



## Marketing Messages

### MARY CHARLESON

## *Slowing down to take a look - Canadian consumers better off than neighbours south of the border*

And now over to the live eye in the sky for a traffic report on consumer response to the recession:

“South of the border there has been a freeway crash. Looks like a big pile up, fatalities, and lots of people have thrown on the brakes to avoid crashing themselves. Clean up is going to take some time. Up there in Canada, the traffic has slowed down to take a look, but it's still moving along. Back to you Mary...”

That's how I'd sum up the latest research in my work with TNS Canadian Facts on consumer response to the recession. This is important stuff, because the research tells us that we have good reason to be bullish in Canada. Yes, you heard that right; media people telling you things are going to be ok.

Let's take a look. TNS Canadian Facts conducted direct comparative research with US results compiled by Miller Zell/National Research Network recently on a number of issues related to consumer activity. The Canadian study sampled 1,016 people. The US study sampled 801 people. Both studies are thought to accurately represent a random sampling of consumers. Here are some of the questions asked. The results are startling.

1. Are you pre-planning your shopping trips more today that you were 12 months ago? US: 60%. Canada: 20%
2. Are you doing more online research for purchases today that you were 12 months ago? US: 44%. Canada: 24%
3. Have you traded down in your various shopping and entertainment habits compared to 12 months ago? Traded down refers to an action taken to save money while still participating in the activity.
  - Eating at Home: US: 73%. Canada: 48%
  - Choosing stay-a-home entertainment such as renting a movie instead of outside the home entertainment: US: 68%. Canada: 41%
  - Shopping at discount grocery stores instead of premium stores. US: 51%. Canada: 35%
  - Buying house or discount brands instead of premium brands: US: 87%. Canada: 31%
  - Shopping at a mass merchandiser instead of a specialty retailer: US: 35%. Canada: 37%

In discussing the results with Raymond Gee, Senior Research Associate, TNS Canadian Facts, he observed a number of trends. “The US is much more reactive compared to Canada. The US unemployment rate in April was 8.9%. In Canada, our unemployment rate at the same time was 8.0% The state of the US consumer isn't dramatically different, but they are much more reactive, and the media in the US have put a scare into the consumer.” Canadians may also feel their social net is more secure, and the US undoubtedly fell harder and faster. Gee felt that online research before purchasing was likely reflective of both economics as well as a general trend towards the activity. However, it is a strong indication that research and planning is happening much more often than spontaneous consumption. This is a growing trend to watch for in Canada.

Trading down, or changing behaviour in some way to save money, was an area where dramatic differences became evident between the countries. Arguably Americans may eat out more than Canadians do normally, however a 73% drop by US respondents is staggering. So too was 68% who reported choosing stay at home entertainment over going out. Clearly these two categories, dining out and out of the home entertainment, are the first changes consumers make. And one could argue that 48% of Canadians eating out less and 41% going out less is still a significant result. If you work in those industries, there's obviously been an impact. About a 1/3 of Canadians have switched to a discount grocery store, versus over \_ of Americans having done the same. But the switch from premium to discount brands was dramatic with 87% of Americans having done this versus 31% of Canadians. The most likely to switch were 18-24 year olds, a group who are traditionally brand loyal.

There are some upsets here to be sure. People change their buying behaviour during recessions. But the new experiences, brands and behaviour can often become a permanent switch, if given good reason to stay. That screams opportunity. The net overall result in Canada is one of “slowing down to take a look” rather than hitting the brakes and crashing. I think it's important to hear that. Business may not be quite as usual, but it is different here. Let's find the opportunity in that.

Want more insights? Visit my website: [www.charleson.ca](http://www.charleson.ca) and hit the newsletter subscribe button top left. Marketing trends and research will be delivered to your inbox weekly. Or you can join the conversation on my blog: [www.fiveminutemarketing.com](http://www.fiveminutemarketing.com)

*Mary Charleson, President of Charleson Communications, is a marketing strategist, speaker, and consultant. She writes monthly and can be reached at [mary@charleson.ca](mailto:mary@charleson.ca)*