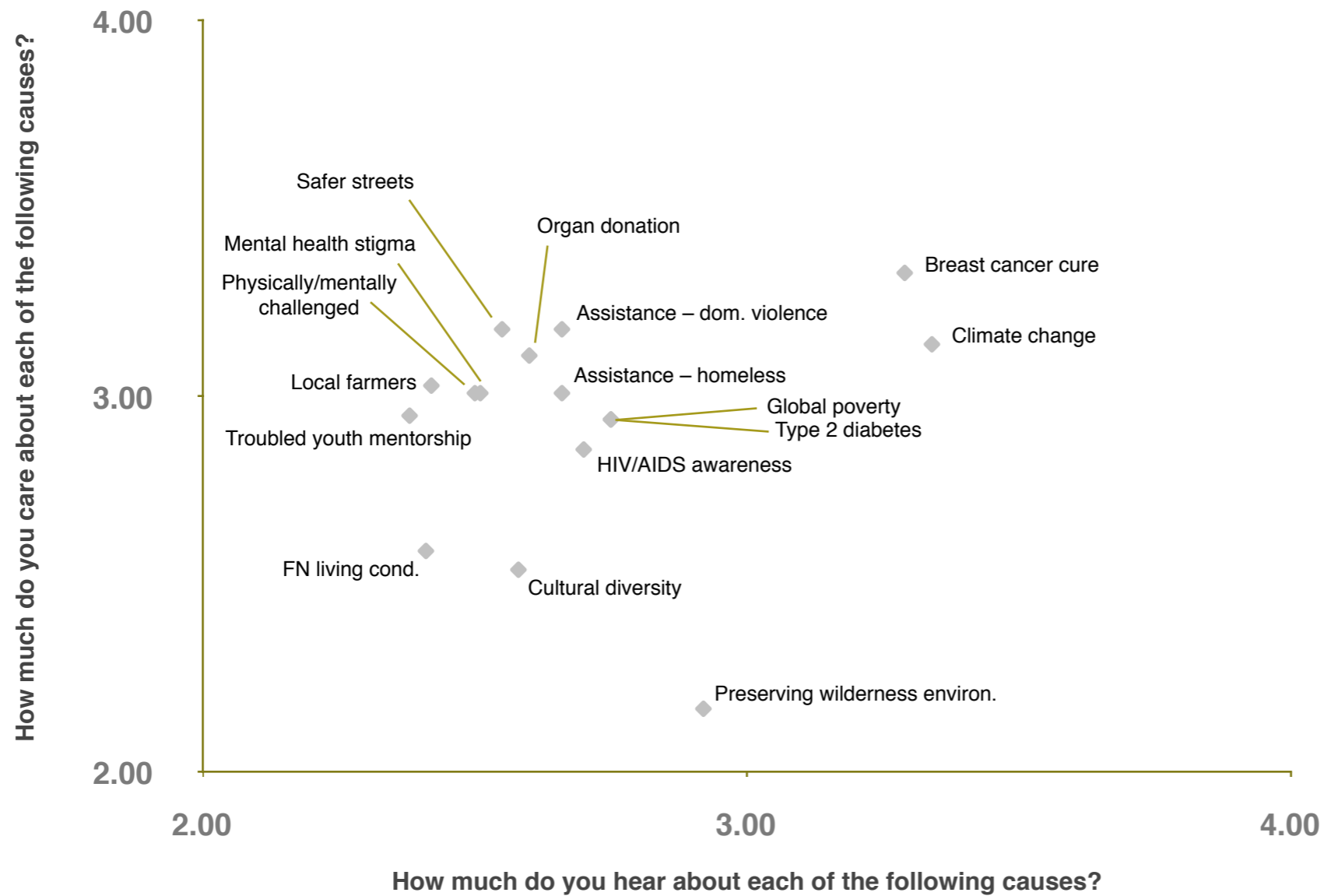
Cause Presence vs. Importance – Women



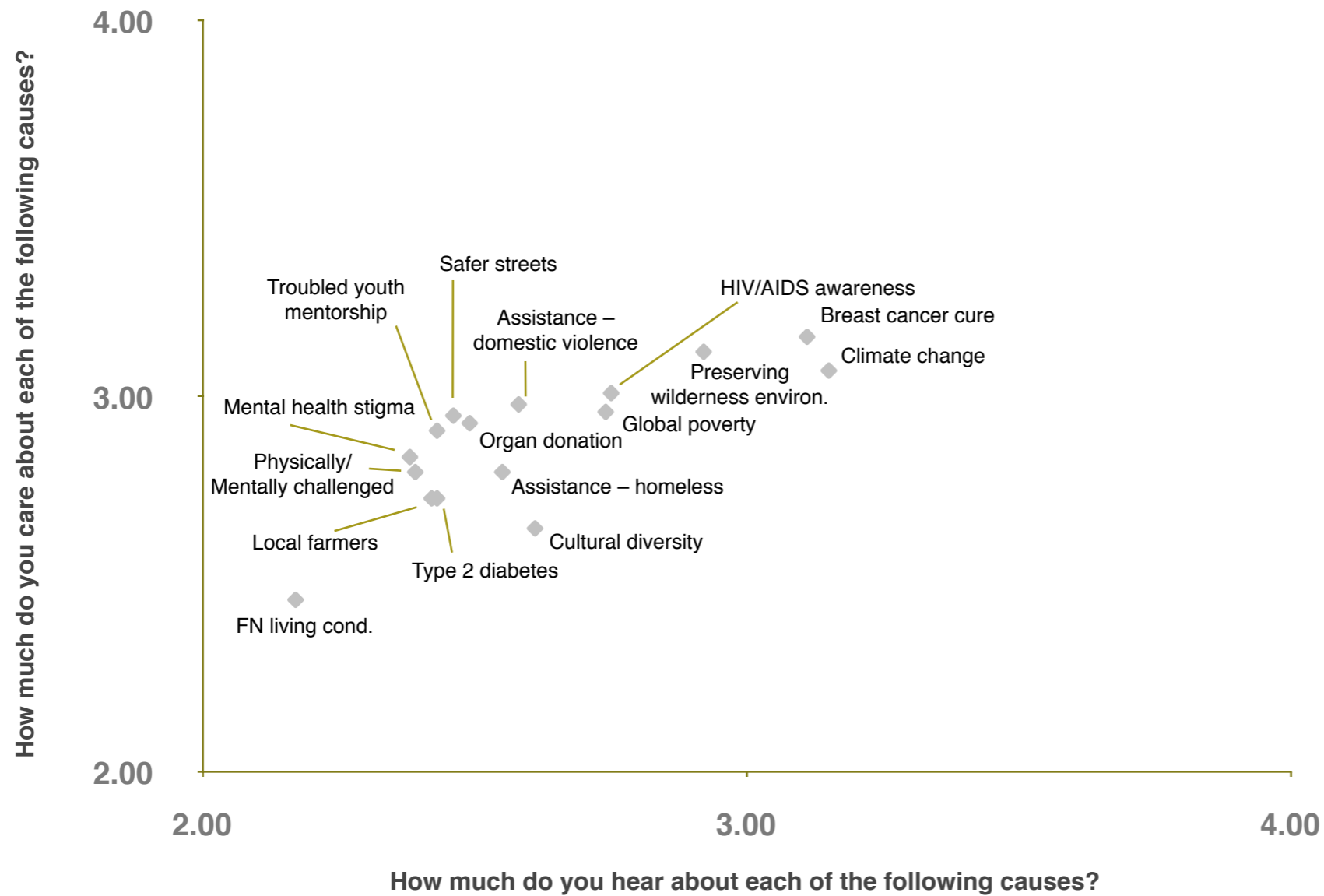
Cause Presence vs. Importance – Women 55+



