Source: BrandSpark International — Insights Inspiring Innovation

BrandSpark's *Annual Marketers' Survey* looks at trends in marketing tactics and media spending, as well as marketers' own attitudes to shopping and new products. The study is a companion to the annual *BrandSpark Canadian Shopper Study* that examines the changing attitudes and behaviours of household grocery shoppers.

The 8th *Annual Marketers' Survey* was conducted during March & April 2013. 483 marketers responded to the survey. Respondents were recruited predominantly from BrandSpark, CMA and MMA databases, and through CMA media properties. Seventy-eight per cent of respondents identified their field of work as marketing (vs. advertising & other categories). Sixty-one per cent of the sample is female.

The *BrandSpark Canadian Shopper Study* was conducted during November and December 2012, and included the Best New Product Awards survey. 102,000 Canadian Shoppers responded, with results weighted to the PMB profile for the Household Grocery Shopper.

Selected findings from both the marketer and shopper studies are presented.

BrandSpark Canadian Shopper Study - Selected Highlights

Innovation and New Products:

- 67% of Canadians say they are willing to pay more for a new product that is better than what is currently available.
- Canadians believe that research and development is key for new product innovation with 64% believing that 'new' really does mean 'improved' for health products, household care (59%), personal care (57%) and for food products (57%).
- Canadians still see value in trusted brand names and more than 50% will buy brand name products on sale, and 78% say that they will try the new products from the brands that they trust most.

Shopping Behaviour:

- 92% "feel proud" when they get great value for their money. They stock up on favourite products when found on sale, regularly review the weekly flyers to identify the best deals, clip coupons, collect loyalty program points, and look to lower priced private labels.
- More than 80% of Canadians reported that flyers influence which items make it on their shopping lists.
  - Overall, more than 90% of Canadians read grocery/supermarket print flyers regularly or occasionally compared to 26% for digital grocery/supermarket store flyers.
  - Among those reading both print and digital formats, 71% still prefer the print flyer format.

Source: BrandSpark, "2013 BrandSpark Canadian Shopper Study"

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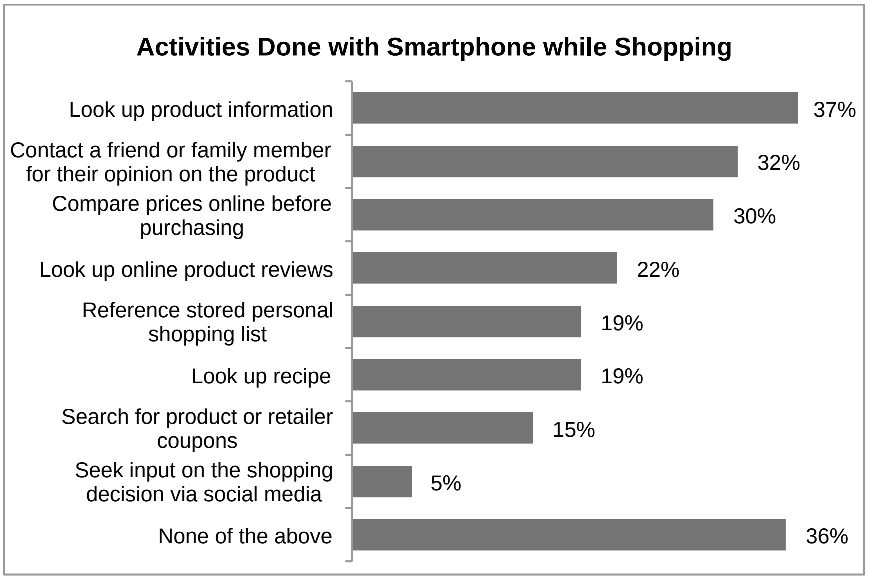
Mobile:

- 37% of shoppers with smartphones reported looking up product information on their smartphone while in store, and 22% have searched for product reviews on the spot.
  - Overall, 40% say they have made a different purchase decision because of information accessed on their smartphone while in store.

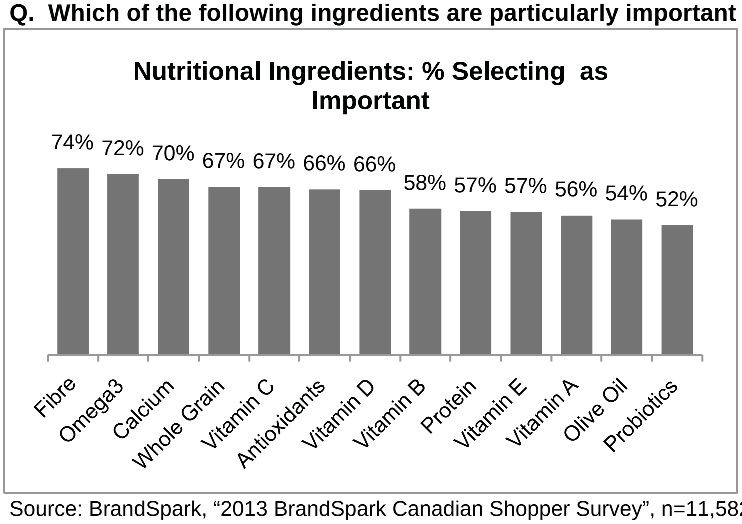


Source: BrandSpark, “2013 BrandSpark Canadian Shopper Survey”, n=5,523

Health & Nutrition:

- More than 80% of Canadians believe there is a lot they can do with food and nutrition to prevent illness while 73% report actively making changes in their lifestyle to be healthier.
- Seventy six per cent of Canadians are paying increasing attention to food labels, yet with strong consumer desire for nutritional information there still remains a gap between intent, knowledge and follow-through when it comes to nutrition:
  - 49% of Canadians know their recommended daily caloric intake but only 22% feel that they succeed following the guidelines.
  - More than 40% know their recommended daily intake of fat, protein, fibre and carbohydrates while 25% say they manage to follow their daily intake recommendations.
- The list of ingredients that shoppers consider of the greatest nutritional importance is currently topped by fibre, omega3, calcium, whole grains, vitamin C, antioxidants and vitamin D. Food product marketers have significant impact on what is top of mind for consumers regarding nutrition.

