

The Canadian Consumer

September 2011

How to Market to Canadian Consumers

If you are a business looking to market to Canadians, make sure you keep some of the following tips in mind:

- Include information on whether or not you ship to Canada on all promotional materials including your webpage.
- Include Canadian pricing for your products so Canadians know to true price of your products when looking at a pricing list.
- Consider creating a Canadian website or blog. This will drive more Canadian consumers to your business and make them feel that your product has a local aspect.
- Think about establishing a local mailing address or phone number that Canadian customers can use. Even if the number is redirected to your national office, the customers calling feel that you are located locally and often feel more comfortable with that type of business relationship.

Canadian Consumer Demographics

The following is a breakdown of the various consumer segments in Canada, their proportion of the population, and expected growth. Numbers are based off 2001 Canadian Census information as this was the most recent information available to us.

	Year of Birth	Age in 2011	Proportion of Total Population in 2001 (Percent)	1981-2001 Growth of Corresponding Age Segment (Percent)
Seniors	1936 and before	75 and older	13%	65%
Pre-boom	1937-46	65-74	9%	34%
Baby Boomers	1947-66	45-64	32%	-76%
Baby Bust	1967-79	32-44	18%	-4%
Echo (Gen Y)	1980-95	16-31	22%	-1%
Kids	1996-	15 and under	7%	-1%

As a business marketing in the Canadian market, the following are trends in consumer demographics to take note of:

Trend in Aging Population

Baby boomers are continuing to age with improved life expectancy, and have created a new senior group. This poses a unique opportunity for businesses to market to these customers and focus on niche products. Consider items that promote independence (lifts, ramps), home medical supplies, assisted-living & full-care facilities, and scooter & wheelchair products, to target these clients.

Trends with Young People

It is anticipated that the number of individuals 6-21 years of age will decline over the next decade. However, this age group will maintain a main focus as they have strong financial influence as children of the baby boomers. These individuals have incomes that are almost entirely disposable (as parents provide the basics), and their financial power often comes from cash earned at work, allowances, and presents.

Individuals slightly older than the baby boomer generation are moving into the work force and have begun making important life decisions that include first-time purchases of cars, homes, and items for children.

Canadian Household Spending

Wondering what Canadians are spending their money on? In 2002 a Household Spending Survey was conducted and gathered information from more than 20,000 households. The results of this study concluded the following to be spending pattern trends for Canadians (*all expense items below are in Canadian dollars*):

1. Spending on high-tech: Majority of households had cell phones
 - More than half (54%) of households reported that they use the internet from home and with the average household spending \$160 on internet services. Nearly 26% of households have high-speed internet.
 - More than half (52%) of Canadian households reportedly have a cell phone, with the average user spending \$260 a month on their cell phone plan.
 - About 21% of households reported having a satellite television and 36% of households reported having a DVD player. More than 64% of homes owned a computer and average spending on a new computer was \$230.
2. Increase in spending on healthcare and pensions
 - The average household spent an average of \$1,590 on health care, with households in Alberta reporting the highest expenditures of \$1,990, followed by British Columbia with average spending of \$1,850.
 - Personal insurance expenses reportedly rose to \$3,420 due to a rise in personal contributions.
3. Increase in tobacco products and gambling
 - Average spending on tobacco products was reported to be \$730.
 - Spending on gambling increased and the average expense was reported to be \$310 per household.
4. Over half the expenses of lower income households is made up of: food, shelter, & clothing
 - Lower income households make up 1/5 of Canadian households and they reported spending 51% of their budget on food, shelter, and clothing. An additional 4% of their personal income was taken by taxes.

- On the other end of the spectrum, households with the highest income reported spending only 28% of their budget on food shelter and clothing. An additional 28% of their personal income was taken by taxes.
5. Natural gas is used to heat nearly half of homes in Canada
- The report showed that 49% of households in Canada used natural gas as their primary heating source, 32% used electricity, and 13% used oil heating.
 - There are an estimated 4.1 million renting households and of them 46% use electricity for heat, while only 24% of owned residences use electricity.
 - There are an estimated 7.6 million owned residences and 54% of them reported using natural gas as their primary heating source.

The following table outlines the average spending per household in British Columbia, including detailed industry spending information. *The information is based on 2002 Canadian Census data, the most recent information available.*

Average household expenditure by province (Canadian Dollars)						
2002						
	Total	Food	Shelter	Clothing	Transportation	Personal Taxes
Canada	\$60,090	\$6,680	\$11,200	\$ 2,450	\$ 8,430	\$12,030
British Columbia	\$60,600	\$6,770	\$12,380	\$ 2,320	\$ 8,550	\$10,950

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Resources

1. "Marketing to Canadians," *Persuasive e-Marketing*, <http://blog.sitebrand.com/2008/07/14/marketing-to-canadians-special-report-from-marketingsherpa-praises-canadian-personalization/> (April 29, 2011)
2. "Survey of Household Spending," *The Daily*, <http://www.statcan.gc.ca/daily-quotidien/031217/dq031217b-eng.htm> (April 29,2011)
3. "Consumer Demographics," *Office of Consumer Affairs*, <http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02099.html> (April 29,2011)