Cause Presence vs. Importance – Primary Shoppers



Cause Presence vs. Importance – Under 30



Sources of Corporate Information

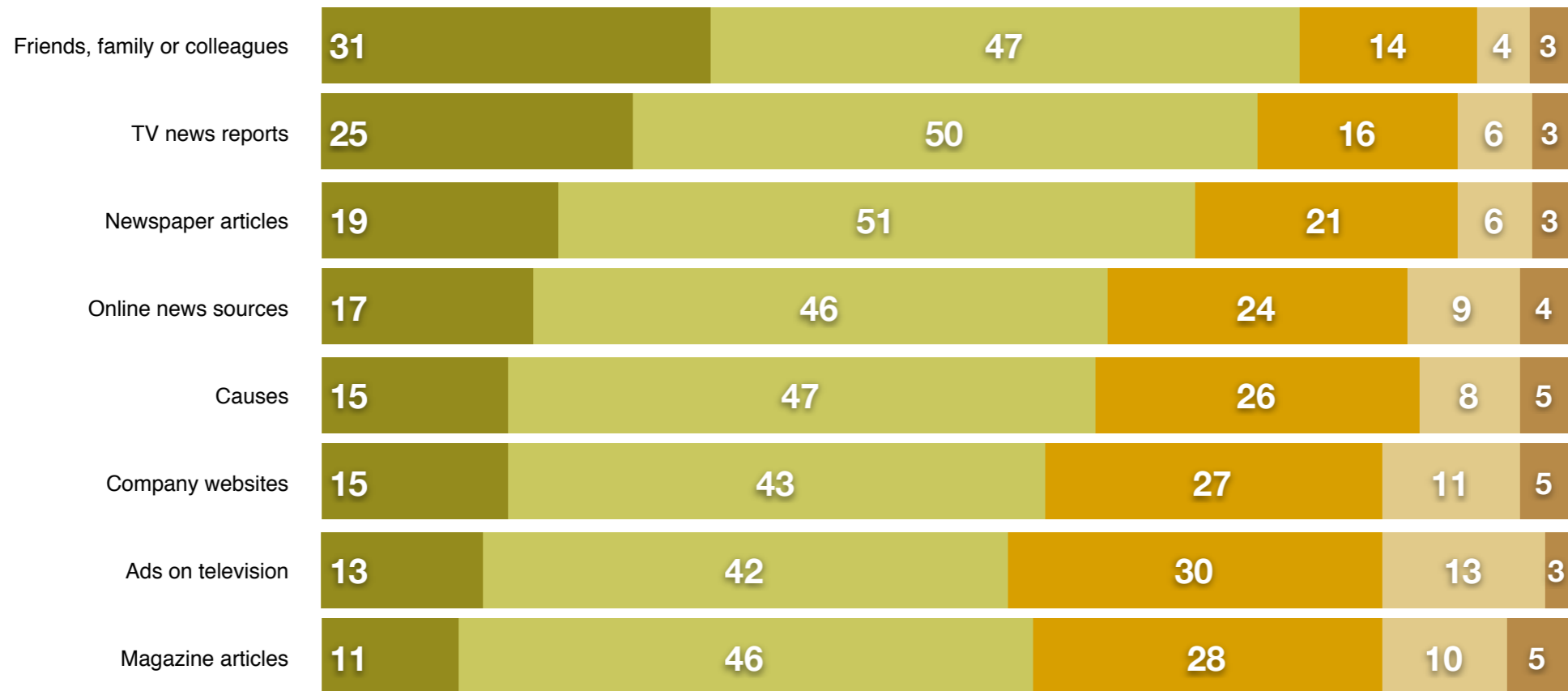
- Word of mouth, with friends and family, is the most important source of information across the board.
- Traditional media sources such as TV news and newspapers are more important to those 55+, however online news ranks higher with those under 35.
- 60% say that company websites are important sources of information to them.
- Online news has similar reach to television news and newspapers at between 65–75% of the population, but social media is restricted to influencing about a quarter of the population
- Television advertising is more influential than online advertising

Sources of Corporate Information

- Women are more likely to feel that government pamphlets are important sources of information as well as 64% who feel magazine articles are as well.
- Online media sources such as blogs, social networks and internet ads are most effective with those under 35, but it is still less than half.
 - Internet ads – 41% (very or somewhat important)
 - Social network sites – 39% (very or somewhat important)
 - Blogs – 35% (very or somewhat important)

Information Sources – Tier 1

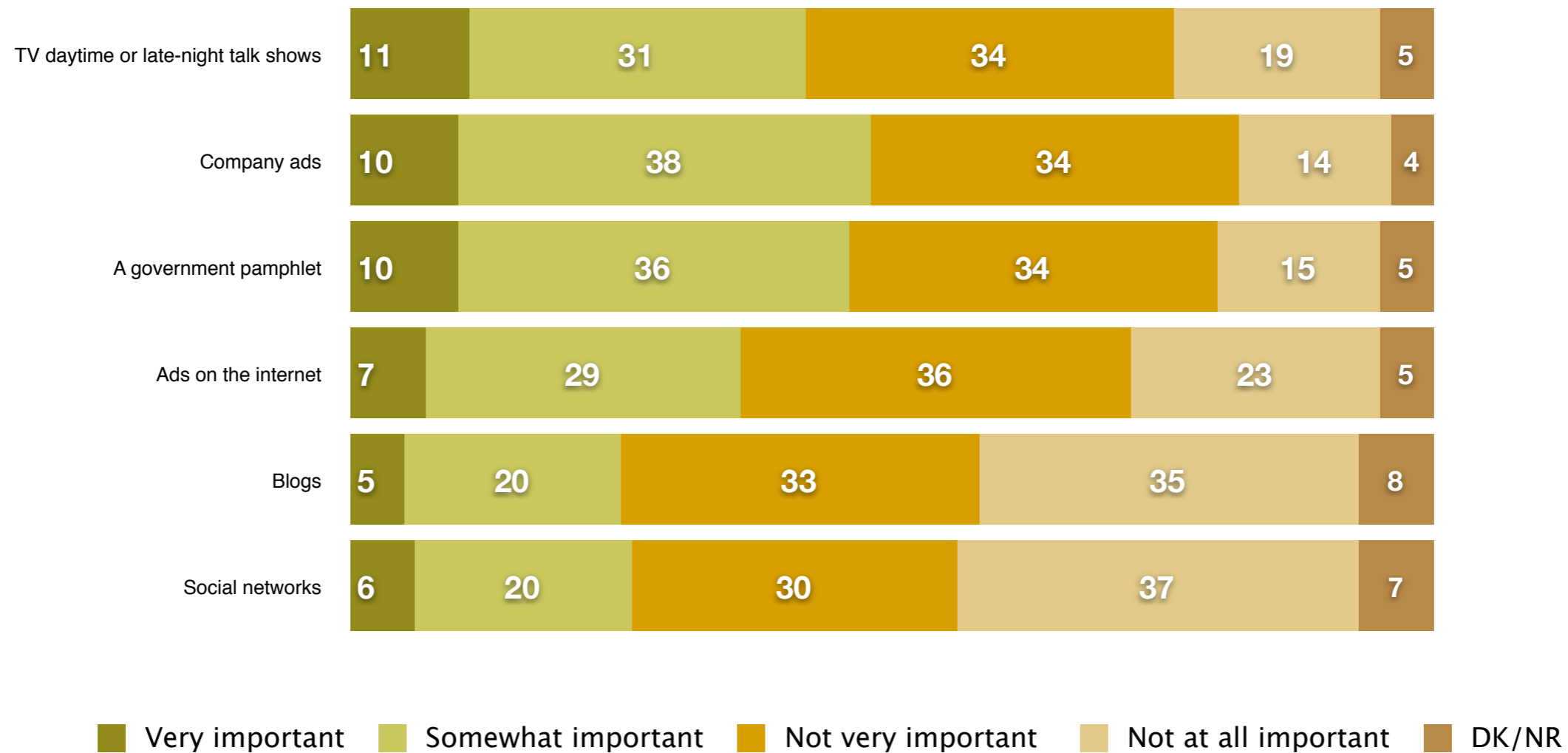
“Where do you tend to get information about companies that helps you form an impression about them? How important a source of information to you are the following?”



Very important
 Somewhat important
 Not very important
 Not at all important
 DK/NR

Information Sources – Tier 2

“Where do you tend to get information about companies that helps you form an impression about them? How important a source of information to you are the following?”

