

News Release



Social media overrated as retail information source; Majority of consumers prefer retailer websites for product info

Toronto, June 28, 2011—Retailers who focus on getting their product and services messages out on Facebook and Twitter are probably spending time and effort in the wrong area.

That's the conclusion of data sourced from KubasPrimedia's Major Market Retail Report (MMRR) study - a survey of over 1,500 consumers on their retail shopping habits and store preferences.

"Social media, like Twitter and Facebook, has been heavily hyped in advertising and promotion circles," said Ed Strapagiel, Executive Vice President of KubasPrimedia. "MMRR shows that retailers and product manufacturers who are relying on social media to sway consumer purchase decisions may be misguided."

"When consumers are researching a purchase online, over 70% visit retailer and product manufacturer websites. Only about 25% turn to social media sites or blogs for product or shopping information," said Strapagiel.

KubasPrimedia has been conducting retail analysis for over 15 years. MMRR, based on surveys of Canadians in Vancouver, Edmonton, Calgary, Toronto, Ottawa, and Montreal, examined shopping behaviour in 33 product categories at 147 retailers to determine competitive retail metrics, such as market coverage, shopping levels, drawing power, loyalty, and retailer performance scores.

MMRR found that that 77% of Canadian consumers "often" or "sometimes" visit retailer websites and 71% visit manufacturer websites to get information about upcoming purchases. Only 27% use social media and just 23% use blogs. Comparison-shopping, such as pricing a specific item, is the most popular online retail-related activity, with 76% of consumers doing so "often" or "sometimes". Comparison shopping activity is high across all demographic groups.

"Given consumer behaviour, a company's website is still by far the top online priority for retailers," said Strapagiel. "Retailers that pursue other digital marketing avenues risk taking resources away from where they're most needed".

While services like Facebook, Twitter, and WordPress are free, they are not cheap, says Strapagiel, "Utilizing social media properly and effectively requires time, money, and talent. Retailers have to focus on what will provide the best return on investment considering where their customers are turning to for information."

The MMRR analysis also revealed that 63% of consumers "often" or "sometimes" search for coupons and promotions online, and that 45% go to "daily deals" websites like Groupon. Strapagiel advises that retailers need to tread carefully with online coupon services. "The 'daily deals' websites are tempting, but most of the advertisers are services, like restaurants and

health spas, that can afford coupons of 50% off or more. Most goods retailers can't sustain such deep discounts because the economics of the business are different."

For the first time, online has surpassed flyers as the top-rated source of product and shopping information. Nearly 75% of consumers rated online shopping information as "good" or "excellent", edging out flyers at 70%.

"Consumers have increasingly been going online to get their product and shopping information", said Strapagiel, "so it's not surprising that online has finally become the top-rated source." The Internet offers retailers many different types of promotional opportunities. According to Strapagiel, "How well a particular retailer takes advantage of different online approaches depends on who they are, what they sell, and who they sell it to. A company's online strategy can't be based on one size fits all."

About Major Market Retail Report

Major Market Retail Report is a study of Canadian retailer performance published by KubasPrimedia. It covers Canada's six largest retail markets, the Census Metropolitan Areas of Vancouver, Edmonton, Calgary, Toronto, Ottawa-Gatineau, and Montreal ("VECTOM"). MMRR 2011 examines 147 retailers, including department stores, mass merchants, and specialty retail chains. Store preferences across 33 product categories are analyzed, along with issues such as use of shopping information sources, interest in new retail developments, and perceived performance of specific retailers. The analysis is based on a survey of 1,520 consumers, which is statistically accurate to plus or minus 2.5%. MMRR is available from KubasPrimedia. Further details are at kubas.com/mmrr.

About KubasPrimedia

KubasPrimedia, formerly Kubas Consultants, has served Canadian retailers since 1978 and is wholly owned by Canadian Primedia Sales & Marketing.

-30-

For More Information:

Ed Strapagiel
Executive V-P, KubasPrimedia
416-487-7040 x1099
eds@kubas.com

Len Kubas
Chair, KubasPrimedia
416-487-7040 x1088
len@kubas.com