

Ad Standards Research

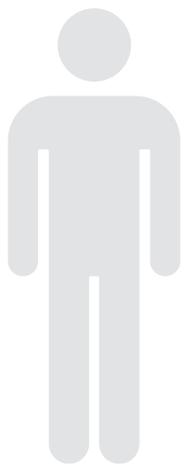
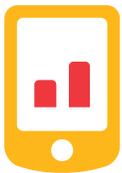
Consumer Perspectives on Advertising 2017



Highlights

General Perceptions of Advertising

- Consistent with previous research findings, Canadians continue to find value in advertising, have a favourable impression of advertising and a majority find it helpful. In fact, in 2017, more consumers have a favourable impression of advertising (76%) and find advertising helpful than in previous years (65%).
- Fewer Canadians (39%) reported seeing advertising they found unacceptable than in previous years, and fewer (47%) reported they stopped purchasing a product as a result of unacceptable advertising. Those saying they have seen unacceptable ads report seeing them most often on TV, Facebook, on a website or on YouTube. Among Millennials, the most frequently cited media was different, with Facebook cited more often than TV. The top reasons stated for finding advertising unacceptable was that it is misleading or manipulative. Consistent with previous years, Canadians find advertisers and their agencies to be most responsible for the advertising they find to be unacceptable.
- As in previous studies, comfort levels with truth and accuracy continue to be higher for ads in traditional versus digital media. However, Millennials reported significantly higher comfort levels with ads in digital media than did the general population.



Trust in ads reflects content quality

Consumers' trust levels in advertising reflect their assessment of the content produced by the platform/channel hosting that advertising. Higher levels of trust were found for ads and content in traditional media channels and the digital versions of traditional media channels. Lower trust levels were found for ads and content on social media channels or digital-only media channels.

Impact of "Fake" News

- While only 20% of consumers report that much of the news they read is "fake", 51% believe there is room for the Internet to be regulated to ensure accuracy of content. However, there are mixed signals about whether the government should regulate it

Focus on Several Digital Advertising Practices

This study focused in particular on consumer perceptions regarding several online advertising practices that are currently hot button issues with consumers. These practices include **influencer marketing** (products promoted on blogs, etc.), **drip pricing** (the addition of unexpected charges at the checkout), **astroturfing** (fake reviews presented as real impartial opinions) and **native advertising** (paid content that matches the look and feel of editorial content).

- Most consumers (72%) report being familiar with drip pricing, while about half of consumers are familiar with influencer marketing (48%), astroturfing (57%) and native advertising (48%).
- While few consumers found any of these practices to be completely acceptable, influencer marketing was the most acceptable (26%) of the four. Millennials particularly found influencer marketing to be acceptable, with 41% of saying it was acceptable.
- Few consumers found that these practices make them more likely to buy a product. Among Millennials, however, a majority (52%) report that they would be open to purchasing a product based on influencer recommendation.

Drip Pricing

- Most consumers (75%) report that drip pricing reduced trust for the advertiser of the product or service.

- There is near consensus (72%) that there should be rules to prevent drip pricing.

Astroturfing

- The vast majority (90%) of consumers report that fake reviews reduced trust in the company if it engaged in false reviews. Consumers are unsure whether most online reviews are real or fake and one third say they will still buy a product even if they have seen fake reviews for it.
- While just under half of consumers (43%) find online reviews important to their online purchasing decisions, a large majority (75%) think there should be rules to prevent fake reviews.

Native Advertising

- Most consumers said placing advertising that looks like news stories on news websites would make them much less trusting of both the company doing the advertising (58%) and the news website itself (50%). One in five Canadians agreed they often click on ad links expecting news stories.
- Most consumers (68%) strongly agree that news websites should have rules to ensure ads don't look the same as content.

Influencer Marketing

- Most consumers (76%) believe influencers are often, or always, compensated for promoting or reviewing a product. Respondents are much more likely (44% vs 8%) to find influencer marketing acceptable if they disclose that they are compensated. A majority (67%) say they have not purchased a product as a result of influencer recommendation, and most (60%) would not do so in the future. Almost a quarter (22%) have made purchases based on influencer

recommendation and 29% indicated they would purchase based on such a recommendation the future. In contrast, for Millennials, 56% said they had not made purchases based on influencer recommendation, and 38% would not in the future. 32% said they have made purchases based on influencer recommendation and 52% said they would in the future.

- A vast majority (70%) think it is important for there to be rules and regulations around disclosure of compensation for influencers.



Advertising Self-Regulation and Ad Standards

- Canadians (93%) agree that it is important to have rules and regulations for advertisers.
- The vast majority of Canadians (76%) think that rules and regulations already exist for advertising in general, but were less sure (59%) that the same exists for online advertising. Most Canadians (69%) believe that digital advertising should be just as regulated as traditional media and some (23%) believe that it should be more regulated.
- Awareness of both Ad Standards and the *Canadian Code of Advertising Standards* increased from 2016 to 2017 and is now at more than 50% of the population.
- Ad Standards membership strongly correlates to an increase in trust for an advertisement. 85% respondents (up from 76%) say that they would be more likely to trust an advertisement if they knew the advertiser was a member of Ad Standards.



About this Study

Conducted in 2017 by The Gandalf Group with a representative sample of 1,526 Canadians, this research continues Ad Standards' probing into consumer perceptions about advertising. This year, in addition to general views on advertising and perceptions of truth and accuracy of advertising across media types, we examined Canadians' perspectives on digital advertising, and compared Millennials to the general population.

About Ad Standards

Ad Standards is the national, independent, not-for-profit advertising self-regulatory body. We are committed to fostering community confidence in advertising and to ensuring the integrity and viability of advertising in Canada through responsible industry self-regulation.

About The Gandalf Group

The Gandalf Group is a Toronto-based consulting firm that provides expertise in public opinion research, strategic communications and issues management.

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