Q. Which of the following ingredients are particularly important to you nutritionally?

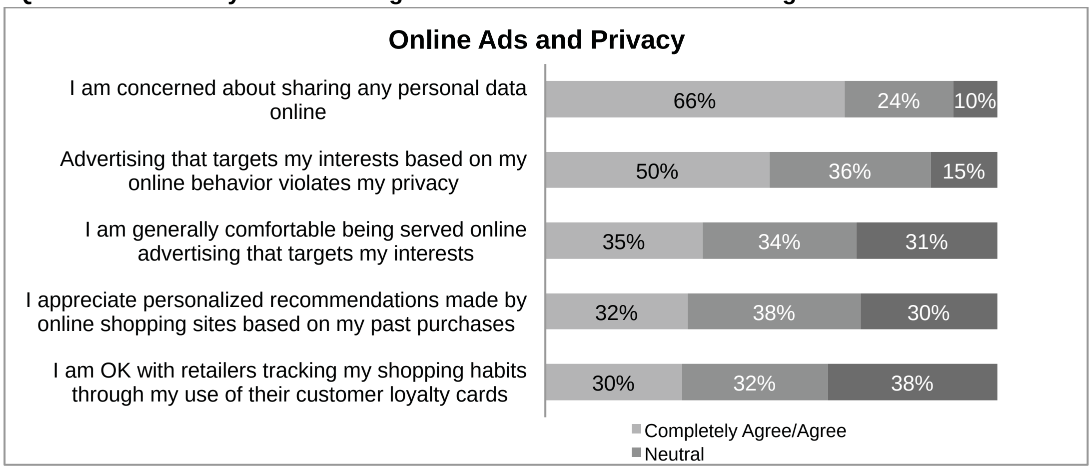


Source: BrandSpark, “2013 BrandSpark Canadian Shopper Survey”, n=11,582

Online Marketing and Privacy Concerns:

- Two-thirds of Canadian shoppers say they are concerned with sharing any personal data online and 1 in 2 says targeted ads that are based on their online behaviour violate their privacy.
- However, shoppers are split in terms of appreciating personalized recommendations based on past shopping behaviour: 31% agree they appreciate, while 30% disagree and 38% remain neutral.

Q. Please indicate your level of agreement with each of the following statements:



Source: BrandSpark, "2013 BrandSpark Canadian Shopper Study", n=11,634

Marketers' Survey Highlights

- Marketers are looking to implement online marketing (90%), social marketing (85%), and mobile marketing strategies (69%) in 2013 - and many are planning to further leverage mobile technology in ads.
- With much focus on new media, many of the perceived top ROI performers are traditional media and promotions. Marketers are more likely to say that the ROI is unclear for new media channels including social, mobile, online video and marketing automation, than for other channels.
- Ensuring creative 'resonates with the target market' and 'maximizing ROI' are the most important issues marketers face (93%), followed by 'ensuring that their brand is well positioned for growth' (92%) and that 'the brand website is relevant to consumers' (90%)

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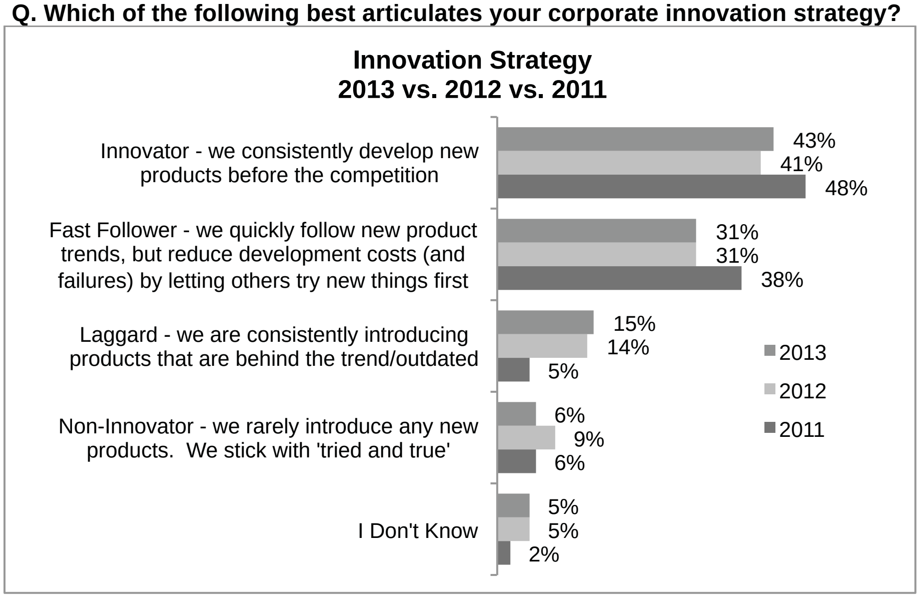
Innovation

Marketers are optimistic about the current business environment with 30 per cent expecting things to get better, and only 9 per cent expecting it to get worse. Across industries companies are looking to produce innovative products or services, with 74 per cent of respondents saying their companies would be developing new products in the coming year. Four in ten believe that their company is an “Innovator”. Three in ten see their company as a “Fast Follower”, while the remainder say “Fast Follower” or “Laggard”.