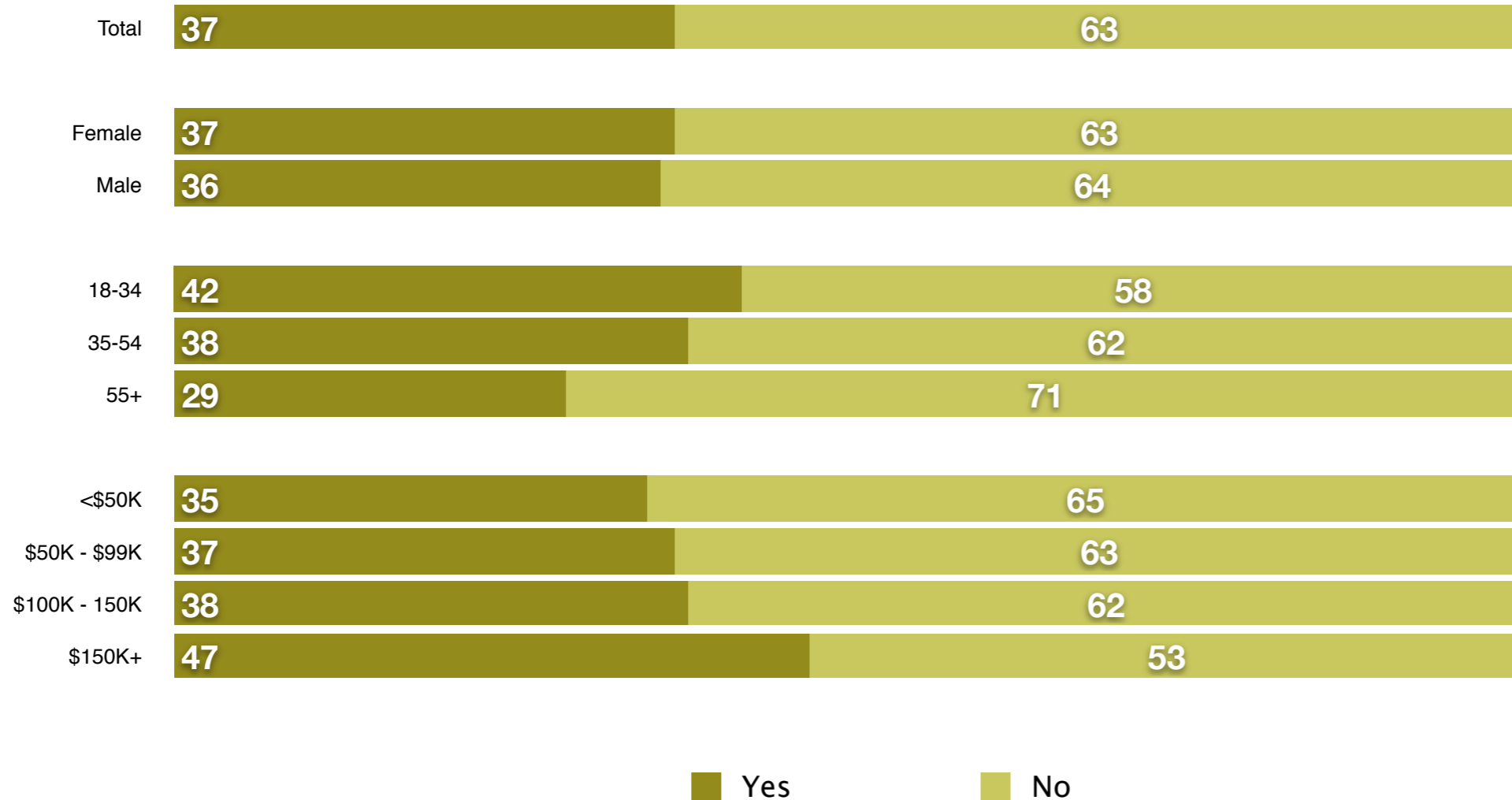


Company Website as an Information Source

- A third of Canadians have gone to a company web site specifically to research their practices and ethics.
- The frequency with which Canadians check a company's website however is very low with only 15% that check a company site at least once a month or more.
- Two thirds would be at least somewhat likely to go if encouraged by the company (but very few highly likely to go).

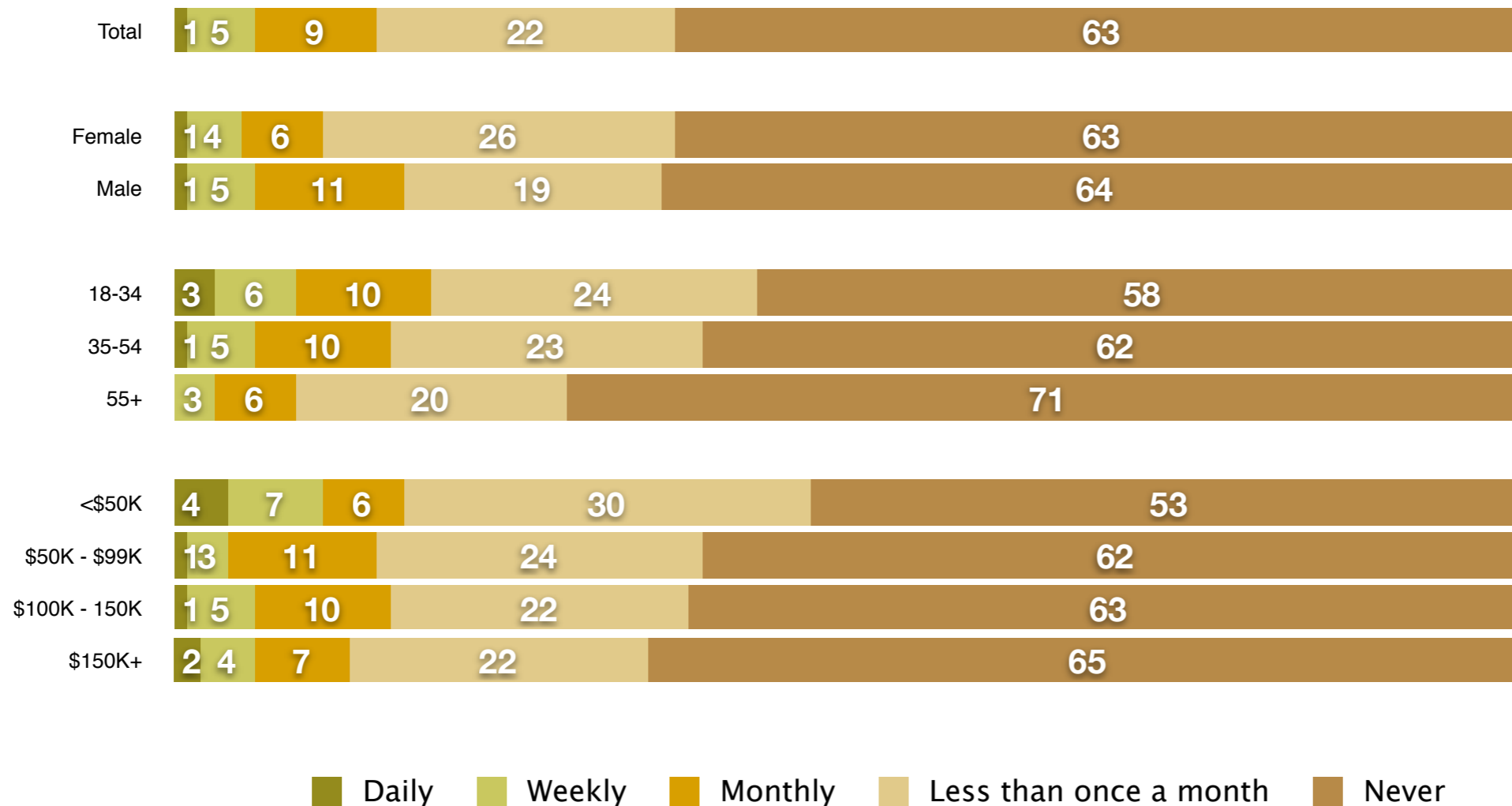
Reputation Research on Corporate Websites

“Have you ever checked a company’s website to research whether they are good corporate citizens or to learn about causes or issues they are associated with?”



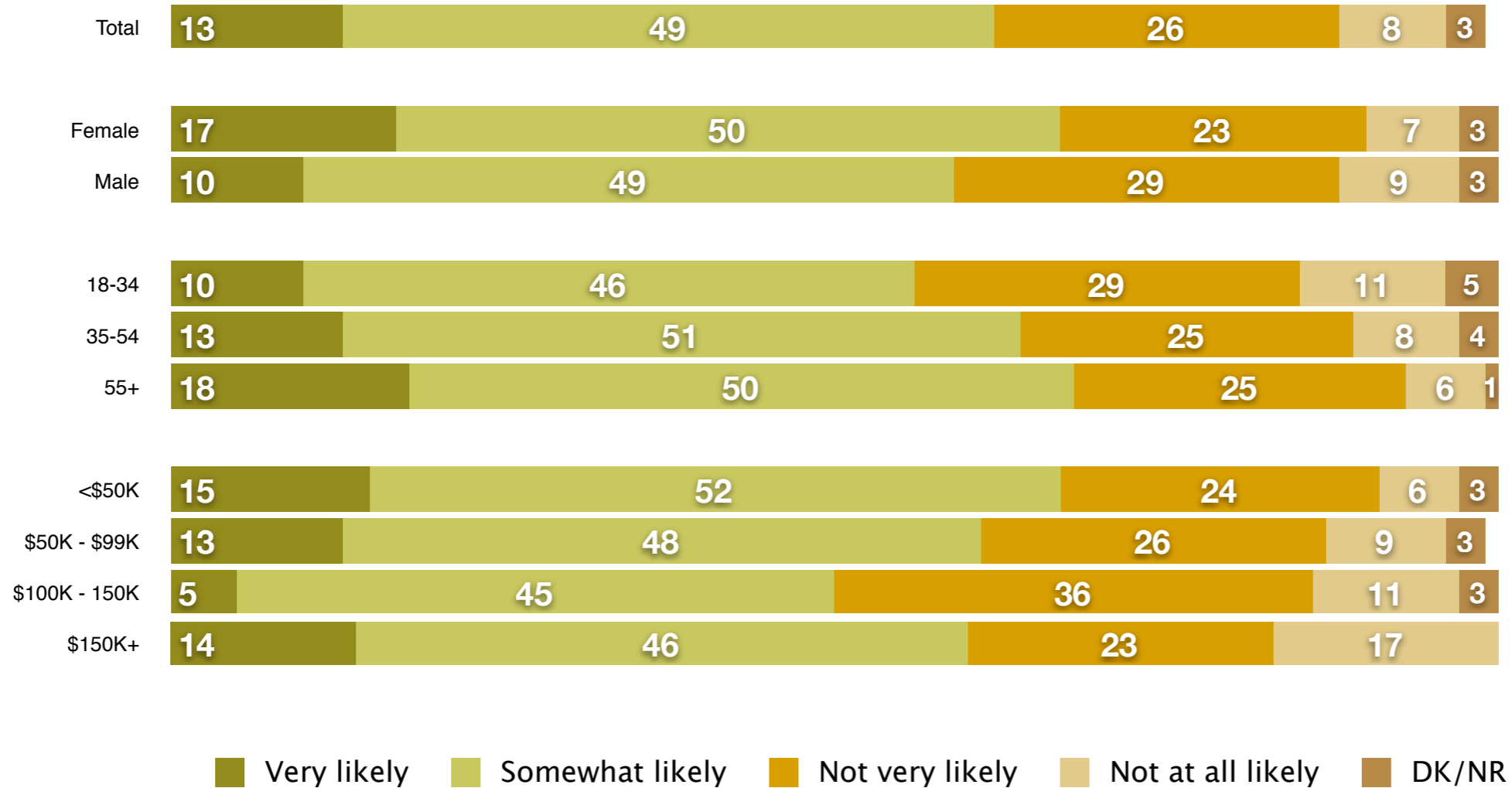
Frequency of Visitation to Corporate Websites for Reputation Information

“Have you ever checked a company’s website to research whether they are good corporate citizens or to learn about causes or issues they are associated with?”
How frequently do you go to company web sites to do so?



