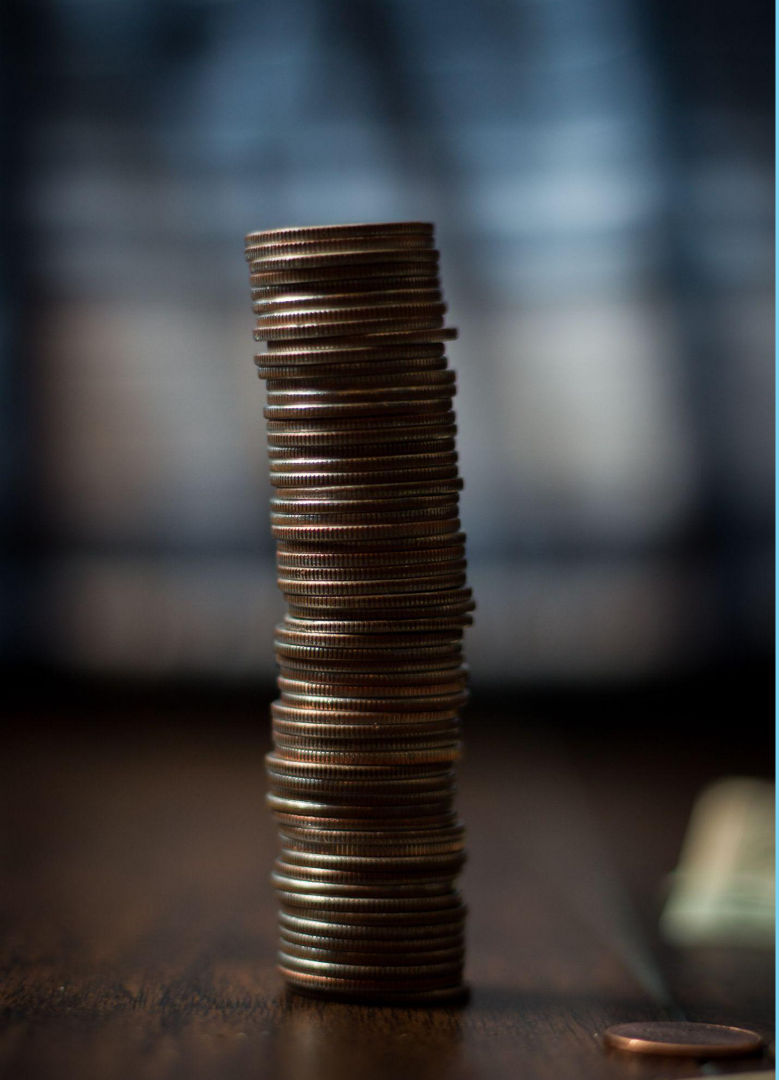

Canada's Inflated Prices

and its Impact on the Food Industry

CADDLE

DALHOUSIE UNIVERSITY
FACULTY OF AGRICULTURE

Agri-Food Analytics Lab

Make better decisions, faster, with access to rapid insights at every stage of the consumer journey

Who We Are

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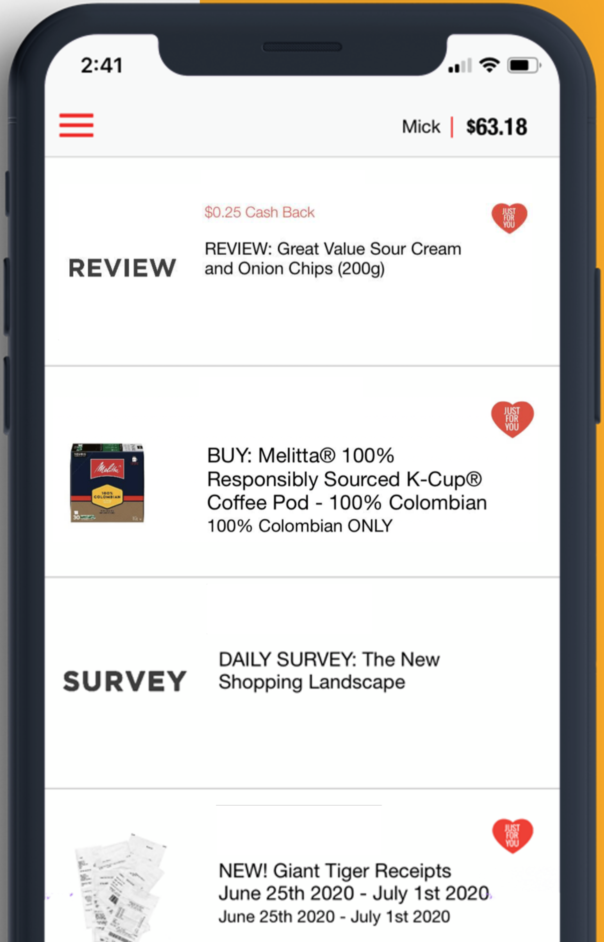
Agenda