Q. Which of the following best articulates your corporate innovation strategy?

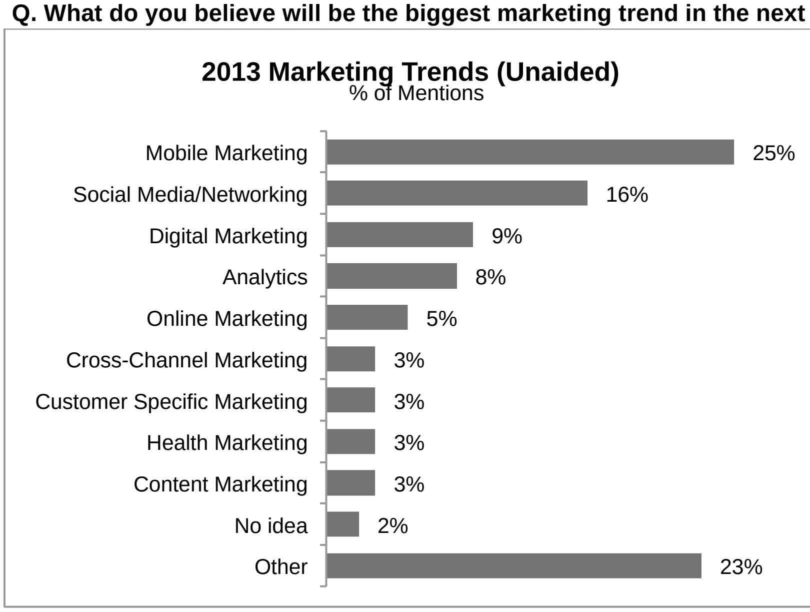


Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013
2013, n=544; 2012, n=273; 2011, n=201

Top Marketing Trends

Mobile and social media are perceived by marketers as the top marketing trends in 2013. Marketers cited mobile because of the increasing spend on the channel, but also because they see it as a driver of changing behaviour (“everything is now done from your smartphone”) and a generator of better consumer data (“greater consumer tracking”).

Q. What do you believe will be the biggest marketing trend in the next 12 months? (open end)



Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013,
Open ended, n=368 (Respondents had multiple responses)

Marketing Strategies

The top tactics for the next twelve months based on intent to implement are online marketing, developing social marketing programs, adding innovations to existing products, and developing new products. The percentage of marketers intending to implement a social marketing program has grown significantly over the years.
Looking at the top perceived trends; mobile and social marketing, we see that for mobile just 15 per cent have a strategy in place vs. 53 per cent who plan to implement, while for social marketing 32 per cent already have a strategy in place.

Q. Which of the following marketing strategies will you be implementing in the next 12 months?

Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013, n=366

Mobile Marketing Strategies

Nearly 6 in 10 marketers are either in the nascent stage of their mobile marketing strategy or mobile marketing is still not a priority to them. Just 12 per cent say that mobile marketing is a priority and is integrated with marketing goals.

Q. Which of the following best describes how your company uses mobile marketing currently?

Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013, n=396

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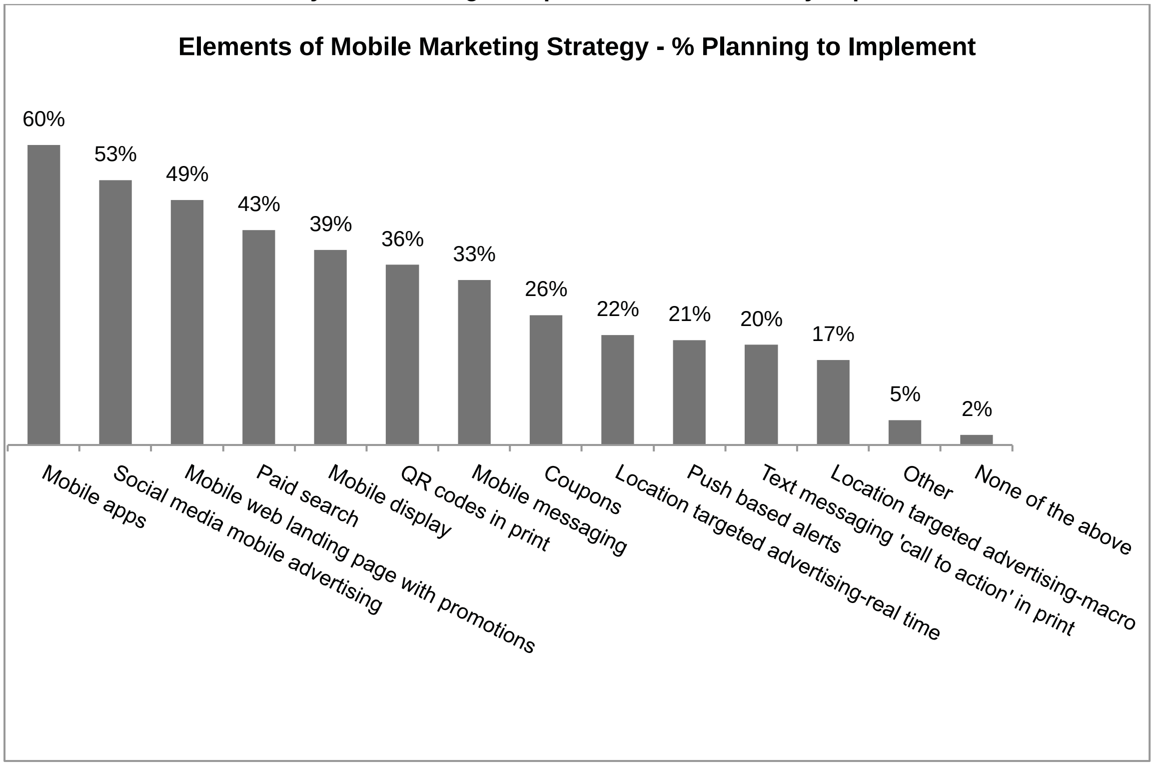
The top mobile marketing tactics identified by marketers either planning to implement a mobile strategy or those with a strategy in place are: developing mobile apps, social media mobile advertising, and developing mobile web landing pages with targeted promotions.

