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Findings From the 2006 Fraud Awareness Tracking Study

A Presentation to The Fraud
Prevention Forum

June 13, 2006



Research Objectives and Methodology

- ◆ Principle research objectives were to evaluate the effectiveness of the 2006 campaign and track key measures related to awareness, message recall and response against findings from 2005.

- ◆ The survey gauged public attitudes/experiences with respect to:
 - Awareness of marketing fraud and identity theft
 - In general
 - Of fraud prevention awareness-raising activities
 - Perceived seriousness of various fraudulent marketing/solicitation activities
 - Victimization rates
 - Public response (actual, intended, desired)
 - Awareness of PhoneBusters

- ◆ Findings are based on national telephone survey of 1,000 Canadians, aged 18 years and older, conducted May 8th to 14th, 2006
 - At the national level, findings have an associated margin of error of +/-3.1%. Margins of error will be higher at the sub-national level

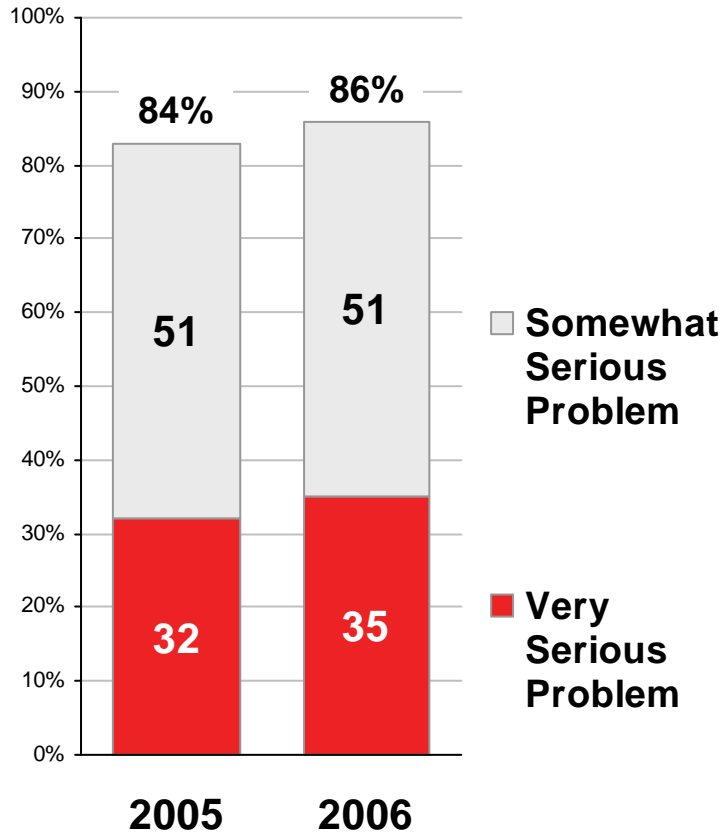


**Exposure to &
Perceptions of
Marketing Fraud &
Identify Theft**



Most Canadians continue to view marketing fraud as a serious problem

And the majority of respondents believe all types of marketing fraud are a serious problem

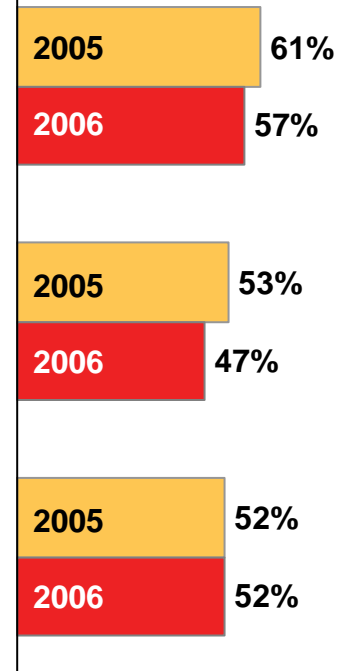


Being asked to donate to fake charities

Buying and paying for something by phone, Internet or mail and not receiving the product or receiving something inferior

Being told you have won a valuable prize but must purchase a product or do something in order to claim the prize

% Saying "Very Serious" Problem



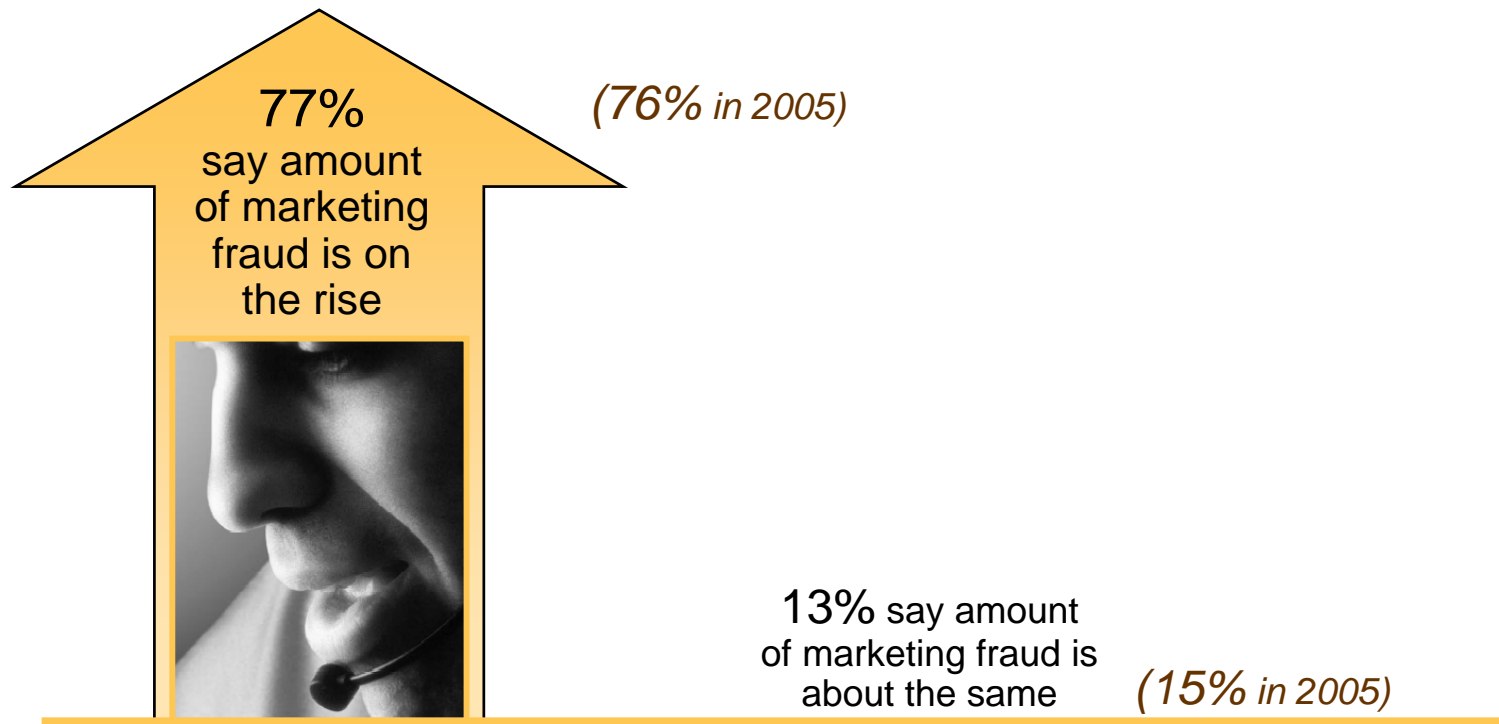
Q1. Marketing fraud is fraud committed over communication media, namely: telephone, mail and Internet. Some of the more common schemes used to defraud victims are: fraudulent prize and lottery schemes, charity scams, fraudulent loan offers, and credit card schemes. Overall, how serious a problem do you think marketing fraud is in Canada?

Q3-5. Now I'd like to know how serious a problem you consider each of the following types of marketing fraud, that is do you consider it to be a very serious, somewhat serious, not very serious or not serious at all.

