

DIGITAL ADVERTISING – CANADA – 2023

Ditch the Photoshop? Canadians look to digital ads to inform them of products, services and discounts, but are dissatisfied with brands' transparency in their ads.



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Digital Advertising - Canada - 2023

This report looks at the following areas:

- What tech devices Canadians are using to see digital ads and how long they spend on them
- What types of content consumers are watching that could expose them to ads
- How Canadians are responding to digital ads
- What makes for a positive ad experience
- What inspires consumers to click on ads
- Attitudes toward (digital) advertising



Ditch the Photoshop?
Canadians look to digital ads to inform them of products, services and discounts, but are dissatisfied with brands' transparency in their ads.

Overview

Despite 85% of consumers agreeing that they would opt to skip digital ads if given the option, 74% agree that advertisements are great ways to learn about new products. Furthermore, 41% of Canadians have purchased a product after seeing it on a TV show or in a movie and 72% prefer when online ads are tailored to what they are personally interested in.

In our digital era, consumers are inundated with ads but paradoxically remember very few of them. While humour, celebrity endorsement or catchy music may appeal, these are nice-to-haves. At the core of what Canadians want? Information. Consumers want informative, relevant and short ads. With inflationary pressures impacting consumers across the nation, however, it is unsurprising that two thirds (68%) are paying more attention to ads for sales and promotions.

As consumers' video and audio content options only continue to expand, consumers' attention will be spoiled for choice and exposed to even greater numbers of ads. In order to stand out

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from the crowd, brands should consider ways that they can be more honest and transparent with their customers; a whopping 90% of consumers wish brands were more transparent in their ads.

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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Consumer trends: key takeaways
- Market predictions
- Opportunities

CONSUMER INSIGHTS

Consumer fast facts

Device usage

- Almost all Canadians are dialed in to digital content on the daily...
- ...but not all screens are created equally
- There's a difference between a user and a heavy user
 - Graph 1: heavy usage (5+ hours/day), by device, 2023
- Percentage of daily device users that are 'heavy' users
 - Graph 2: percentage of daily users that are heavy users (5+ hours/day), by device, 2023
- The impact of age is even more obvious across heavy device usage
 - Graph 3: heavy device usage (5+ hours/day), by age, 2023
- Smartphones are 18-34-year-old women's lifelines
- 18-24-year-old men aren't far from the stereotypical gamer
- Appealing to heavy gaming console users
- Les Québécois francophones regardent beaucoup la télévision
 - Graph 4: uses television for 5+ hours in average day, English-speaking vs French-speaking Quebecers, 2023
 - Graph 5: uses television for 5+ hours in average day, by region, 2023
- Half of newer Canadians spend five or more hours on their smartphone per day
 - Graph 6: uses devices for 5+ hours per day, overall vs newer Canadians, 2023
- Fido features ads in languages other than English or French
- Multicultural consumers drive content consumption on smaller screens
 - Graph 7: uses devices for 5+ hours daily, by race, 2023

Digital content/media consumption

- The linear reckoning is upon us
 - Graph 8: location of audio/video engagement in past week, 2023
- 'Media' may be the operative word in 'social media'

- Graph 9: sources of audio/video content in past week, by age, 2023
- Age is the main determinant of where consumers seek out content
- Gendered preferences around content consumption persist
 - Graph 10: saw/heard video/audio content on platform in past week (select), men vs women, 2023
- Paid on-demand streaming services pay off with 18-34-year-old women
- Connecting with 18-24-year-old women over TikTok
- K18 creates content for younger women on TikTok
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- Canadian Tire foregrounds representation
- Newer Canadians drive consumption of free audio and video content...and the ads that come along with them
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 - Graph 13: location of audio/video engagement in past week (select), by region, 2023
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 - Graph 14: location of audio/video engagement in past week (select), overall vs LGBTQ+ consumers, 2023

What makes a positive ad experience

- Fundamentally, ads need to be relevant and useful first
 - Graph 15: "I prefer when ads..." , 2023
- How old you are changes what you think an ad should be
 - Graph 16: "I prefer when ads..." (select), by age. 2023
- Apple chooses its tunes carefully
- Canada's oldest consumers are additionally averse to ads
- McDonald's is straight to the point
- Cut through the noise for households making \$70k+
 - Graph 17: "I prefer when ads..." (select), by household income, 2023
- Shoppers Drug Mart makes a convincing case why they should be consumers' top pick for gift shopping
- Appealing to Black/African and South Asian consumers with good vibes
 - Graph 18: "I prefer when ads..." (select), overall vs Black/African vs South Asian, 2023
- Not everything translates: language barriers around ads
 - Graph 19: "I prefer when ads..." (select), by language spoken, 2023
- IGA has a tale to share and (English-speaking) Quebecers are interested

How Canadians are responding to ads

- Most people aren't paying attention to digital ads...
- ...or maybe they're just desensitized?
- While they may want to skip 'em, most Canadians have responded to digital ads

- Graph 20: responses to ads in past six months, 2023
- Digital ads are part of the fabric of younger and middle aged consumers' lives
 - Graph 21: responses to digital ads in past six months, by age, 2023
- Yes, that's Grimace on my Croc
- Younger men are buying based on ads
- Bugging Canadians is not the way to their hearts (or wallets)
- Bad ads are bad biz
- Stop annoying people who are willing to make purchases
 - Graph 22: responses to digital ads in past six months (select), those who agree "If I find a brand's digital ads annoying, I am less likely to buy their products/services" vs overall, 2023
- Consumers just want you to be real with them
- Newer Canadians are more engaged from start to finish
- Multicultural consumers are doing their homework
 - Graph 23: responses to digital ads in past six months (select), by race, 2023
- Enticing South Asian consumers with promo codes and discount pricing