Company Influence on Site Visitation

“If a company asked you to go to its web site to learn about its corporate policies and behaviour, how likely would you be to do so? ”

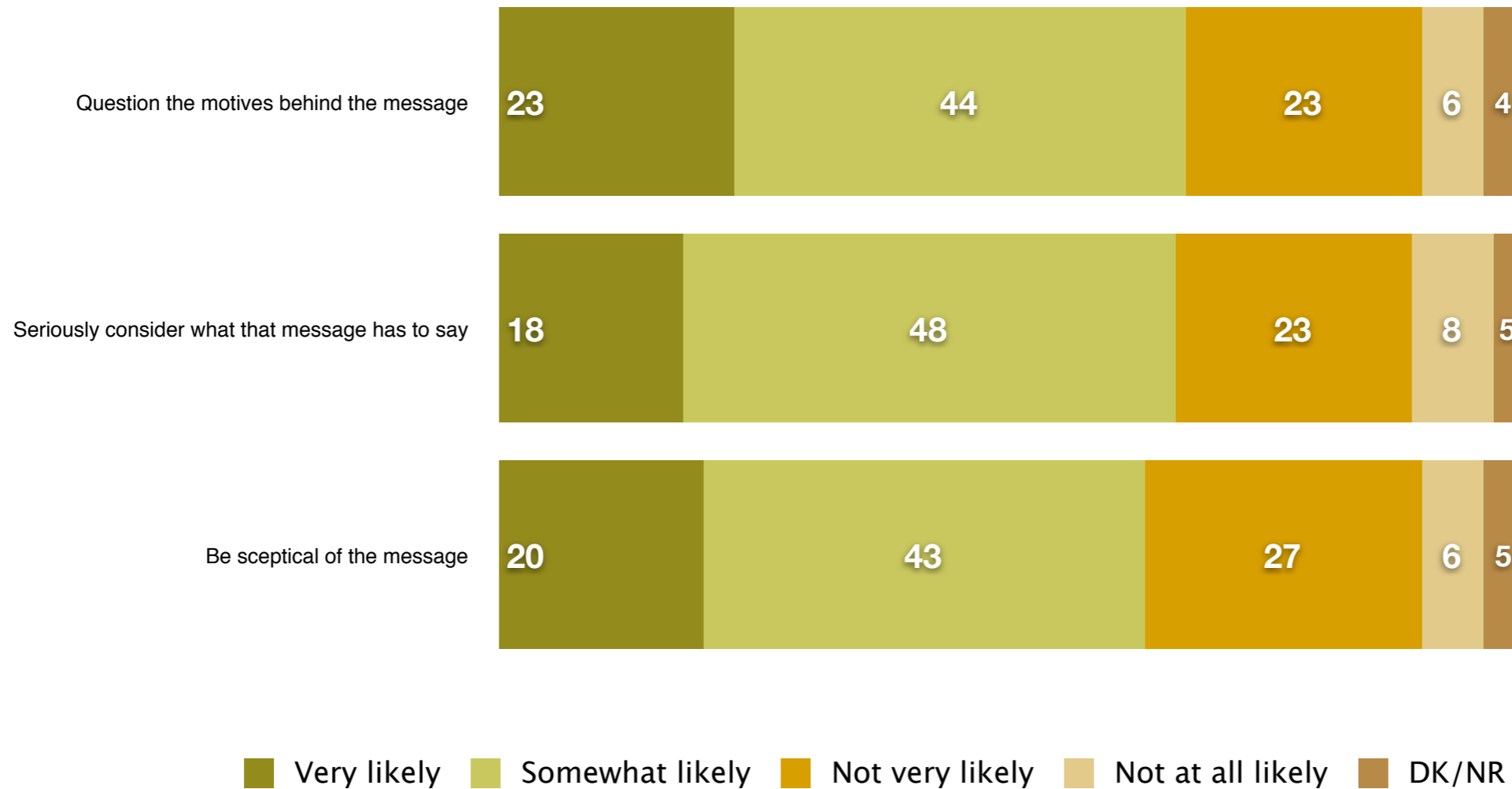


Communication Sources and Messages

- When people hear communications or advertising from government – either to support a cause or to change their behaviour, about two thirds are inclined to take the message seriously. But it has to be strong on its own merits because equal numbers will be sceptical of the message and question the motives of the government.
- There is a slightly more critical lens applied to government messaging than from that of a generic organization.
- Most say they are prepared to listen to corporations promote their behaviour, but it will have to pass a high bar of cynicism to make impact. There is less interest in and more cynicism toward reputation messaging than product advertising.

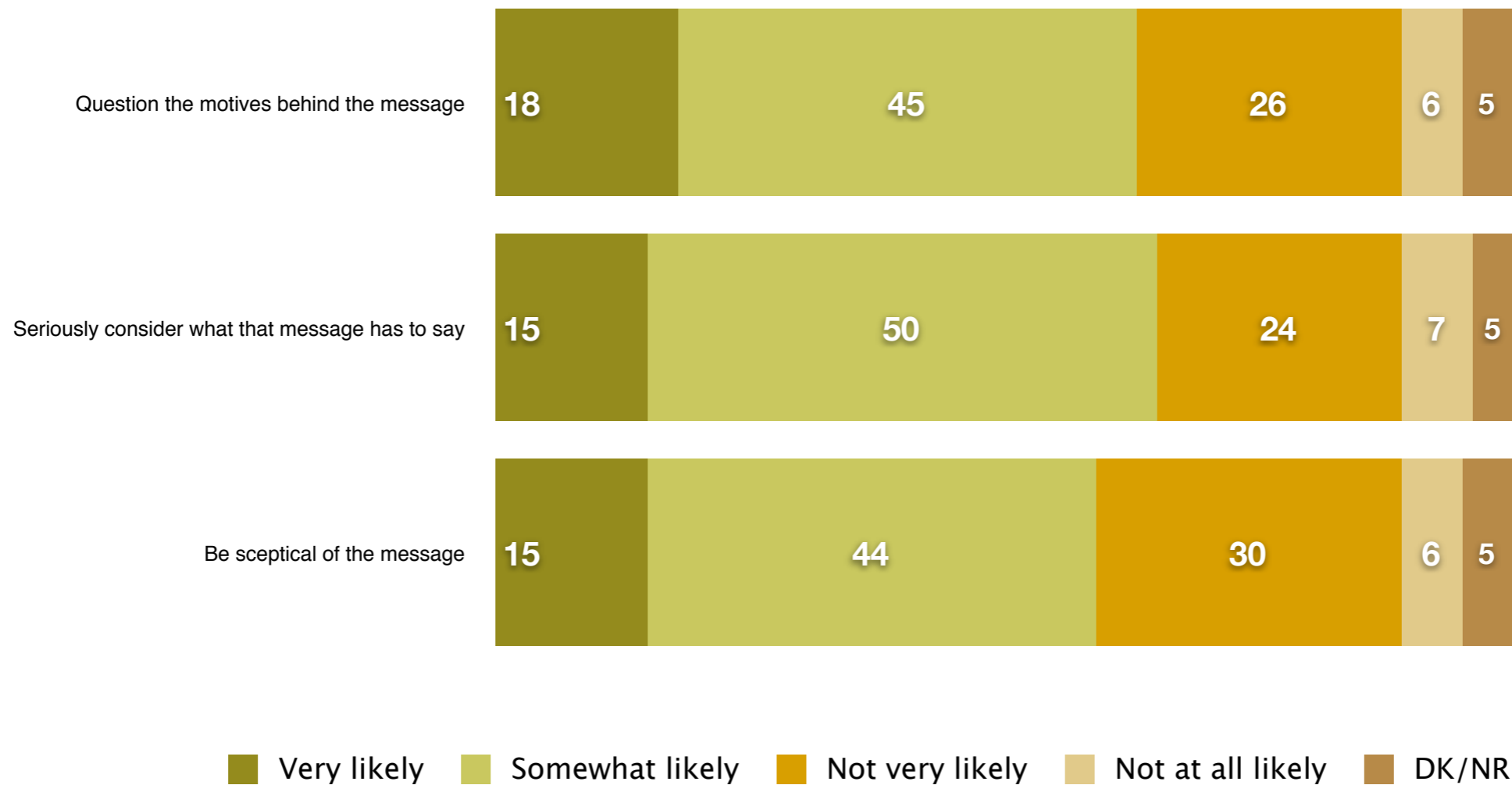
Government Influence on Supporting Causes