Base: All respondents



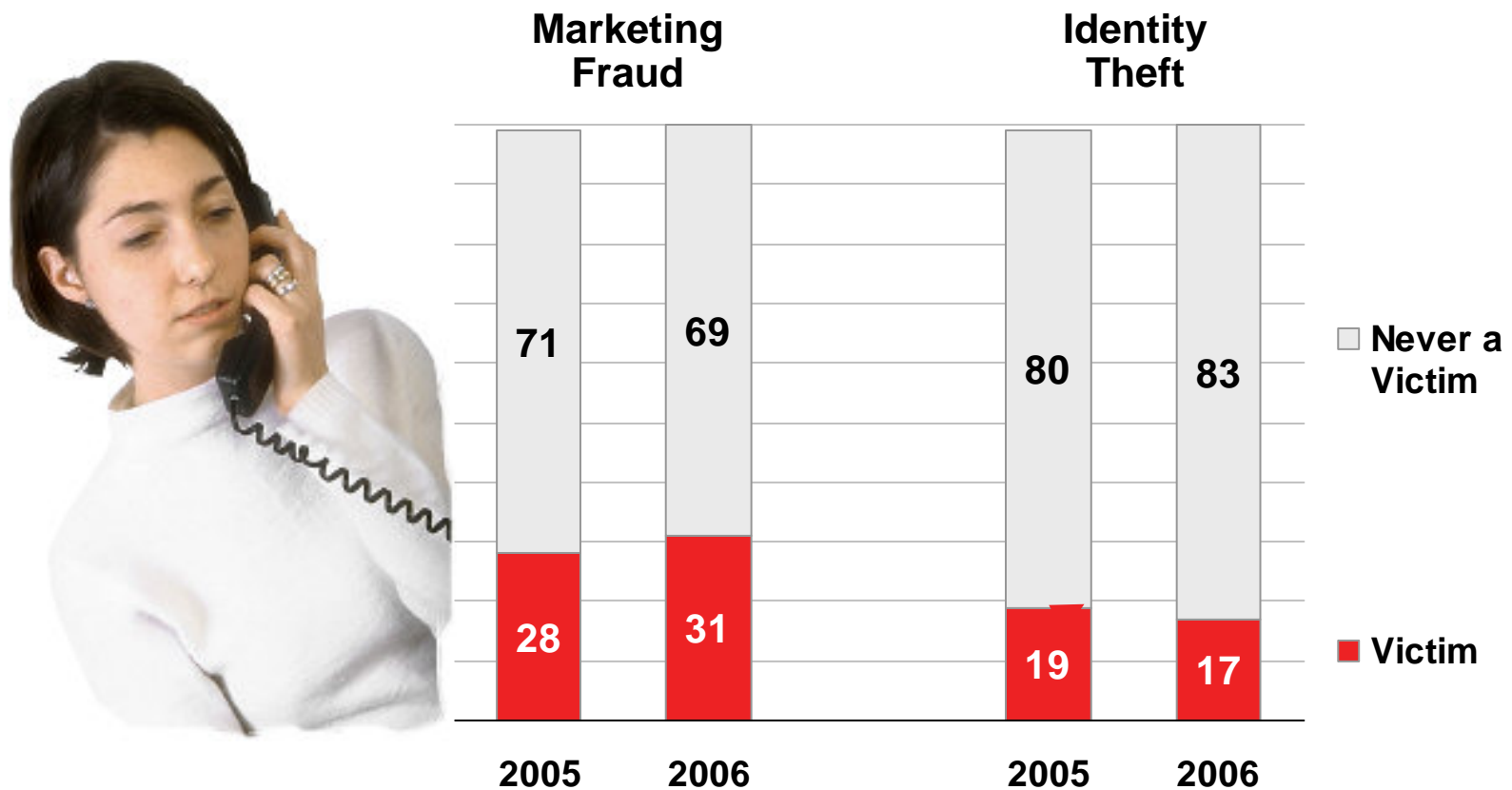
The majority of Canadians also continue to feel that the amount of marketing fraud by phone/e-mail/regular mail is on the rise



Q2. Thinking back over the last few years, do you think the amount of marketing fraud by phone, email or regular mail has ... increased, stayed about the same, or decreased?
Base: All respondents



Overall, reported rates of victimization remain relatively unchanged from last year, with a slight decline in ID theft victimization

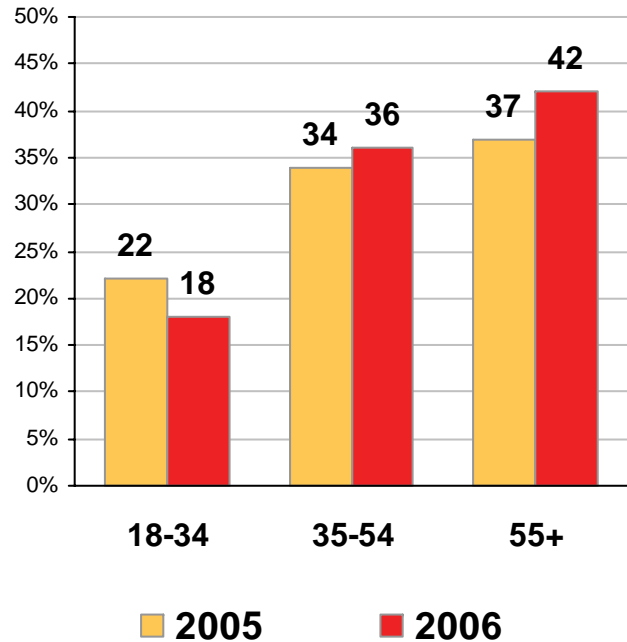


Q6. To the best of your recollection, when, if ever, was the last time that you personally, or someone in your household, may have been a victim of marketing fraud?
 Q10. To the best of your recollection, when, if ever, was the last time that you personally, or someone in your household, may have been a victim of identity theft?
 Base: All respondents

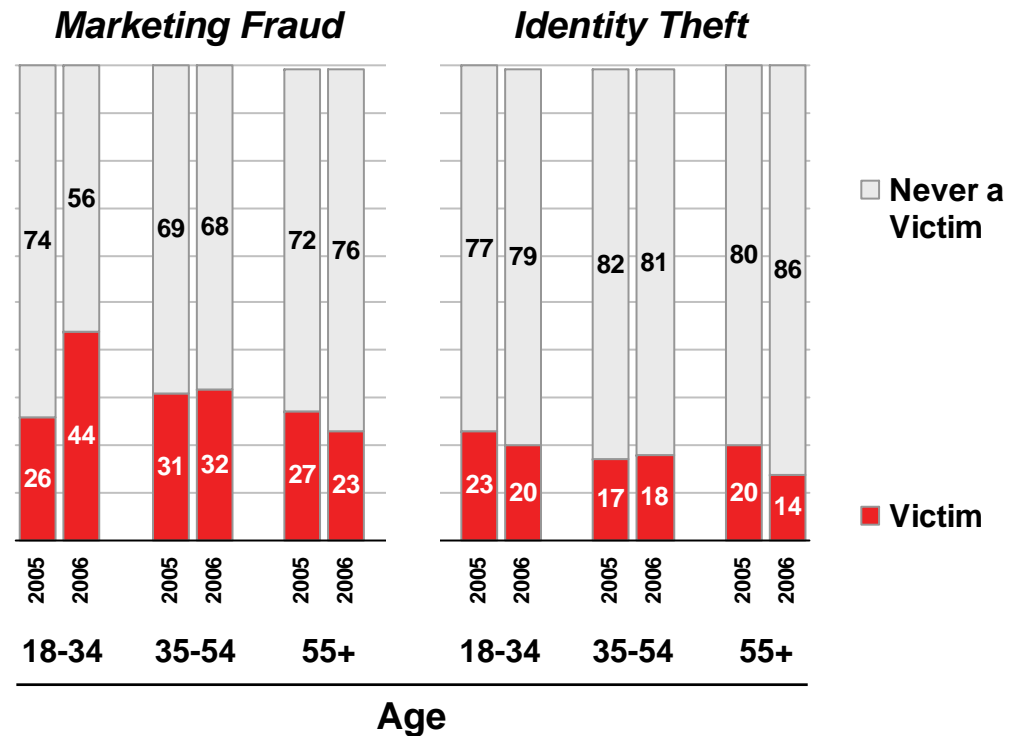


The Age Effect: Younger people are less inclined to view marketing fraud as a “very serious” problem, although more are reporting victimization compared to those aged 35 and older

% Saying Marketing Fraud is a “very serious” problem: increasing with age



% Reporting Victimization: decreasing with age



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 Base: All respondents



**Response to
Marketing Fraud &
Identity Theft**



There is a difference between what people say and what they actually do in response to marketing fraud. Although the plurality say they would contact the local police if suspicious ...