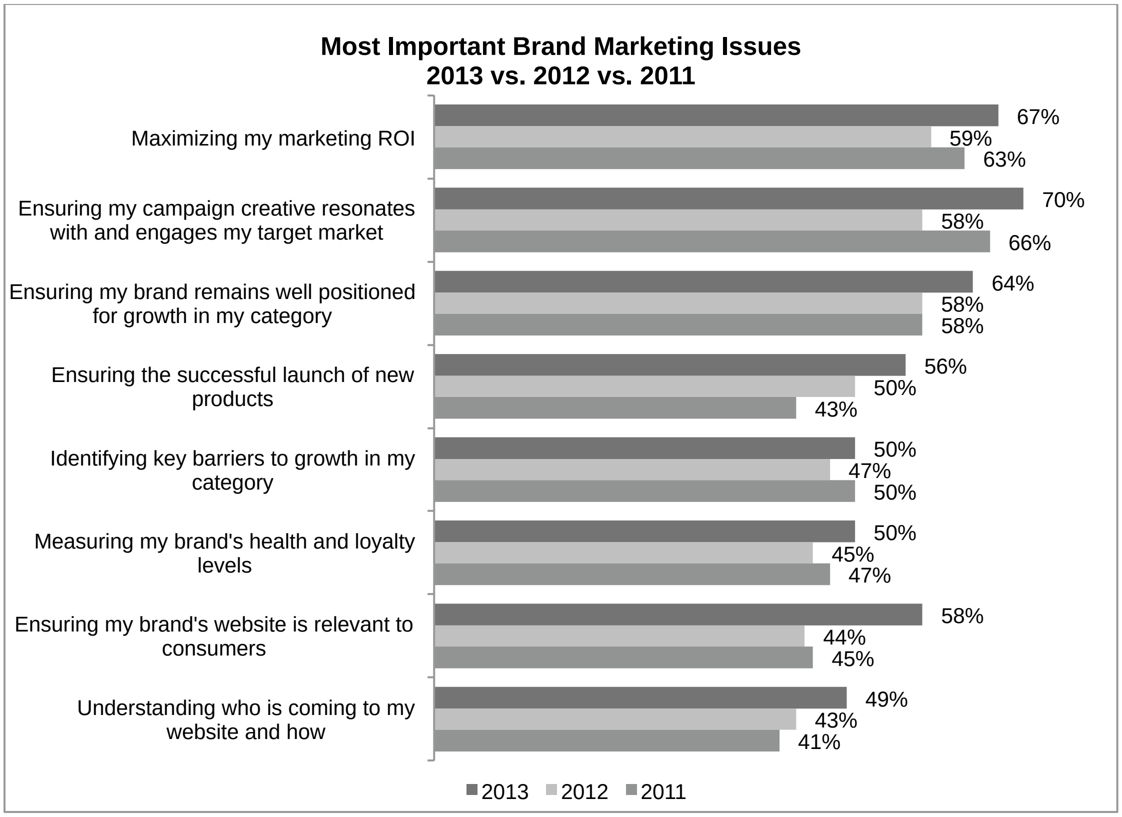
Q.You indicated that you will be implementing a mobile marketing strategy or already have one in place. Which of the below elements will you be looking to implement or have already implemented?



Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013
n=237

Brand Marketing Issues

Ensuring campaigns “resonate with the target market”, that the “brand remains well positioned for growth” and “maximizing ROI” have remained the top brand marketing issues for the past three years.
“Ensuring my brand’s website is relevant to consumers” greatly increased in importance since with 58 per cent citing it as important compared to 44 per cent a year earlier; brand sites are increasingly seen as a core component of a brand’s online, mobile and social strategies.



Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013
2013, n=475; 2012, n=217; 2011, n=201
Note: Question asked differently in 2013. It was a multi select last year and this year the question was rated on a five point scale. 2013 data shows % very/somewhat important.