“When you hear advertising or communications from government encouraging you to support a cause, are you very likely, somewhat likely, not very likely or not at all likely to:”



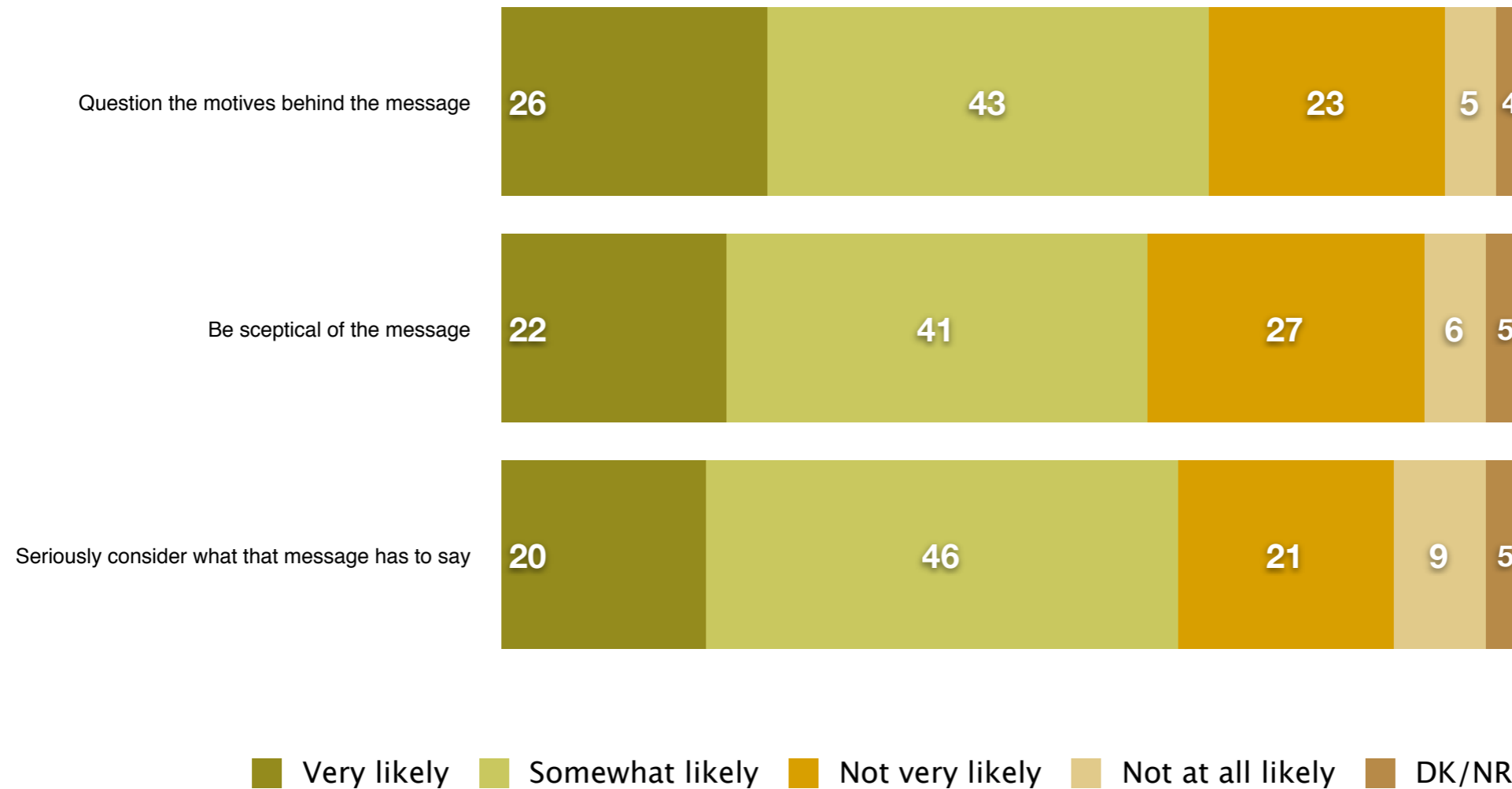
Organization Influence on Supporting Causes

“When you hear advertising or communications from an organization encouraging you to support a cause, are you very likely, somewhat likely, not very likely or not at all likely to:”



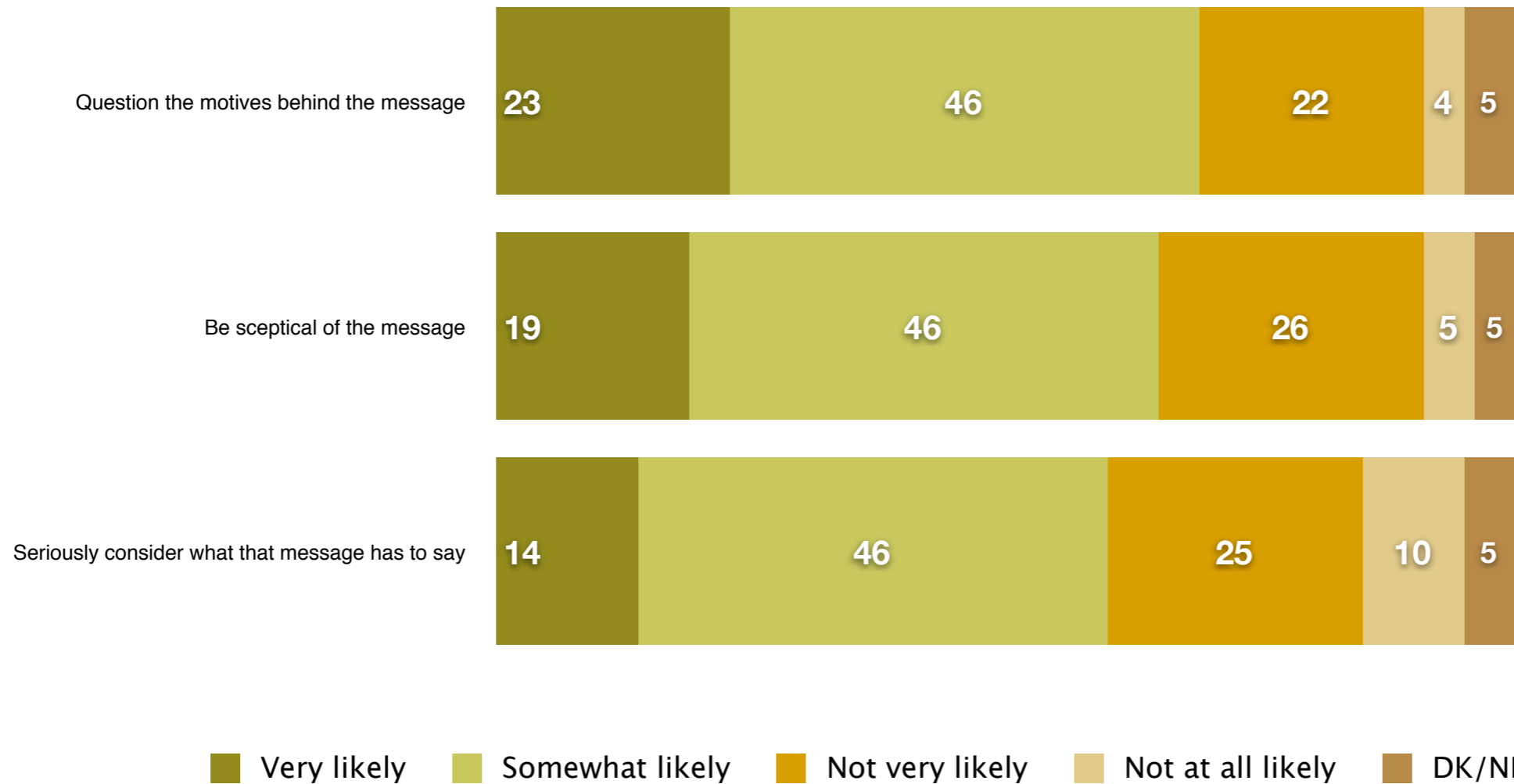
Government Influence on Behaviour or Lifestyle Changes

“When you hear advertising or communications from government encouraging you to change your behaviour or lifestyle in some way, are you very likely, somewhat likely, not very likely or not at all likely to:”