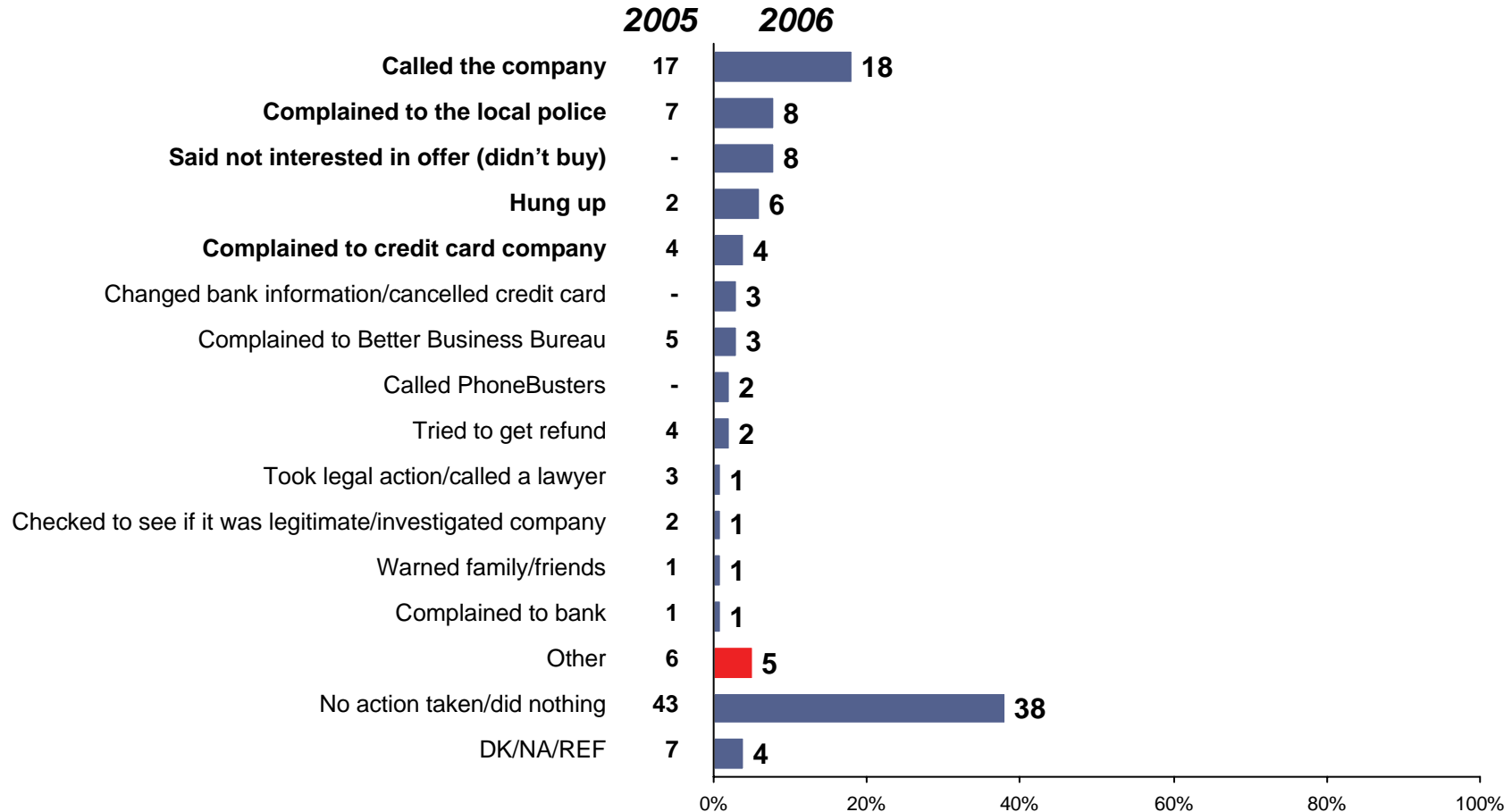


Q9. If you, or a member of your household, did receive a marketing call, e-mail or regular mail solicitation that appeared fraudulent, what action, if any, would you or that member of your household take?

Base: Those who report not being a victim at Q.6 or don't recall actions taken in response to victimization in Q.7



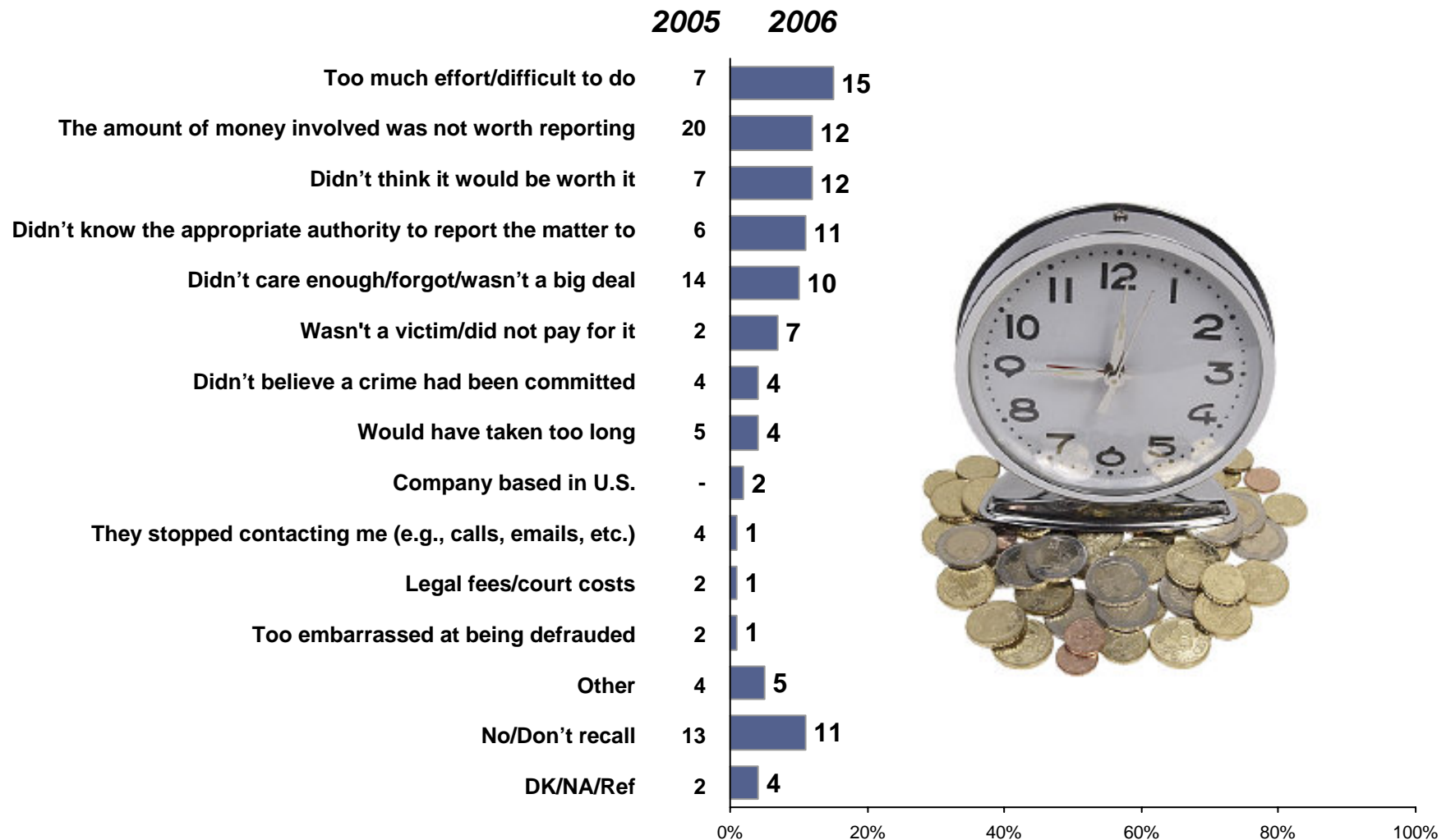
For those who have been victimized, many don't bother to follow up. The most common action taken remains calling the company that committed the fraud.