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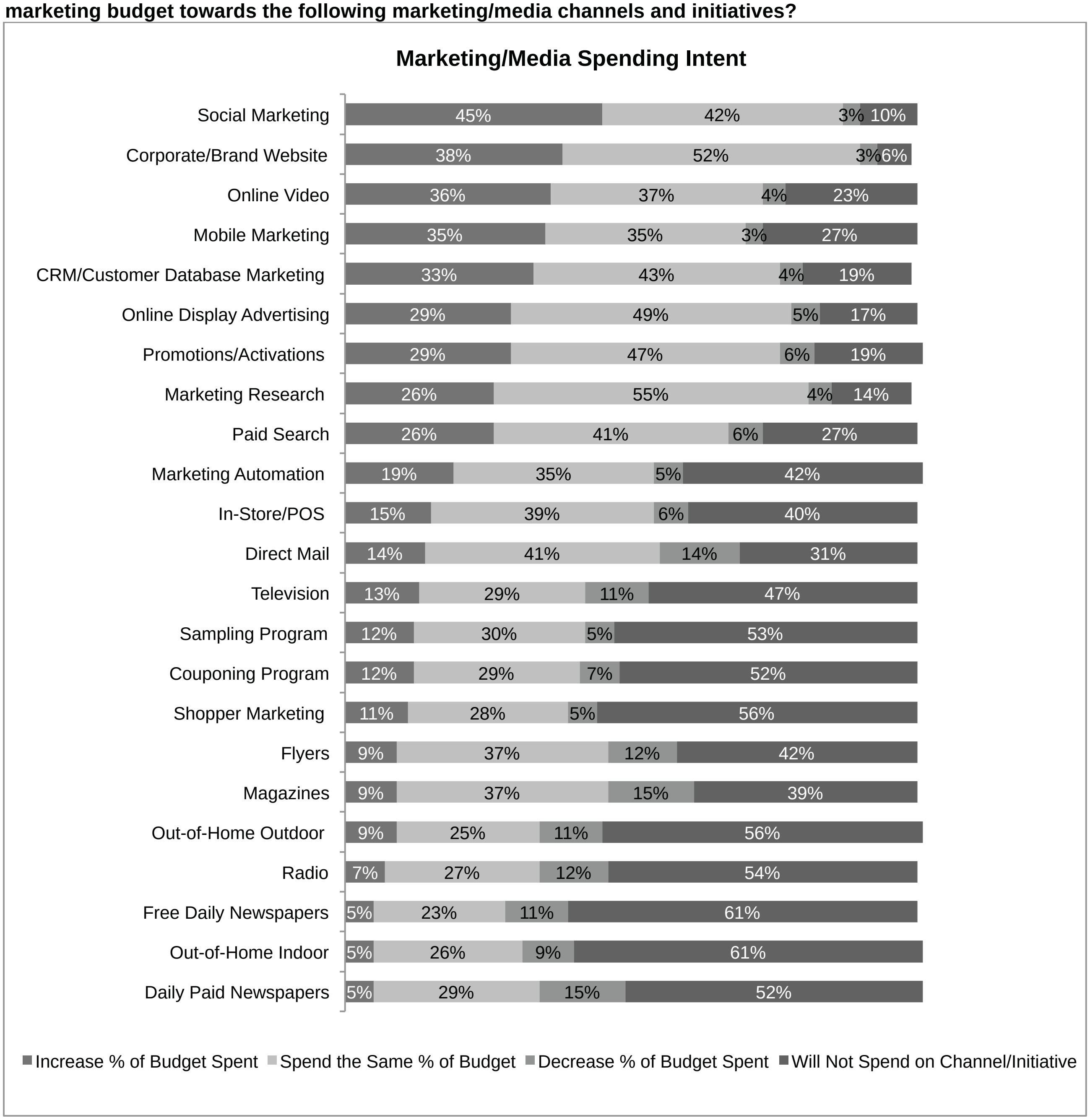
Media Spend Habits

While marketers may over-estimate the degree by which they'll increase spend on the newer channels that are getting much of their focus, marketers plan on spending more on social networking, brand websites, online video and mobile over the next 12 months. Though most expect to maintain spend, relatively larger portions of marketers expect to spend less over the next 12 months on several traditionally important channels: newspapers, flyers, out-of-home, magazines and radio.

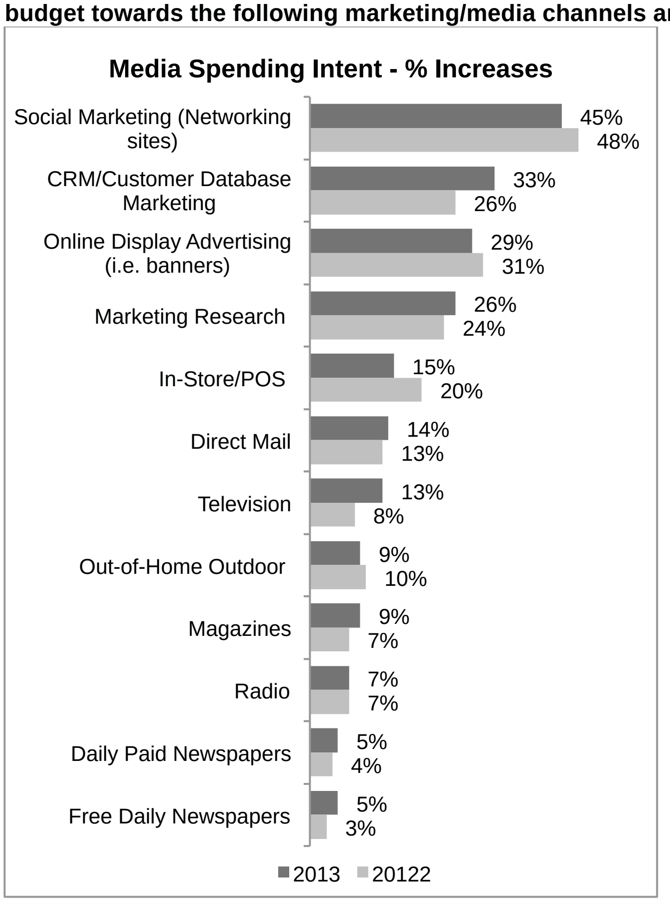
Q. Over the next 12 months, do you expect to spend more, spend less, or spend the same amount of your total marketing budget towards the following marketing/media channels and initiatives?

