2011 BrandSpark Canadian Shopper Study
OMAC Webinar Summary

April 26, 2011

BrandSpark International's Best New Product Awards (BNPA) is one of the largest North American consumer survey programs focussed on new product development and innovation. Now in its' 8th year, the study surveyed more than 36,500 Canadian consumers, uncovered key findings including consumers' increased desire for organic options in health, beauty and household products; consumers' lack of faith in private label beauty products, and trends driving consumer interest in food and beauty products. The study is also used to compile the winners of the 2011 Best New Product Awards where consumers voted upon 169 products in 55 product categories.

The study is conducted in conjunction with SSI (providing high quality respondents), IMI (Best New Product Awards winner determination), Confirmit (software and reporting tools) and Laurier Business & Economics (analysis partner).

2011 Canadian Shopper Trends

Recession Impact:

Canadians are more optimistic that the economy is improving but still looking to spend less

"We can see the lingering impact of the recession as Canadians continue to look to save money and spend less," says Robert Levy, President of BrandSpark, "even so, the vast majority of Canadians (72%) still like trying new products. Finding new products that deliver on their promises is more important than ever, with shoppers demanding greater value for money but 2 in 3 still willing to pay a little more for new products that improve on current options."

- 54% of Canadians believe that we are still in a recession versus 77% of Americans.
- 30% of Canadian shoppers say they will spend less on everyday groceries in the next 12 months compared to only 10% of American shoppers.
- Despite the recession, 72% of Canadians still like to try new products, an increase from 65% in 2010.

Private Label Products:

Canadian's belief in private label food & beverage products does not translate to beauty products

"Understandably Canadians want more value for their dollar," says Levy, "and many continue to turn to private label or in-store brands to deliver, with 64% considering them great value for money. However, the top established brands still enjoy greater consumer trust and 68% of Canadian shoppers prefer to purchase brand name products when they are on sale than to purchase private label."

- 85% of Canadian shoppers purchase private label, or store brand, products. Over 90% have purchased private label food products, but only 26% have purchased store brand beauty products in the past year.
- Consistent with last year, 64% of consumers believe that private label brands are usually extremely good value for money.
- 67% of Canadians believe that the same manufacturers as brand name products often make private label products; however 68% of Canadians prefer to purchase brand name products when they are on sale versus private label products.
- Consumers' private label beliefs in the Food & Beverage category does not translate to Beauty products with only 40% of Canadians believing that private label beauty products are just as good as brand name; as opposed to the 60% of Canadians who believe that private label food, household and over-the-counter health care products are just as good as their brand name counterparts.
- Some products and brands have greater resilience to brand switching than others: peanut butter and macaroni and cheese are two sub-categories where the strength of the top brand name (Kraft) has resisted private label incursion.

Most Trusted Brands:

On crowded retail shelves, with 1000s of new products launched each year, building and leveraging trust in your brand is key.

The top three trusted brands by category:

Food: Kraft, President's Choice, and Campbell's.
Household Cleaner: Mr. Clean, Lysol, and Hertel.
Health: Tylenol, Jamieson, and Life Brand.
Beauty: Olay, Dove, and L'Oreal.

Brand trust depends on consistent satisfactory performance of a brand's products, but the brands ranked as 'most trusted' also benefit from family tradition: consumer responses revealed the huge influence of mothers in establishing their children's brand preferences.

Brands can build trust through displaying empathy with shoppers: Quaker, Kellogg's, and Campbell's and Tide all move higher in rank when looking at empathy, just as all of these brands promote clear and simple benefit messages, around health and effectiveness, for their products.

Early Adopters

BrandSpark classifies 28% of Canadian shoppers as Early Adopters: more likely to try and recommend new products.

The Early Adopter population is similar to the overall population of shoppers in terms of gender, but is more likely to include members under 50, and particularly over-indexes among shoppers 18-34 years of age.

- 99% of Early Adopters agree that they "like trying new products" compared to 72% of Canadian shoppers overall.
- 89% agree that they "actively look for new or different products" compared to only 40% of Canadians overall.
- Early Adopters spend more than half their weekly time outside of the home. They are frequent visitors to restaurants, shopping malls and other outdoor locations. They are a mobile target and are more likely to use transit and try samples than Canadians overall.

Food Trends:

Health touches on all the top trends in food, including local foods, natural ingredients, low sodium/cholesterol/fat, and organics.

"Healthy living is still an important concern for Canadians," says Levy. "Consumers want products with added health benefits and they are willing to pay more for them. We are seeing an increased importance in 'all-natural' and organic foods as both categories continue to trend up."

Health and Nutrition

- 87% of Canadians, believe that "there is a lot I can do with food and nutrition to prevent illness", consistent with last year.
- 3 in 4 Canadians are paying more attention to food labels and are trying to eat healthier snacks.
- Only 20% agree that they "are well informed about nutrition."
- 76% percent are concerned about their sodium intake, up from 67% a year ago.