Q7. What actions, if any, did you or the member of your household take in attempting to resolve the incident? Did you do anything else?
Base: Victim of fraud (n=315)



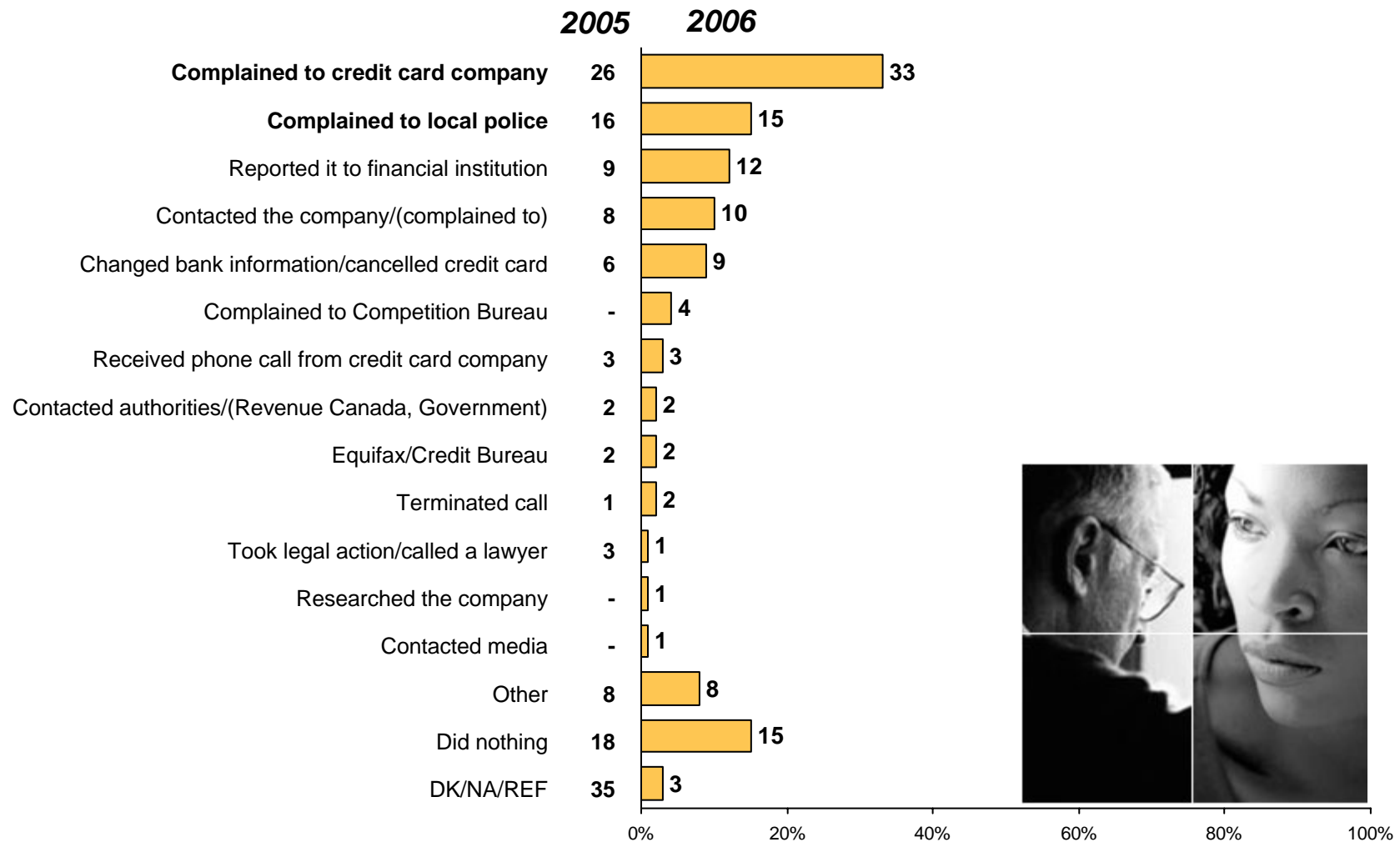
Increasingly, Canadians don't wish to invest the effort, don't believe it would lead to a resolution, or are uncertain who they should contact



Q8. Do you recall why you chose not to take the matter further?
Base: Has or may have been victim of marketing fraud and did nothing (n=114)



Credit card companies are most often pursued in response to an incident of identity theft



Q11. What actions, if any, did you or the member of your household take in attempting to resolve the incident?
Base: Have been victim of identity theft (n=169)

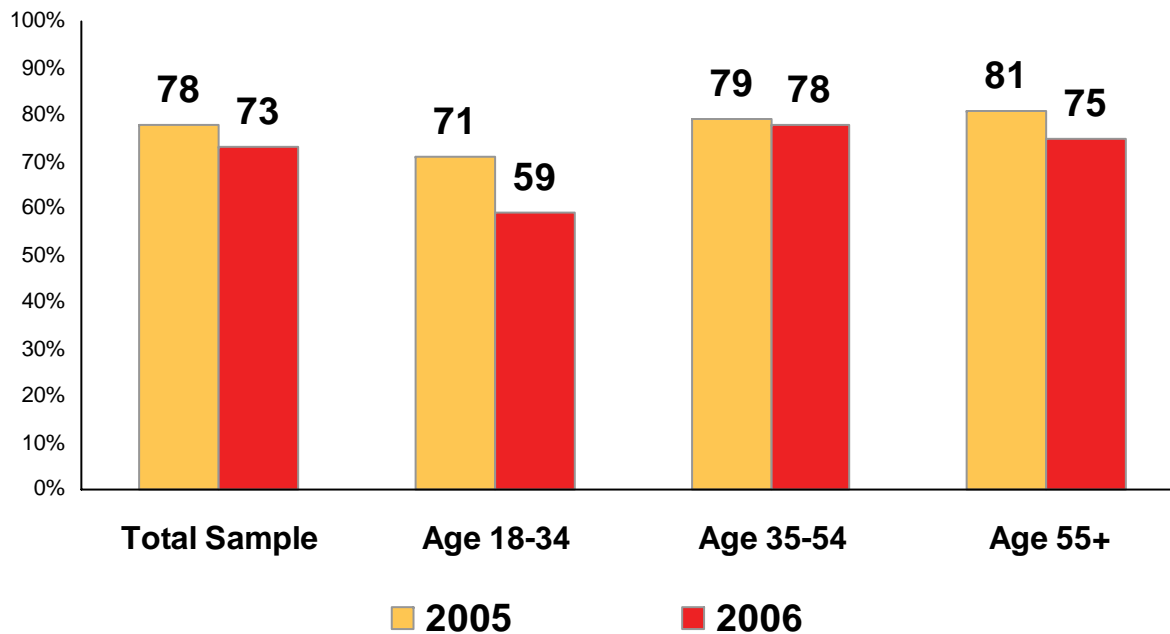


**Awareness and
Impact of
Information on
Marketing Fraud &
Identity Theft**



General recall of messaging related to fraud remains strong, although lower among the 18-34 age group

Recall of general messaging or information on marketing fraud or identity theft



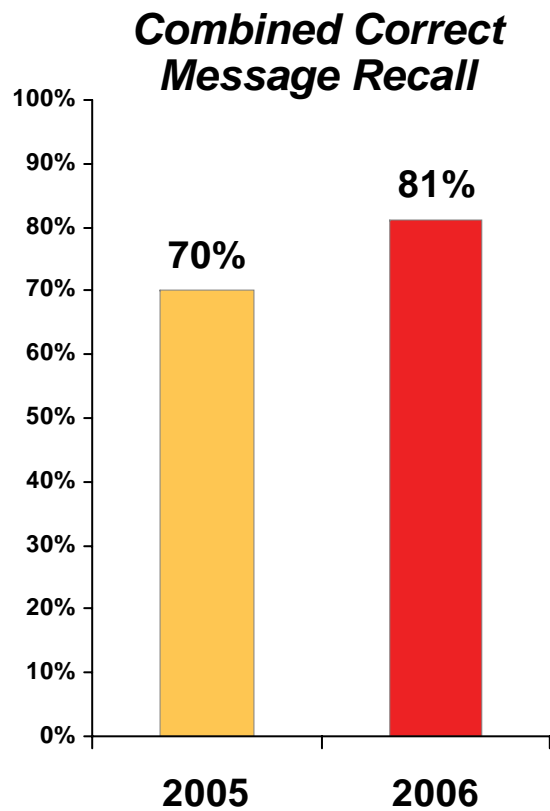
Note:

Lower general recall in 2006 may be a factor of the timing of the survey following completion of the campaign (about a 5-week gap versus a 3-week lag in 2005)

Q12. Have you seen, heard or read anything lately about fraud, including marketing fraud and identity theft?
Base: All respondents



Notably, correct message recall shows an increase over 2005



Correct Message Recall

	2005	2006
Be careful/cautious	22%	25%
Don't give out personal info	12%	15%
Don't give out credit card info	13%	11%
Theft is a serious crime	4%	6%
Be careful about who you can trust	6%	4%
Internet/email fraud	2%	3%
Investigate the company you are dealing with	3%	2%
Be aware of charity frauds/watch out for door-to-door canvases	2%	1%
Be careful about banking machines/ATMs/scanners at ABMs	2%	1%
Other correct message	10%	13%

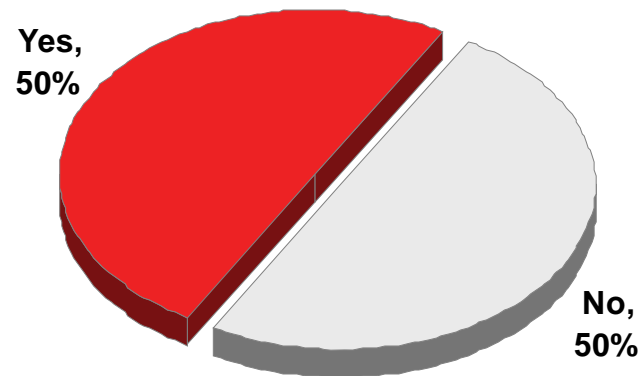
Q16. And what was the main message from what you saw, heard, or read?
 Base: Have seen, heard or read something on Fraud Prevention at Q12, Q13, Q14