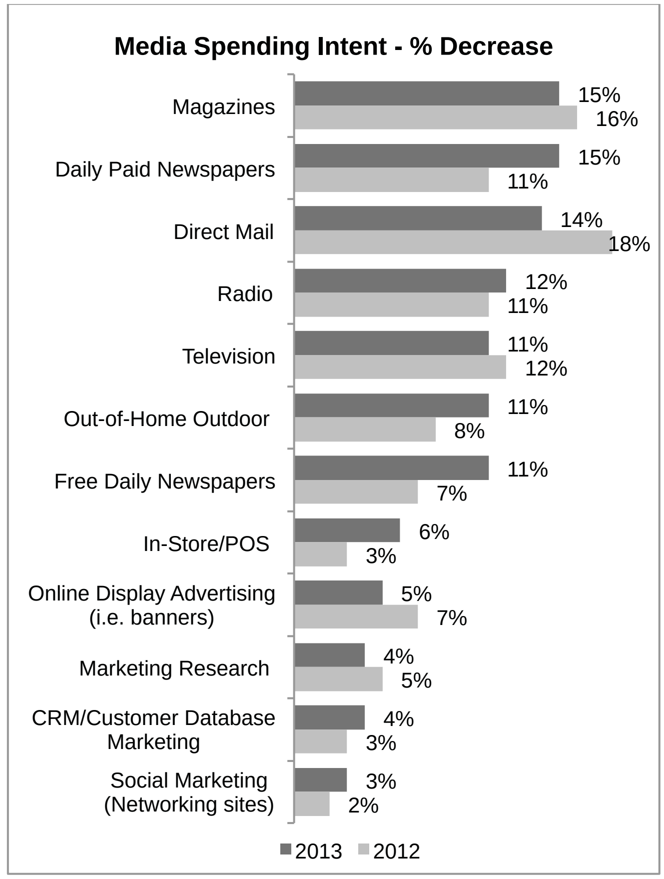


Source: BrandSpark, "2013 BrandSpark Canadian Marketers Survey", July 2013
n=329

A year-over-year view of spending intent shows a continued increase in spend allocation (25% or more) on the following: social marketing, CRM and customer database marketing, online display and market research. Marketers indicate they will decrease spend on direct mail spend (though less so than in 2012), newspapers, out-of-home outdoor, magazines and radio.

Q. Over the next 12 months, do you expect to spend more, spend less, or spend the same amount of your total marketing budget towards the following marketing/media channels and initiatives?