AskCaddle®

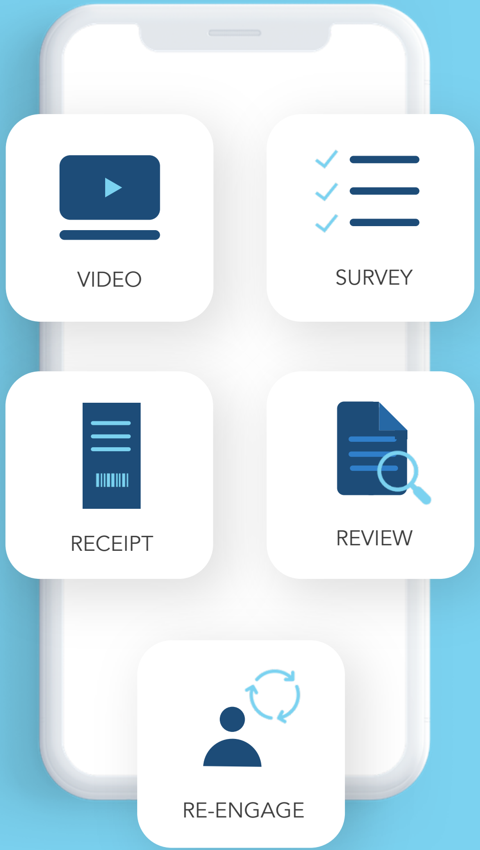
Caddle® is the largest daily and monthly active panel in the Canadian market. Our mobile-first insights platform rewards Canadians for sharing data and engaging with brands.



How It Works

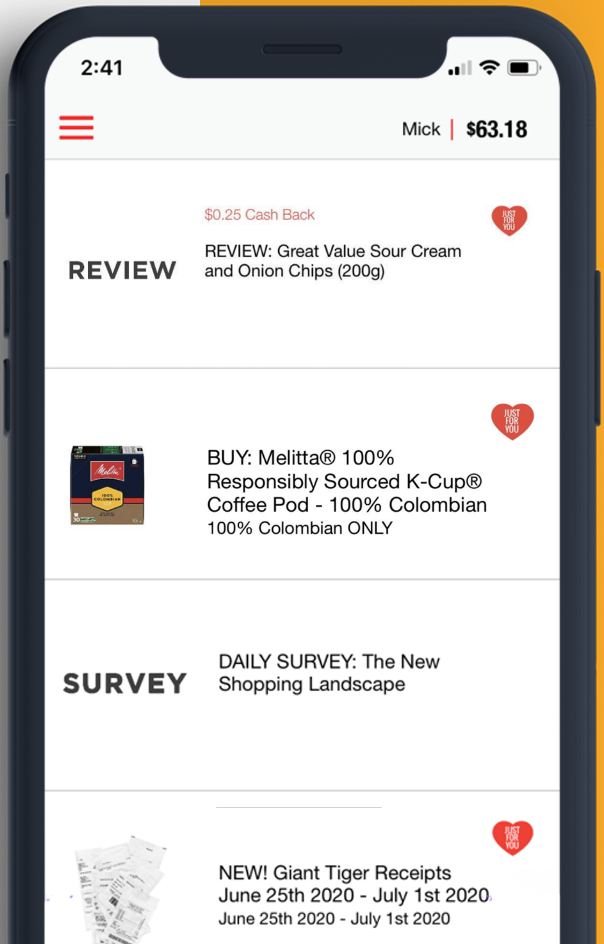
Capture relevant insights for any challenge or opportunity. Engage seamlessly with shoppers at every stage of the consumer journey by leveraging the **Caddle suite of tools**.

Caddle rewards panel members for actions ranging from video, survey, receipt capture, reviews, and more.



Methodology

- A representative survey of Canadians was conducted in January, 2022, in partnership with Dalhousie Agri-Food Analytics Lab.
- 2 custom studies conducted from September, 2021 and January, 2022 with over 10,000 Canadians per study.
- All data presented is owned by Caddle and has a Margin of Error of 1% or lower.



State of Food Inflation in Canada

More Canadians are Feeling the Impact of Food Inflation in Canada

Do you think food is more expensive than it was 6 months ago?

*Those who answered 'Yes'

	Baby Boomers (1946-1964)	Gen X (1965-1980)	Millennials (1981-1996)	Gen Z (1997-2005)
Jan 2022	93.5%	91.9%	85.1%	79.0%
vs. Sept 2021 Net Change	+0.4%	+2.8%	+4.7%	+10.2%

90% of all Canadians believe food prices are higher than 6 months ago, up 4 basis points from September, 2021 across all generations

Source: Caddle Custom Survey | September, 2021 | n = 10,005 | January, 2022 | n = 10,002

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Eastern Provinces are Feeling Inflation the Most

Do you think food is more expensive than it was 6 months ago?