Aided awareness is also up from 2005

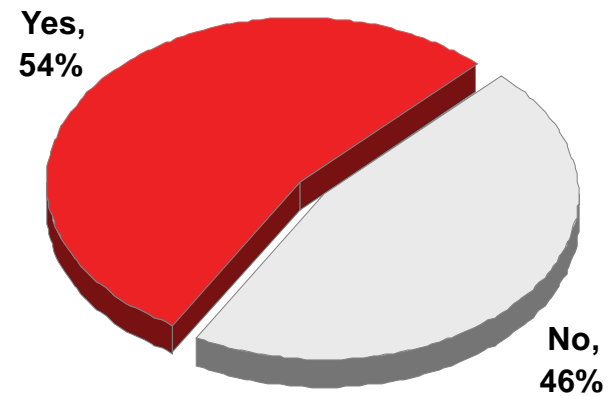
2005

Recall of Fraud Awareness



2006

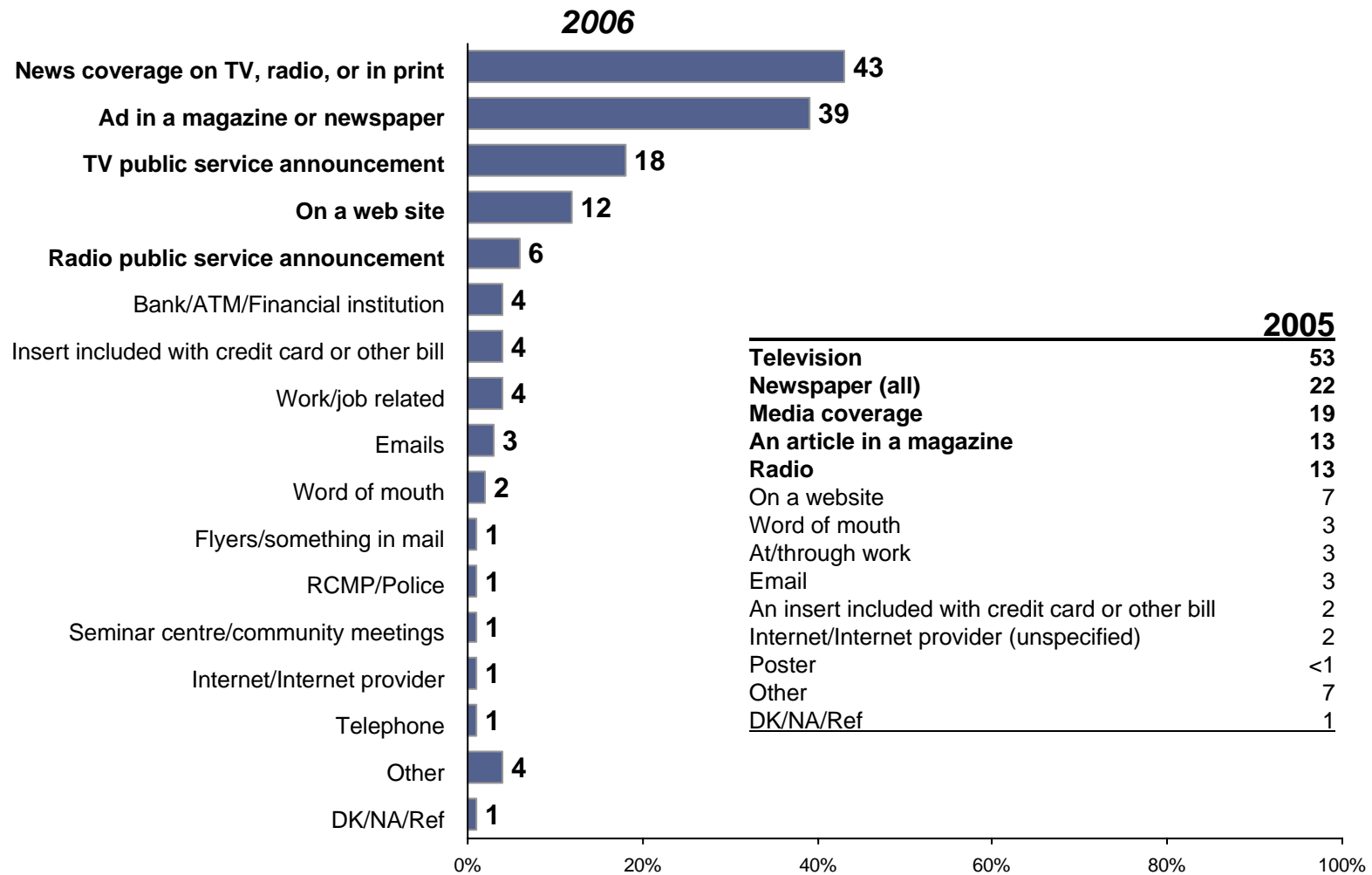
Recall of Fraud Prevention



Q14. Did you recently see, hear or read anything about Fraud Prevention [Fraud Awareness in 2005]?
Base: Fraud Prevention [Awareness] not mentioned in Q13 (n=934)
Note: "Don't Know" and "Refused" excluded.



News coverage and print advertising are the predominant sources



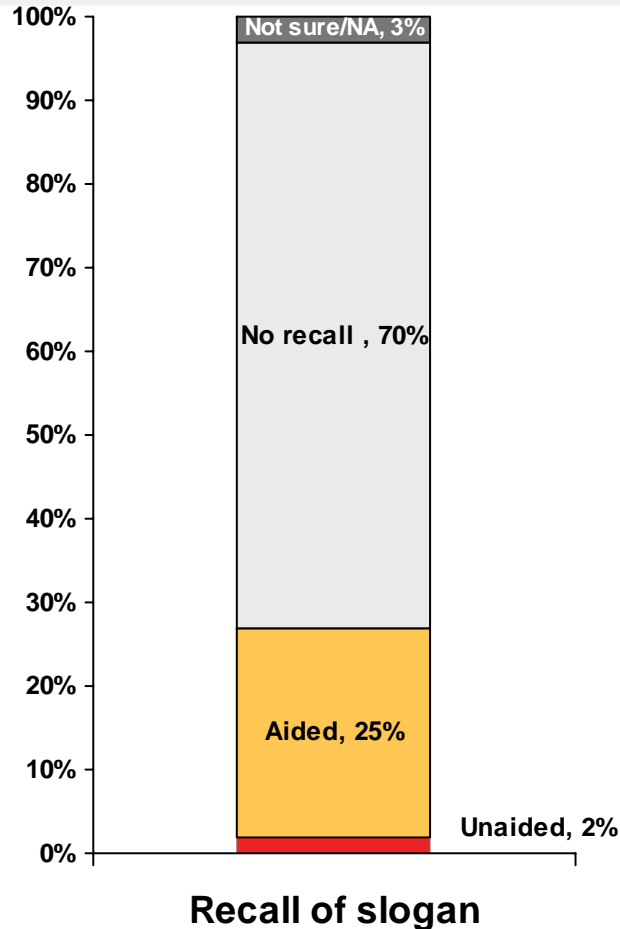
Q15. And where did you see, hear or read about Fraud Prevention ["Fraud Awareness" in 2005]?