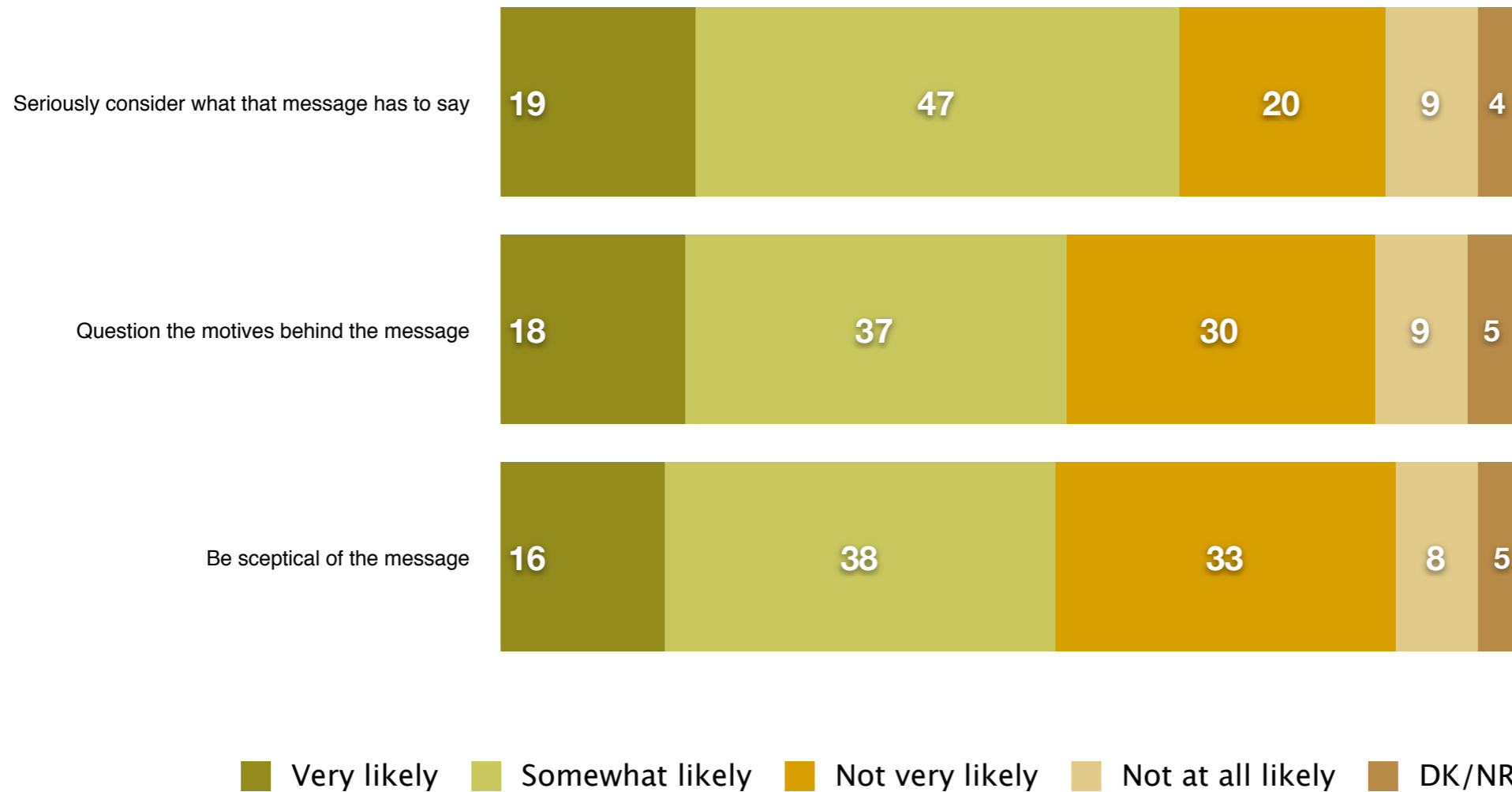
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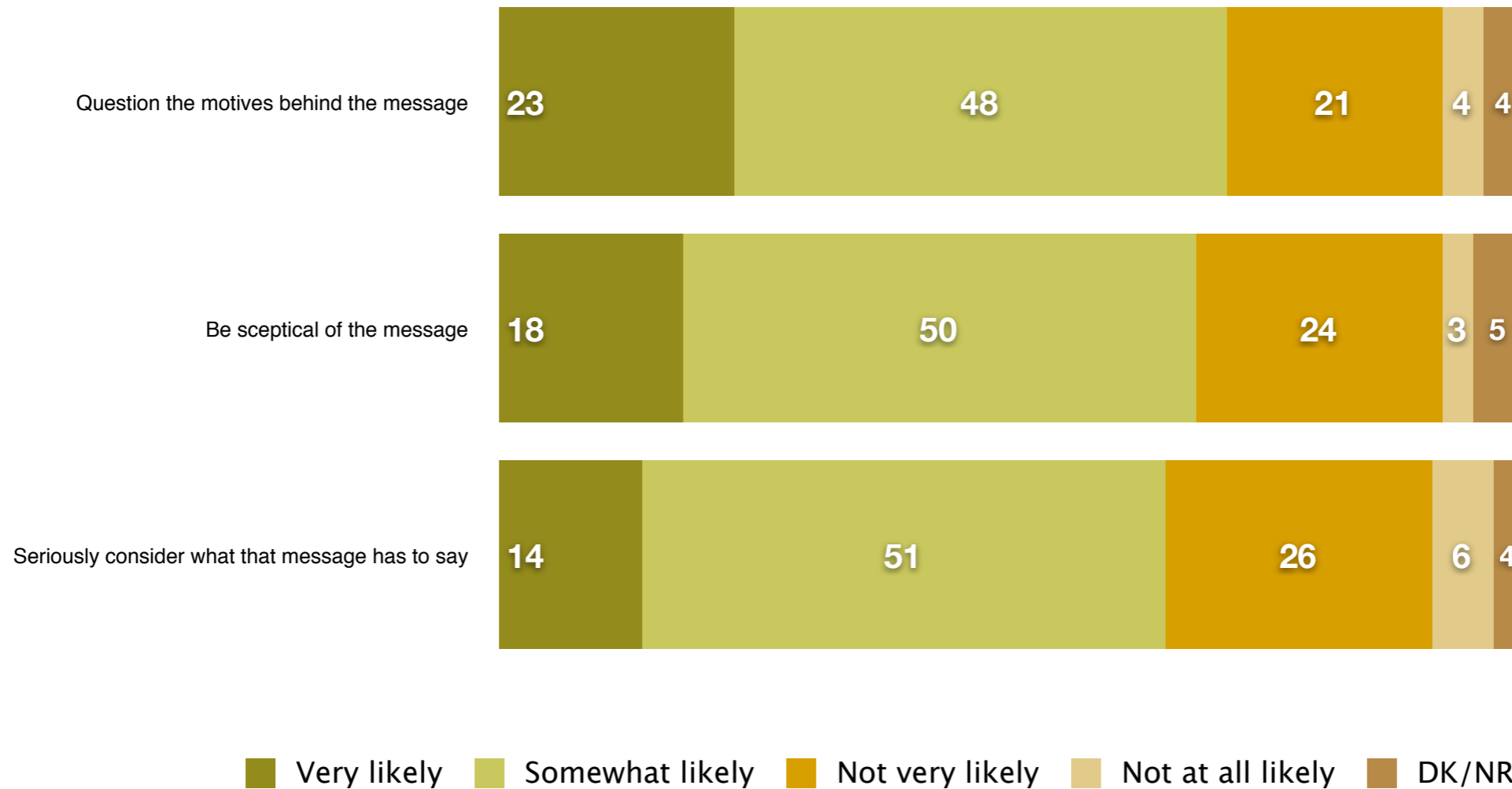
Not-for-Profit Organizations' Influence on Donating

“When you hear advertising or communications from a not-for-profit or cause-related organization encouraging you to make a donation, are you very likely, somewhat likely, not very likely or not at all likely to:”