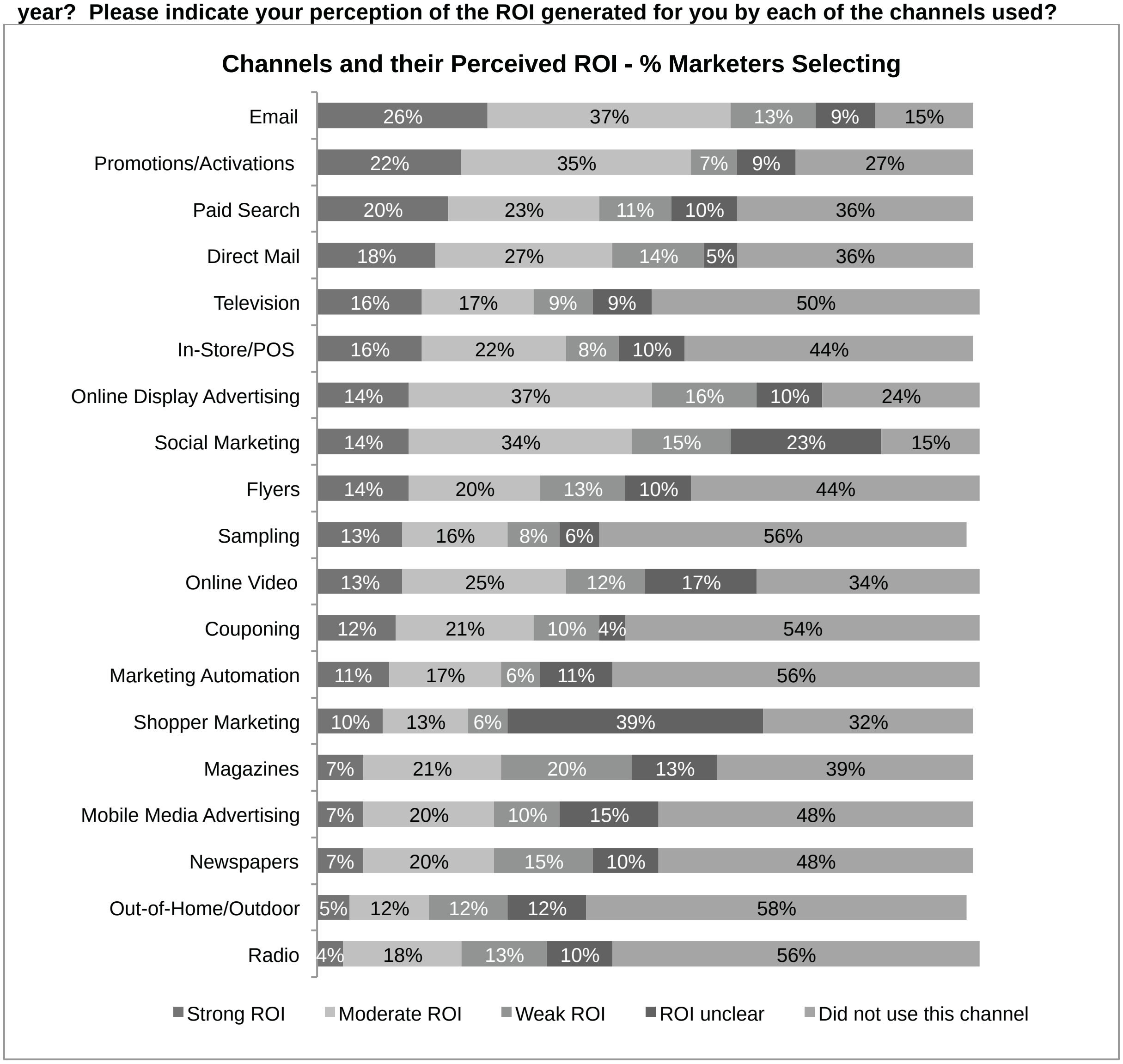


Source: BrandSpark, "2013 BrandSpark Canadian Marketers Survey", July 2013
2013, n=329; 2012, n=233

Media ROI Perceptions

Email is perceived by many marketers to have the strongest ROI, followed by promotions, paid search, direct mail and Television. Radio and OOH are perceived to have the weakest ROI.
While generally positively disposed to shopper marketing and social marketing tactics, marketers consider the ROI most unclear for these channels.

Q. Which marketing activities do you believe generated the greatest return on investment for your company last year? Please indicate your perception of the ROI generated for you by each of the channels used?

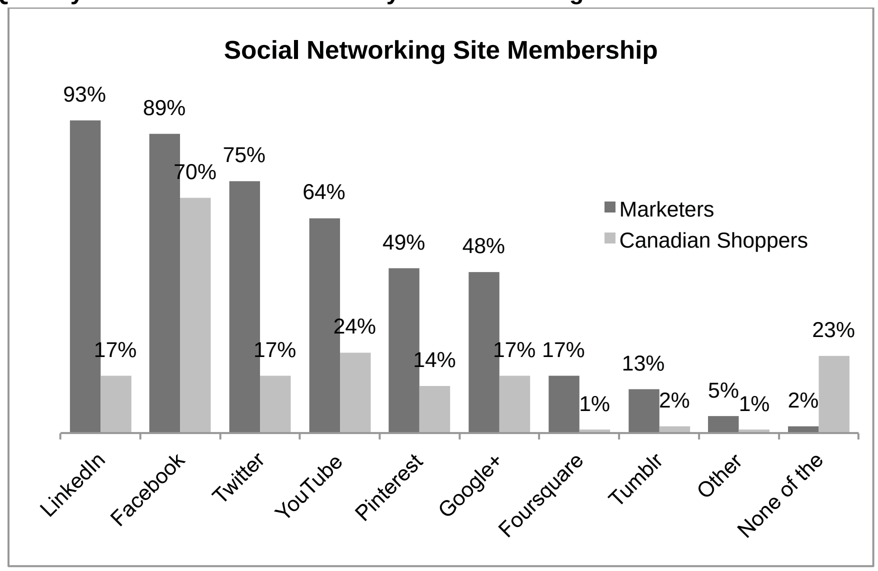


Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013
n=397

Canadian Marketer vs. Shopper Comparison

Marketers' presence on social networks far over-indexes against shoppers, particularly on LinkedIn and Twitter. Despite that, consumer usage of Twitter, YouTube, Pinterest and Google+ are significant, though far below that of Facebook.

Q. Are you an active member of any of the following online social networks?

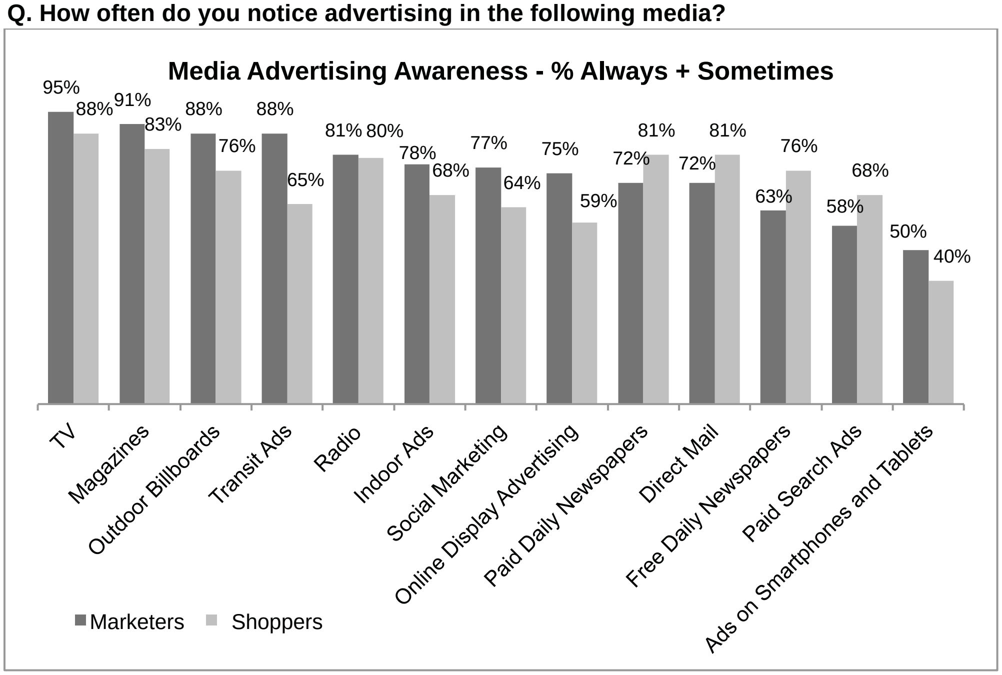


Source: BrandSpark, "2013 BrandSpark Canadian Marketers Survey", July 2013
Marketers, n=387; Canadian Shoppers, n=11,785