Base: Have seen, heard or read something on Fraud Prevention (n=564)

Note: Other includes mentions of less than 1%



Among those reporting awareness of the issue/campaign, just over one-in-four recall the slogan “Fraud: Recognize it. Report it. Stop it.” (aided and unaided combined)

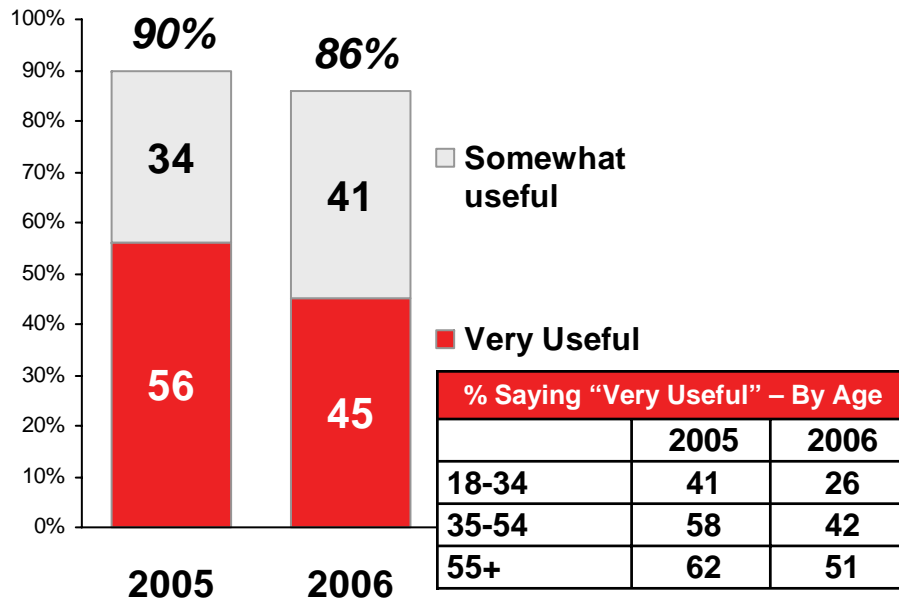


Q17. Do you remember seeing, hearing or reading anything recently about fraud that contained the message “Fraud: Recognize it. Report it. Stop it.”?
 Base: Those who have seen, heard or read something on Fraud Prevention (n=564)



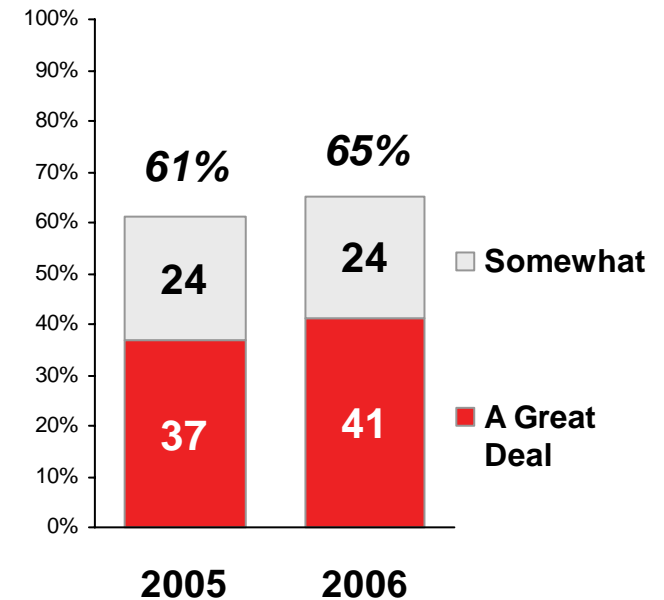
Anti-fraud messages continue to be viewed as useful and as having an impact on behaviour

Useful?



Usefulness of Anti-Fraud Messages

Motivational?



Motivation to Change Behaviour Based on Messages

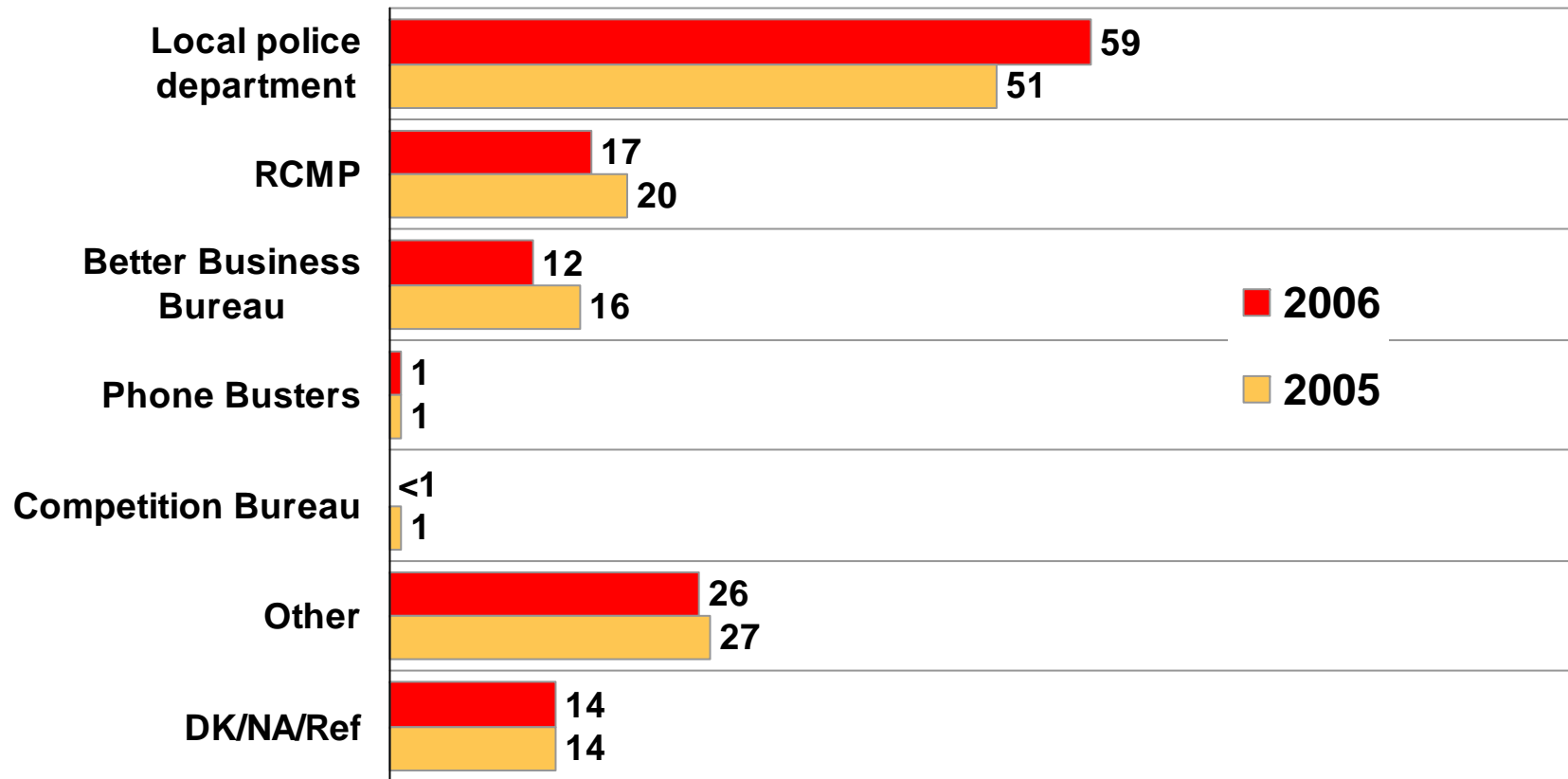
Q18. And how useful did you find this message?

Q19. Has what you have seen, heard, or read changed the way in which you respond to these types of calls, e-mails or regular mail solicitations or to instances where you believe you may have been a victim of identity theft?