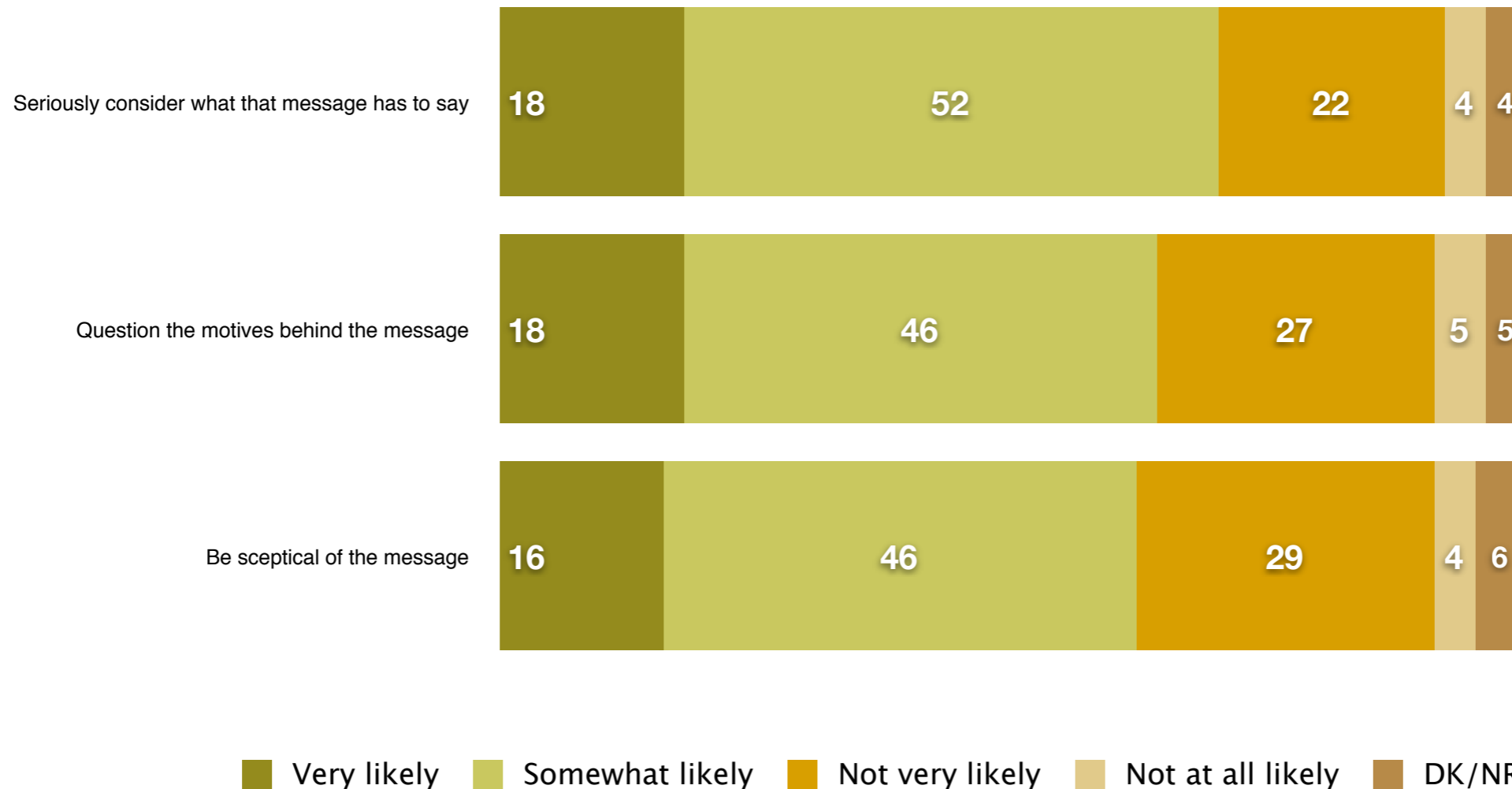
Corporation Good Business Practices Believability

“When you hear advertising or messages from a corporation informing you of its good business practices, are you very likely, somewhat likely, not very likely or not at all likely to:”



The Influence of Corporation Product Promotion

“When you hear advertising or messages from a corporation about a product or service that you are considering purchasing, are you very likely, somewhat likely, not very likely or not at all likely to:”



Influential Messaging Sources of Behavioural and Lifestyle Changes

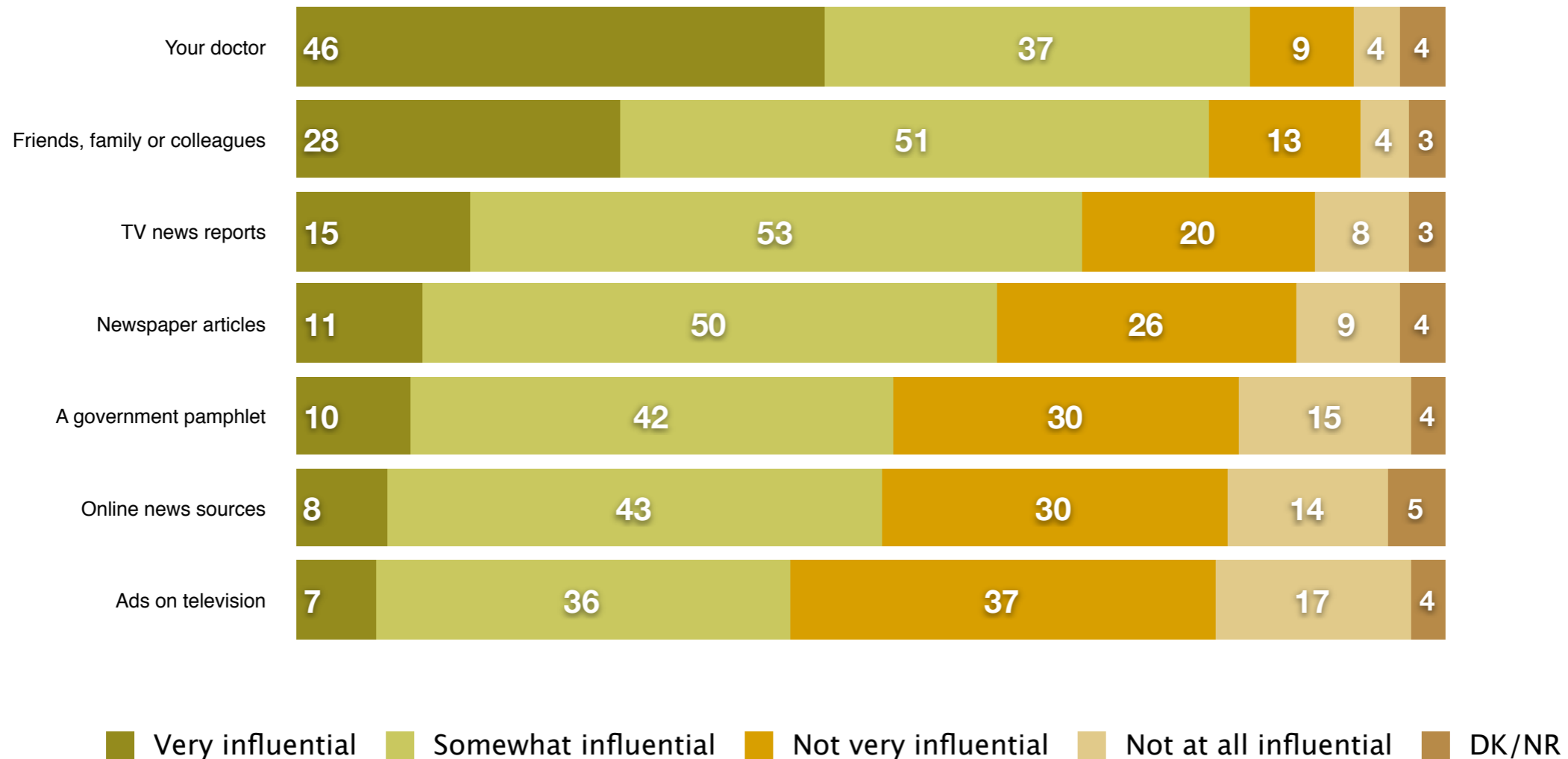
- When it comes to changing one's behaviour or lifestyle the most influential messages are those that come from a one-on-one personal experience such as friends and family or their doctor.
- Women and those 55+ are the most likely to listen to their doctors.
- People are looking for authority and trust. That is why magazine articles are more influential than television advertisements.
- Women are also more likely to pay attention to messaging in newspaper or magazine articles as well as in TV ads.
- Over half of Canadians are very or somewhat likely to be influenced by governmental messages regarding behaviour and lifestyle changes and company advertisement factors in at just under half very or somewhat likely to be influenced.

Influential Messaging Sources of Behavioural and Lifestyle Changes

- Canadians under 35, again, are the most likely to pay attention and be influenced by online sources with slightly over 1/3 of them saying that they could be persuaded to change their behaviour because of messaging from these mediums.
- Company website – 35% (very or somewhat likely)
- Social Networks – 33% (very or somewhat likely)
- Internet Ads – 33% (very or somewhat likely)
- Blogs – 31% (very or somewhat likely)