Media Advertising Awareness

Marketers' perception of how often they notice ads by channel is very similar to those of shoppers. Marketers are more likely than shoppers to notice ads in social media and out-of-home, particularly transit ads, and are less likely to notice ads in newspapers, direct mail and paid search ads.

Q. How often do you notice advertising in the following media?



Source: BrandSpark, "2013 BrandSpark Canadian Marketers Survey", July 2013
Marketers; n=387, Canadian Shoppers; n=13,056

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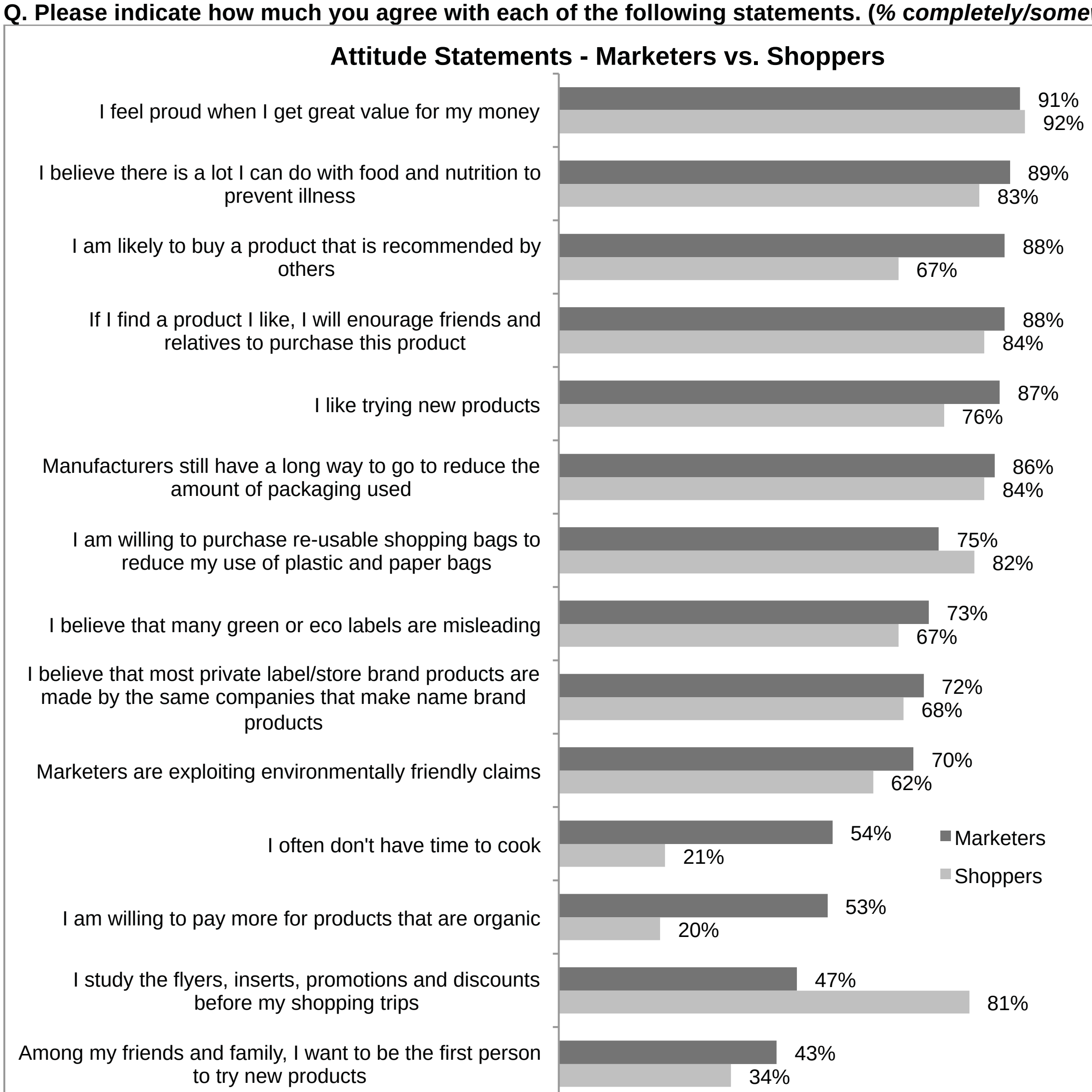
Attitude Statements - Marketers vs. Shoppers

Marketers are more likely to buy products based on the recommendation of others than are shoppers and even more likely to believe that store brands are made by the same manufacturers as brand names. Marketers are much less likely than shoppers to study the flyers and other promotions before their shopping trips and are often in the minority of Canadians for whom saving time is a priority over product value for money.

Q. Please indicate how much you agree with each of the following statements. (*% completely/somewhat agree*)



Source: BrandSpark, “2013 BrandSpark Canadian Marketers Survey”, July 2013
Marketers, n=389; Shoppers, n=11,500