Base: All respondents



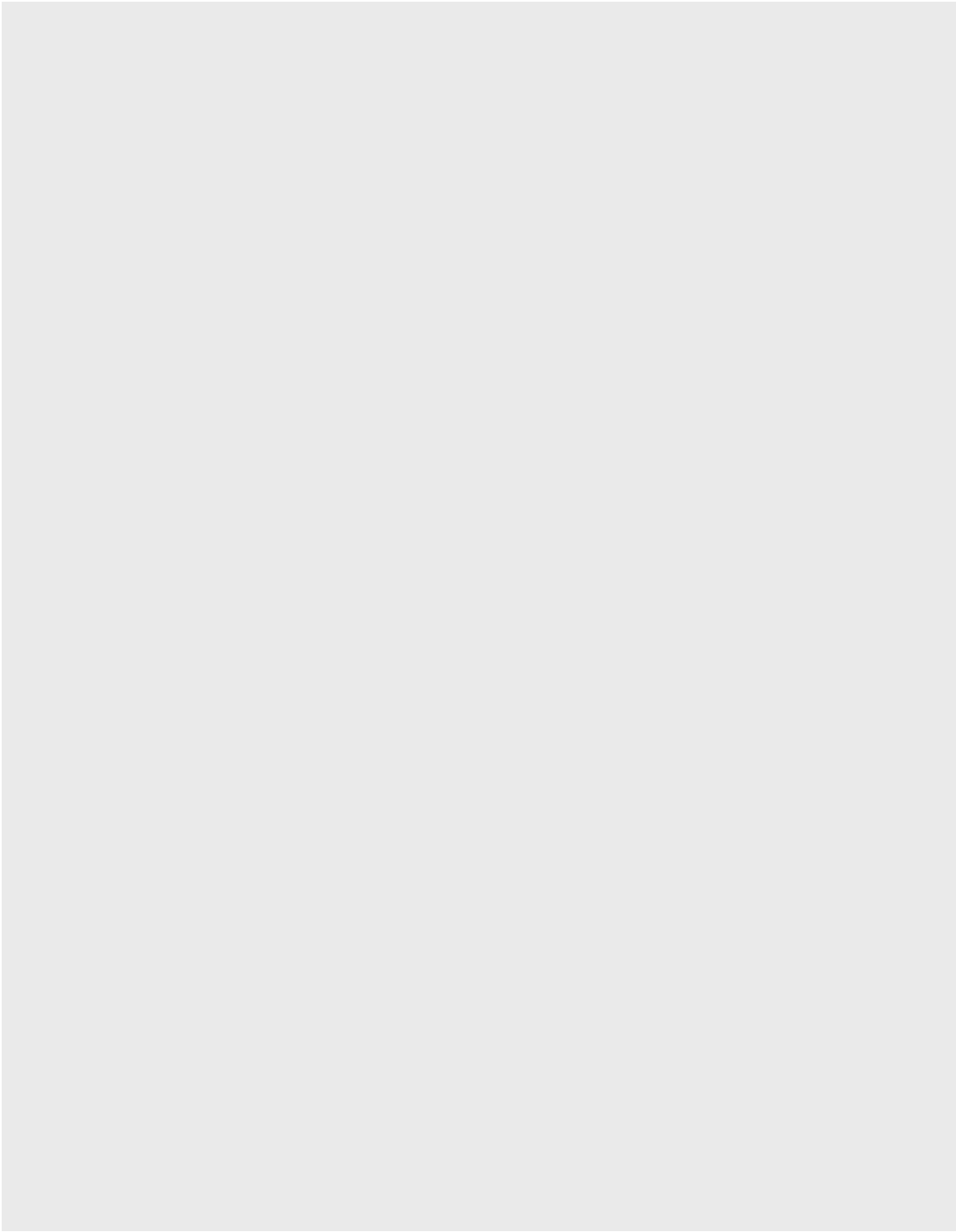
The local police remain the first point of contact for those who suspect fraudulent marketing activity or an incident of identity theft



Q20. Which organization or organizations would you contact if you wished to report suspicious or fraudulent marketing activity or an incident of identity theft?

Base: All respondents

Multiple mentions.

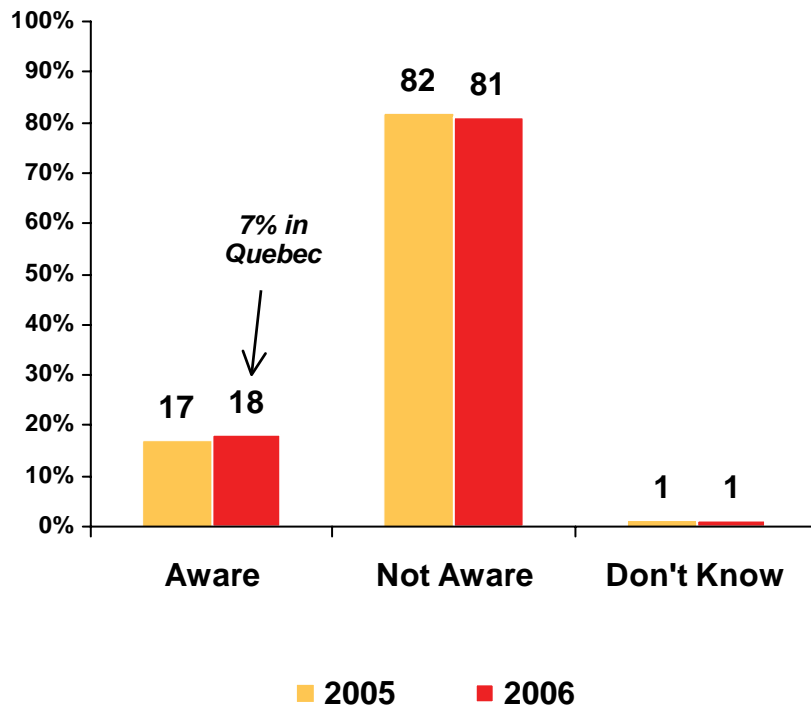


Awareness of PhoneBusters

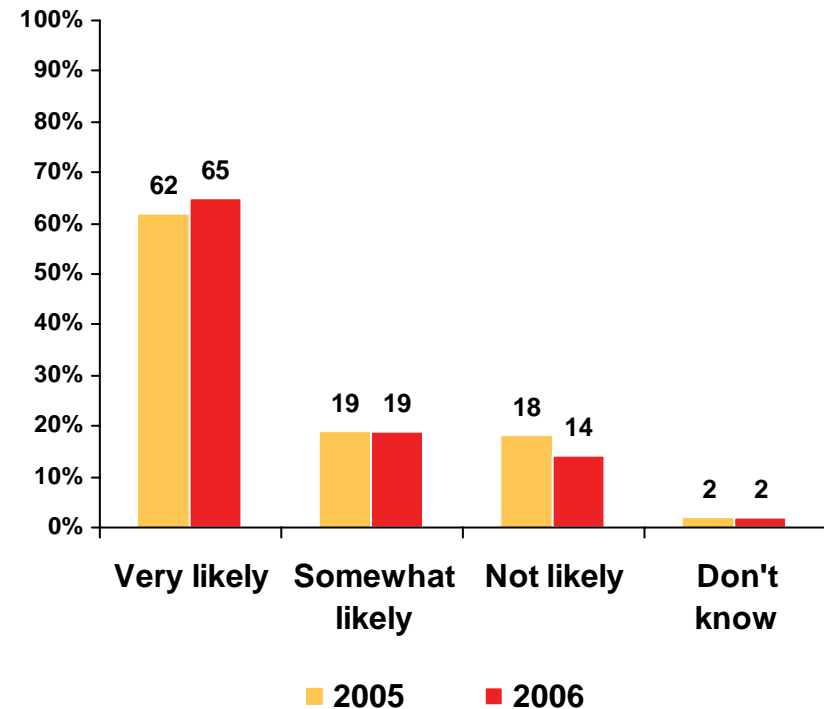


Awareness of PhoneBusters is stable, but still much lower in Quebec

Aided Awareness of PhoneBusters



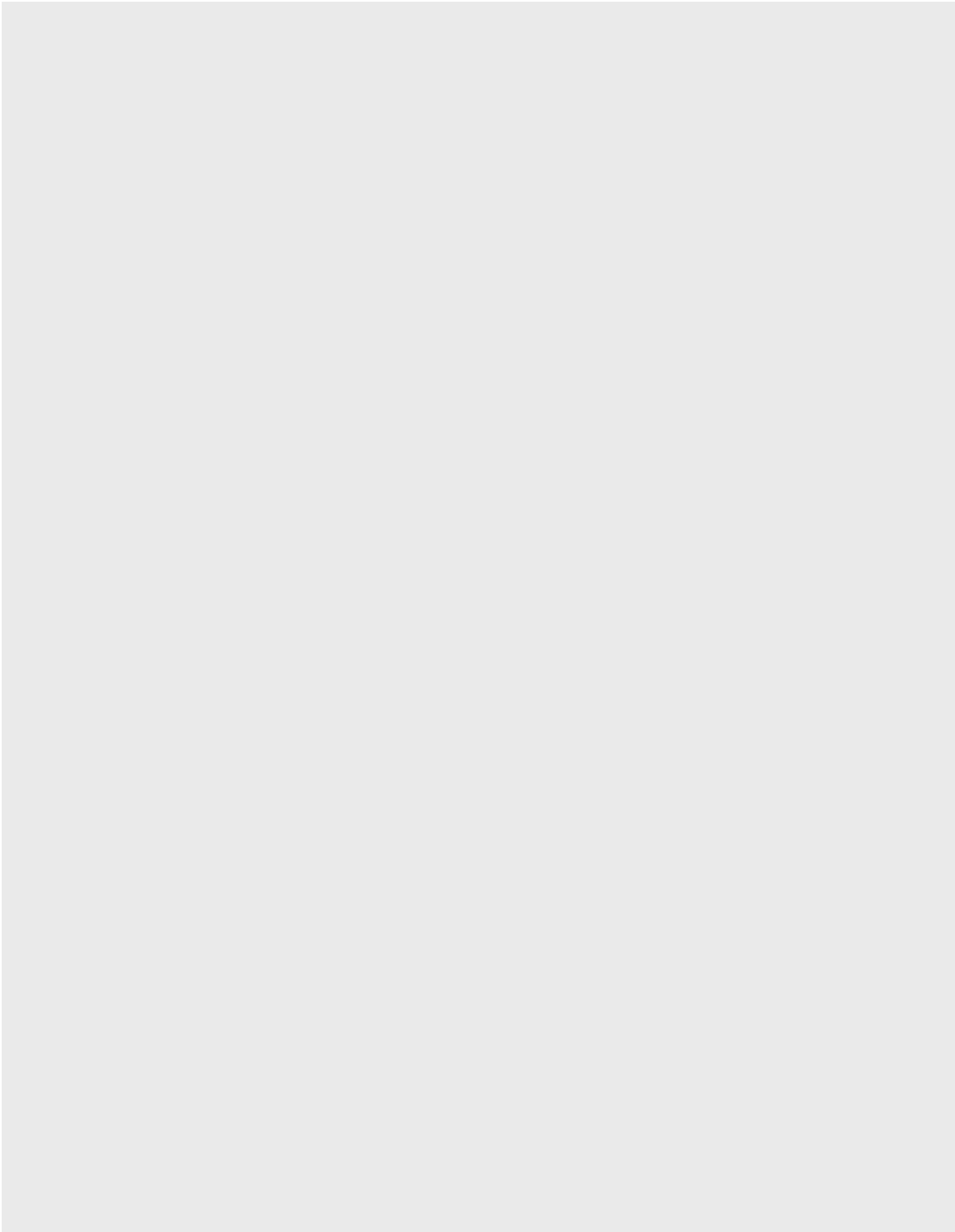
Likelihood of Calling PhoneBusters, once aware