Why consumers are clicking online ads

- People primarily click what they're interested in
 - Graph 24: reasons for clicking on online ads, 2023
- Appealing to middle aged women who are out for a deal
- Empress 1908 entices Instagram users to imbibe with an exclusive offer
- Younger and middle aged consumers are clicking what's familiar to them
 - Graph 25: reasons for clicking on online ads (select), by age, 2023
- Product placement's not-so-subtle impact on consumers
 - Graph 26: "I have purchased a product after seeing it on a TV show or in a movie" (% agree), by gender and age, 2023
- If your message falls flat with younger men, maybe you just need someone cooler to deliver it
- Gamers are gung-ho to see it for themselves
- Demonstrations and testimonials can mitigate consumers' urge to skip ads
- Reminding Chinese consumers to complete their purchases
- Multicultural consumers are more open to clicking on ads
 - Graph 27: reasons for clicking on online ad (select), by race, 2023
- There's no mistaking the impact of celebrities, influencers, TV shows and movies on multicultural consumers
 - Graph 28: "I am more likely to buy something if I see that a celebrity/influencer I know endorses the product" (% agree), by race, 2023
 - Graph 29: "I have purchased a product after seeing it on a TV show or in a movie" (% agree), by race, 2023
- Speaking a language consumers can get behind pays off
 - Graph 30: reasons for clicking on online ads (select), by language spoken at home, 2023
- Super C offers appeals to French speakers with discounts via micro-influencer

Digital ads and concerns around trust

- Transparency is king
- Building greater trust in the online arena is imperative
- Oldest consumers need more convincing that paid ads online are trustworthy...
 - Graph 31: "I do not trust recommendations from paid advertisements online" (% agree), by age, 2023
- ...while younger consumers struggle to trust large companies
 - Graph 32: "large companies are less likely to be honest in their ads than smaller ones" (% agree), by gender and age, 2023
- VW makes it playful
- Black/African and South Asian consumers need more assurance
 - Graph 33: attitudes toward digital ads (select), by race, 2023
- BC residents are more likely to think online ads are BS
 - Graph 34: attitudes toward digital ads (select), overall vs British Columbia, 2023
- Consumers think paid partnerships on social media are inauthentic...because they often are
 - Graph 35: "paid partnerships on social media (ie between brand and influencer) are inauthentic" (% agree), by age, 2023
- Not all endorsements are created equally
- Nylander is the logical choice to generate buzz around 5G on the TTC

Attitudes toward digital advertising

- Most consumers think they can outsmart ads...
- ...but due to inflation, Canadians are paying more attention to ads for deals
- Black/African and South Asian consumers are seeing the value in ads
 - Graph 36: attitudes toward digital ads (select), by race, 2023
- 18-24s show most interest in QR codes
 - Graph 37: "ads that require me to follow a QR code are annoying" (% agree), by age, 2023
- QR codes in digital ads can help break down language barriers
 - Graph 38: "ads that require me to follow a QR code are annoying" (% agree), by language spoken at home, 2023
- Over-65s think digital ads are a waste of their time
 - Graph 39: "digital ads are a waste of my time" (% agree), by age, 2023
- Keep digital ads concise for female audiences
 - Graph 40: attitudes toward digital ads (select), men vs women, 2023

COMPETITIVE STRATEGIES

Launch activity and innovation

- Bell debuts its Streets-to-Screens activation
- AI influencers are a reality

Marketing and advertising

- Mergers, acquisitions, licensing deals and partnerships shape where ads are seen and heard
- Gymshark is partnering with right people
- Gymshark gets sponsored posts and collabs right
- Subaru is being clear with consumers
- Nothing is forever: Subaru informs consumers why the Forester is a logical buy
- Skip The Dishes harnesses Twitch fandom
- Google keeps it short and sweet

Opportunities

- Representation shouldn't just be a buzzword
- Respect consumers' desire for open, honest communication

THE MARKET

Market drivers

- Immigration immeasurably impacts life in Canada
 - Graph 41: distribution of foreign-born population, by region of birth, 1871 to 2036
- (South) Asian immigration shapes Canada's cultural and linguistic landscape
 - Graph 42: top birthplaces of recent immigrants, 2021
- Paying attention to multicultural consumers' social media use is critical
 - Graph 43: daily social media use (select), by race, 2023
- Costs of living continue to bear down on Canadians
- Consumers have been cutting back in the past two months
 - Graph 44: actions taken over last two months, 2023
- An aging population means ample leisure time to fill in the future
 - Graph 45: population aged 0-14 and 65+, 1988-2068*
- There is no status quo at X
- An increase in irrelevant ads for low-quality products is irritating consumers
- Wayne and BetMGM can't partner in Ontario anymore...
- ...but theScore is already ahead of the curve
- CRTC rulings and regulations shape the media landscape
- Linear TV's popularity continues to decline
- Podcasts are poppin'
- The 2023 Writers Guild of America and SAG-AFTRA strikes' impact on content
- Ad formats and who can opt out of ads continue to change

APPENDIX

- Consumer research methodology
- Consumer qualitative research
- Household financial situation
- Generations
- Abbreviations and Terms

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