Natural and Organic Foods

- 2 in 3 Canadian consumers believe that "it is important that a new food or beverage product is made from all-natural ingredients".
- This year, slightly more Canadians find it more important that a product is natural than organic, 50% for 2011 versus 45% as reported in 2010.
- 25% of Canadians believe that it is important that a new food product they purchase is organic.
- The average shopper who has purchased organic foods is only willing to pay a 10% premium on most organic food products.

Local Foods

- 60% of Canadian shoppers indicate that they "try to buy foods that are local" with most of these shoppers indicating that they are buying local more than a year ago.
- Most define "local" as within their home province.
- Shoppers purchase local foods to help the local economy as well as to realize taste and quality benefits related to freshness.

Convenience

- Only 36% of Canadians agree that they are "often time starved" and even fewer feel that "planning meals in a chore."
- Convenience is important, but is only a top driver for a minority of shoppers.

Health and Beauty Product Trends:

Just as shoppers look to natural ingredients in food, they look to reduce chemicals in their beauty products.

Chemicals in Skin Care

- 56% are concerned about chemicals in their skin care products.
- Nearly half of category shoppers feel that they have sensitive skin, but few are under care of a dermatologist, so review of product claims and sampling are important to many shoppers when selecting skin care products.
- It is important to over 60% of category shoppers that skin care products have been dermatologist tested and 60% say it is important that they are able to sample the product before purchase.

Media:

Just as shoppers look to natural ingredients in food, they look to reduce chemicals in their beauty products.

Attention Paid by Channel

- TV is the most attention grabbing channel with 80% of shoppers indicating they pay attention to ads seen there, including 90% of Early Adopters.
- Direct mail, magazines, OOH and newspapers follow in ranking.

Social Networks

- While much is made of the thousands of social media websites around, Facebook dominates the social media universe and must be the social media starting point for any brand: two-thirds of shoppers are on Facebook.
- 38% of shoppers admit to paying attention to ads on social networks, but this increases to 75% of Early Adopters.

Out-of-Home Channels

- The active lifestyles of PGS and Early Adopters provide unique opportunities to integrate mobile marketing, social media and OOH channels.
- Billboards along with ads in shopping malls and restaurants have the greatest reach among OOH channels.
- Ads within medical clinics, health clubs, bars, and on campus can be effective in reaching specific demographic and lifestyle targets.

Mobile Media and Smartphones

- One in five Canadian shoppers owns a smartphone, but the number of owners continues to grow quickly.
- 56% of shoppers who own a smartphone are interested in receiving discount coupons on their device.
- Quick response codes, or QR codes, are familiar to almost 40% of shoppers, including 59% of smartphone owners.

The Top 2011 Best New Product Award winners are:

- Best in Food & Beverage Category and Best in Show: **Europe's Best Antioxidant Fruit Blend**
- Best in Health & Beauty Category: **Trojan Fire & Ice Condoms**
- Best in Household Products Category: **Arm & Hammer Double Duty Cat Litter**

For a complete list of winning products, please visit www.bestnewproducts.biz.

BrandSpark International

The call for 2012 Best New Product Award entries is on. Please contact:

Kim Diamond, Canadian Program Manager at kdiamond@bestnewproductawards.ca

Danielle Wallace, VP Best New Product Awards, US Program Manager at dwallace@bestnewproductawards.com

About the 2011 BrandSpark Canadian Shopper Study

The 2011 BrandSpark Canadian Shopper Study presents the results of BrandSpark's 8th annual grocery shopper trends and behavior survey. More than 36,500 respondents, including 10,700 in Quebec, contributed, with data weighted to the Print Measurement Bureau principal shopper by gender, age and region: 64% female, 48% under 50 years (weighted to four ranges), 31% Quebec and 69% English Canada (weighted to exact proportions for West, Ontario, and Atlantic). Data was collected from November 8th to December 10th 2010.

About BrandSpark International

BrandSpark International is an independent marketing research and branding strategy firm with a focus on brand positioning, media optimization, new product innovation, and consumer segmentation and trends. BrandSpark helps leading North American and global brands by delivering actionable consumer insights that help them develop and optimize their strategic priorities.

BrandSpark developed the ***Best New Product Awards***, North America's premier consumer awards program focusing on everyday packaged goods products in the food, health and beauty and household areas.

www.BrandSpark.com

For more information on BrandSpark or the Canadian Shopper Study please contact:

Philip Scrutton, Research Manager, Consumer Insights | 647-727-3590 | pscrutton@BrandSpark.com

Robert Levy, President | 647-727-4576 | rlevy@BrandSpark.com

About OMAC

OMAC (omaccanada.ca) is responsible for promoting the benefits and effectiveness of out-of-home media to advertisers and advertising agencies. OMAC seeks to develop and implement new initiatives that serve as a resource to the industry and increase understanding of out-of-home media.

OMAC members include Astral Out-of-Home, CBS Outdoor, Lamar Transit, Metromedia Plus, Newad, Pattison Outdoor, Titan 360 and Zoom Media. OMAC members support the communities they do business in by donating more than $10 million annually in advertising space for charities and non-profit organizations.

For more information please contact:

Rosanne Caron
President
OMAC
rcaron@omaccanada.ca
416.968.3435 x108