Q21. Have you ever heard of an organization called PhoneBusters?

Q22. You may already be aware of this, but PhoneBusters is the Canadian national deceptive telemarketing and identity theft call centre, operated by the Ontario Provincial Police, the RCMP and the Government of Canada. PhoneBusters is the central agency that collects information on telemarketing and identity theft complaints throughout Canada and sends this information to the appropriate enforcement agency. How likely would you be to call PhoneBusters if you suspected that you had been a target or victim of phone fraud or identity theft?

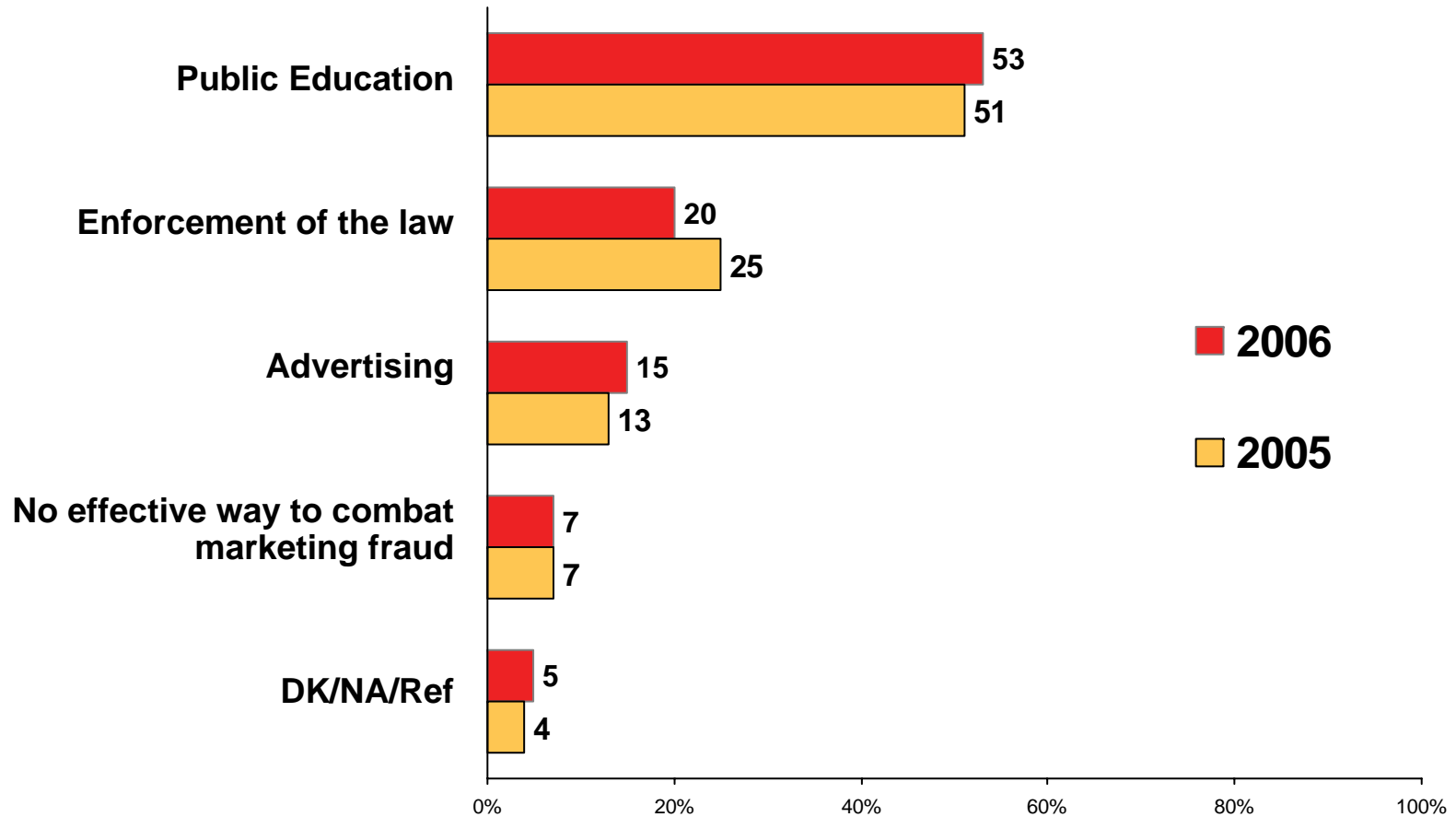
Base: All respondents



**Combating
Marketing Fraud &
Identity Theft**



A combination of activities, with emphasis on public education, is seen as the most effective approach to combating marketing fraud and identity theft in Canada



Q23. In your view, which one of the following is the most effective way to combat fraud such as marketing fraud and identity theft in Canada? Is it best combated through ... ?
Base: All respondents



Insights & Recommendations



Insights – sustained campaign is having a positive impact

- ◆ Messages about marketing fraud/identity theft are filtering through and showing signs that regular, annual campaigns are having a positive effect
- ◆ Paid & unpaid media are combining effectively to penetrate public consciousness
 - PSAs and information on web sites have had a modest impact
- ◆ Continued efforts are still required to raise broader awareness of the issues of marketing fraud and identity theft
 - Notably, awareness is lower (and declining) among those aged 18 to 34
 - Across all age groups, however, we note that among those who report some awareness of the issue/campaign, message recall has improved from (70% in 2005 to 81% in 2006)
- ◆ The public continues to support education and improved enforcement measures



Insights – but action is lagging

- ◆ Rates of victimization are similar to 2005, with Canadians still more susceptible (and increasingly so) to marketing fraud versus identity theft
 - Younger Canadians (aged 18 to 34 years) are less likely to view marketing fraud as a “very serious” problem (18% compared to 35% on average), BUT
 - Are more likely to report being a victim of marketing fraud (44% compared to 31% overall)

- ◆ Inertia and the perception that pursuing the matter is not worth the effort remain a formidable hurdle to action in the face of fraudulent activity
 - While many say they would contact local police, substantially fewer actually do so (31% versus 8%)
 - And, almost four-in-ten victims of marketing fraud don’t take any action



Recommendations – awareness

- ◆ Sustained awareness-raising and public education activities continue to be advisable
 - An integrated communications strategy employing multiple communications channels and tools (paid and unpaid) is showing the potential for results
 - But some demographic groups need new approaches

- ◆ Key target audience for information and education: Younger Canadians (aged 18 to 34)
 - Less likely to cite TV/radio news & ads
 - Possible need for more innovative approaches: on-line and peer-to-peer campaigns
 - More information required on this age group
 - Are they increasingly a target for marketing fraud? If so, what is at the root of this trend?
 - What does this demographic understand/know about the impact/consequences of marketing fraud and identity theft?
 - Do they accept such activities as a fact of life? If so, why?
 - What are their motivators/barriers to action?

- ◆ Continue efforts to raise the profile of PhoneBusters across the board, but specifically in Québec
 - Does the term have resonance? In both languages?



Recommendations – understanding & action

- ◆ Some progress is being made on drawing attention to the issue and increasing awareness
- ◆ Over time, broadening/deepening awareness will lead to better understanding and then action
- ◆ Possible approaches
 - Empowerment – increase amount of information on how to take action
 - Confidence – tell success stories
 - Real stories, of real people, helped by “the system”
 - Broaden & deepen partnerships
 - Build anti-fraud skills/actions into education & financial services