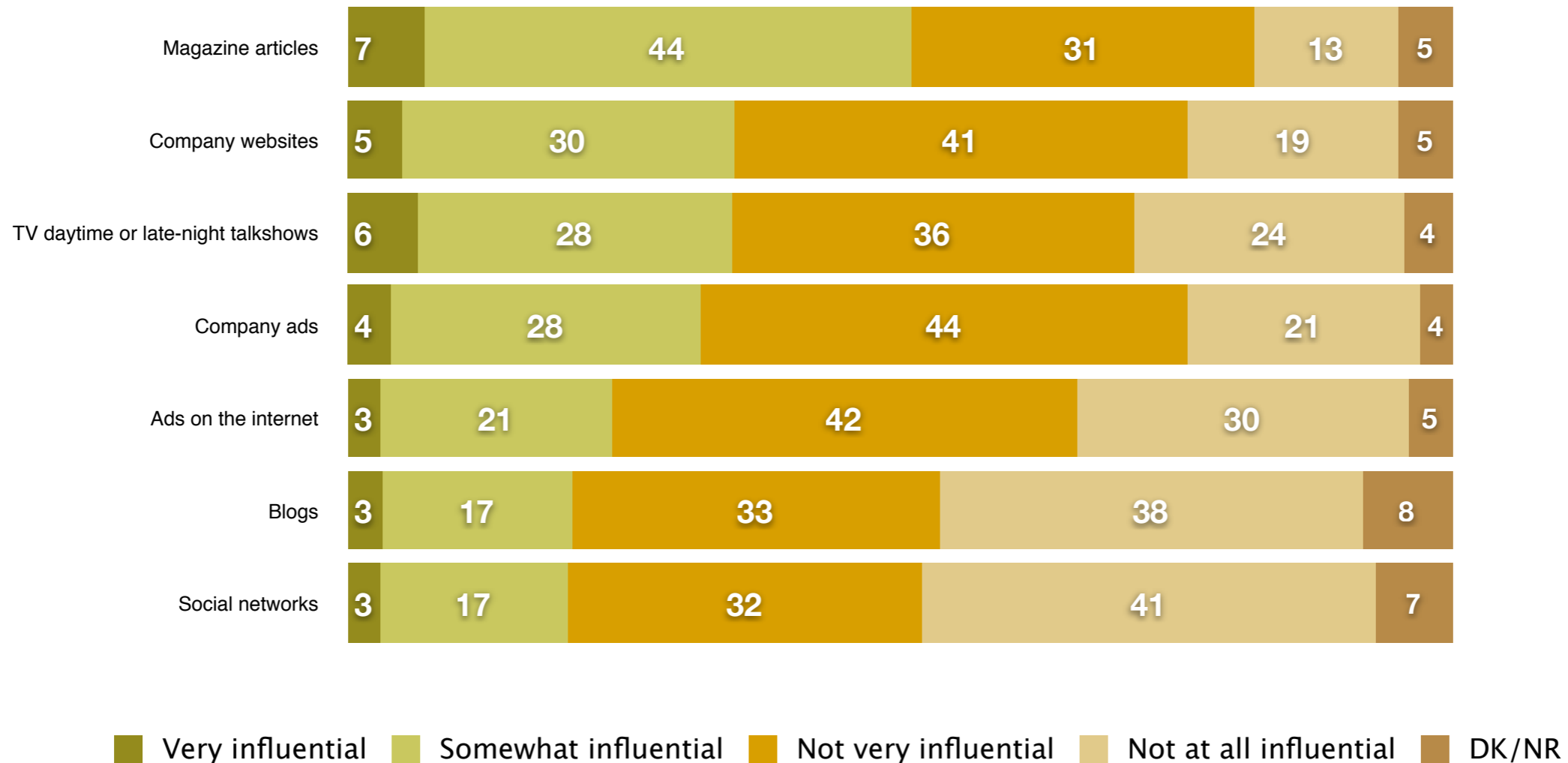
Behaviour and Lifestyle Messaging – Tier 1

“If you read or hear information about behaviour or lifestyle changes you should make, is that information very influential, somewhat influential, not very influential, not at all influential if it comes to you from:”



Behaviour and Lifestyle Messaging – Tier 2

“If you read or hear information about behaviour or lifestyle changes you should make, is that information very influential, somewhat influential, not very influential, not at all influential if it comes to you from:”



Consumer Profile Social Engagement – CSR on Cause Marketing – Men

- Even though over half of younger men (under 35) will take a company's corporate reputation into account, they are the least likely to become biased towards a brand because of it.
- Men under 35 are the least likely to be influenced by government communications regarding lifestyle changes or supporting a cause.
- Middle aged men (35–54) are the most sceptical of messaging from organizations and the government about behavioural/lifestyle changes or supporting a cause.
- They are also the most sceptical of corporate advertisements and messaging as well as not-for-profit organizations encouraging donations.

Consumer Profile Cause Marketing – Men

- Men are generally not as strongly motivated by social issues. They tend care the most about commonly touted causes such as breast cancer and environmental issues. They also place importance on lesser promoted causes such as assisting victims of domestic violence, creating safer streets and organ donation.
- Sponsoring local professional sports teams will resonate more with men under 35 than other demographic group.
- Middle aged men (35–54) care most about local efforts for the environment and local job creation.

Consumer Profile Cause Marketing – Women

- Women are particularly attentive to unfavourable corporate reputations.
- Women 55 + strongly value a company's corporate reputation and have much higher expectations of companies in that respect.
- They are also the most likely to check a company's website for their corporate policies and behaviour if they are encouraged to do so by that company.
- Women over 55 place a huge importance on the transparency of a company's operations and crisis management.
- Women are more likely than men to seriously consider changing their behaviour and lifestyle or support a cause when encouraged to do so by the government.

Consumer Profile Cause Marketing – Women

- Women under 35 are the most likely to be influenced by an organization encouraging them to support a cause whereas women 55+ are more likely to change their behaviour/lifestyle.
- Communications from a not-for-profit or cause-related organization encouraging you to make a donation are the most effective with women.
- Women are also more likely to feel that government pamphlets are important sources of information as well as magazine articles. And they highly value the opinion and advice of their doctor.
- Women are also more likely to pay attention to messaging in newspaper or magazine articles as well as in TV ads.

Consumer Profile Cause Marketing – Women

- Although finding a cure for breast cancer and environmental issues continue to resonate strongly with women they also show a particular interest in street safety, organ donation, assisting victims of domestic abuse and mental health issues.
- For women, and noticeably among those over 55, street safety, organ donation and assisting victims of domestic abuse rank high in importance and even surpass environmental issues such as climate change.

Consumer Profile Cause Marketing – Younger Generation Canadians

- Younger Canadians (under 35) are less likely to be loyal to a brand and switch if they develop a negative impression of a particular company.
 - Men <35 – 75% very and somewhat likely
 - Women <35 – 82% very and somewhat likely
- Canadians under 35 are the most likely to pay attention and be influenced by online sources (news, social media sites, internet ads, corporate websites).
- They are also the most likely to go to a company's website for information on their social responsibility/corporate citizenship and to find out what causes they are associated with.

Consumer Profile Cause Marketing – Younger Generation Canadians

- Although a company being transparent about its operations or product issues and how it treats its employees are the top mentions of good corporate citizenship for Canadians under 30 they are slightly more ambivalent than older generations.
- They are also less interested in whether a company is Canadian-owned than older generations are.
- Although people under 30 are less likely to pay attention to CSR initiatives, they have an interest in causes such as HIV/AIDS awareness, preserving the environment in wilderness areas and global poverty or assistance for victims of domestic abuse.

Consumer Profile Cause Marketing – Younger Generation Canadians

- Canadians under 30 place more importance on a company doing good works in the community than they value employee safety or community values.
- The environment, charities and education scholarships are the top ranking local good works that a company can invest in to impact the under 30 year olds.
- Canadians under 30 are the most likely to be influenced by brands that endorse organizations addressing animal and geological issues, illnesses and diseases and poverty.

Consumer Profile Cause Marketing – Older Generation Canadians

- Older Canadians – male and female – are much more likely to value corporate reputation and have a much higher expectations of companies.
- Traditional media sources such as TV news and newspapers are the most important to those 55+.
- Canadians 55+ are the most likely to listen to their doctors, value their advice and heed their direction.
- Men and women over 55 are more likely to place importance on a company that creates local employment.
- They also rank the treatment of employees as very important to their opinion of a company, especially with Canadian employees.

Consumer Profile Cause Marketing – Older Generation Canadians

- Doing local good works with the local hospital, environment and charities as well as reflecting community values becomes much more significant with Canadians who are over 55 years of age.

Consumer Profile Cause Marketing – Primary Shoppers

- A company being transparent about its operations and how it handles a recall or product issue is top of mind with Primary Shoppers when forming and opinion of a company's corporate reputation.
- Other indicators of good corporate citizenship important to Primary Shoppers are how a company treats Canadian employees, its public safety practices and measures it takes to help the environment.
- Primary Shoppers will also endorse companies who support local good works such as improving the environment in their area, supporting local charities, funding the local hospital and creating jobs.
- They also are likely to choose brands that address illnesses, poverty, environmental, animal and geological issues as well as aid victims of natural disasters, third world countries or war-torn areas.

Consumer Profile Cause Marketing – Primary Shoppers

- ‘Untapped’ causes that a company can endorse and that will appeal to Primary Shoppers are:
 - Street safety
 - Organ donation
 - Assisting victims of domestic abuse
 - Removing the stigma/treating mental health issues
 - Assistance for the homeless
 - Assistance for the physically and mentally challenged
 - Local farmers.
- Preserving the environment in wilderness areas however, does not rank high as an important cause with this group.

Conclusions

- Corporate reputation influences consumer behaviour.
- Some demographics are much more likely to be influenced than others.
- Reputation is most importantly driven by the core product attributes, by value perception, by impression of social responsibility, and by economic impact.
- Social responsibility is a stronger term than corporate citizenship is.

Conclusions

- For brand managers, there are some issues that people would like to see more profile around and effort put into
- For social marketers, there are some issues that are already approaching public saturation point and will require innovative communications
- There are also a number of social issues that few consumers really care about
- What corporations do in the community is not as impactful as whether they are transparent and accountable about product failings, treat their employees well, and protect the public interest

Conclusions

- The most persuasive activities in the community are those that relate to the charity, the environment, health care delivery, and safe streets
- People are most likely to get information about corporate behaviour from word of mouth and mainstream media news sources.
- Television advertising is relevant to most people
 - High levels of skepticism will greet most corporate advertising
- Online, including social media, impacts very few people
- Government has more ability than the NGO community to influence, either to support a cause or to change behaviour
- However, there is a significant hurdle of motivation to overcome