*Those who answered 'Yes'

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFL
Jan 2022	85.6%	91.7%	92.0%	93.2%	89.4%	87.9%	96.4%	95.6%	99.0%	90.8%
vs. Sept 2021 Net Change	+3.0%	+2.2%	+4.5%	+5.3%	+3.1%	+3.1%	+3.8%	+3.4%	+7.5%	-1.4%

Eastern provinces feel impacted the most,
but increased perception on food inflation for most provinces across the country

Source: Caddle Custom Survey | September, 2021 | n = 10,005 | January, 2022 | n = 10,002

Select All: Canadians are Noticing Increases Across All Core Food Categories

- 89.4% of Canadians notice some form of price increase in food categories, up 3.2 basis pts when asked in Sep 2021
- Meat hit the hardest with more than 4 in 5 Canadians reporting noticing the change
- 'Fruits' & 'Veggies' are the next categories where most Canadians feel the pinch
- Canadians are noticing 'Dairy' increase the most, up 9 basis-pts from 47.4% in September 2021 to 56.4%

In your view, what food categories are now much more expensive than 6 months ago? (Please select all that apply)

	Sep 2021	Jan 2022	Net Change
Dairy products	47.4%	56.4%	+9.0%
Vegetables	66.9%	71.7%	+4.8%
Meat products	78.9%	83.3%	+4.4%
Fruits	67.1%	71.5%	+4.4%
Bakery	40.2%	43.9%	+3.7%
Fish and seafood	49.5%	52.2%	+2.7%
Groceries and others	56.9%	57.4%	+0.5%

Source: Caddle Custom Survey I September, 2021 I n = 10,005 I January, 2022 I n = 10,002

Select One: Meat Eaters Hit Hardest

- 56.9% of Canadians have noticed a difference in prices over the last 6 months for Meat products, up 5.1 basis pts from Sep 2021
- Besides Meat products, Baby Boomers, Millennials, and Gen Z all notice a difference in prices over the last 6 months for 'Groceries and others' and 'Vegetables'
- Meat products' change in price has been noticed significantly in BC, ON, QC and SK

In your view, what is the ONE food category which has increased the MOST in the last 6 months?

	Sep 2021	Jan 2022	Net Change
Dairy products	4.0%	4.7%	+0.7%
Vegetables	10.5%	11.5%	+1.5%
Meat products	51.8%	56.9%	+5.1%
Fruits	9.1%	8.8%	-0.3%
Bakery	4.3%	3.2%	-1.1%
Fish and seafood	4.7%	3.7%	-1.0%
Groceries and others	15.7%	11.2%	-4.5%

Source: Caddle Custom Survey | September, 2021 | n = 10,005 | January, 2022 | n = 10,002

Weekday Vegetarians Rejoice: Meat Reduction on the Rise, Led by Baby Boomers and Gen Z

Have you reduced your meat purchases in the past 6 months due to higher prices?

*Those who answered 'Yes'

	Baby Boomers (1946-1964)	Gen X (1965-1980)	Millennials (1981-1996)	Gen Z (1997-2005)	Total Population
Jan 2022	54.1%	50.5%	50.1%	47.2%	51.1%
vs. Sep 2021 Net Change	+ 7.5%	+2.1%	+4.6%	+6.2%	+4.9%

Those who chose 'Meat products' as the most increased product category in price also reduced their meat consumption the most

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Source: Caddle Custom Survey I September, 2021 I n = 10,005 I January, 2022 I n = 10,002

High and Low: Provincial Breakdown

Have you reduced your meat purchases in the past 6 months due to higher prices?

*Those who answered 'Yes'

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFL
Jan 2022	51.%	57.3%	51.1%	51.3%	51.1%	47.1%	54.6%	55.6%	39.5%	58.5%
vs. Sep 2021 Net Change	+3.9%	+3.0%	+0.2%	+0.2%	+7.3%	+4.6%	-5.2%	+6.8%	+13.6%	-2.7%

Over half (51.5%) of Canadians have reduced meat purchases. NFL and AB are the top provinces with the highest rate of consumers who have decided to reduce their meat purchases due to higher prices.

Source: Caddle Custom Survey I September, 2021 I n = 10,005 I January, 2022 I n = 10,002

Consumers are Getting Creative in Response

Canadians are Taking Matters Into Their Own Hands

91%

Claim to know how much they should be paying for food products before entering the grocery store (+0.2 basis-pts from Sep 2021)

More Canadians are Using the Following Methods to Save Money

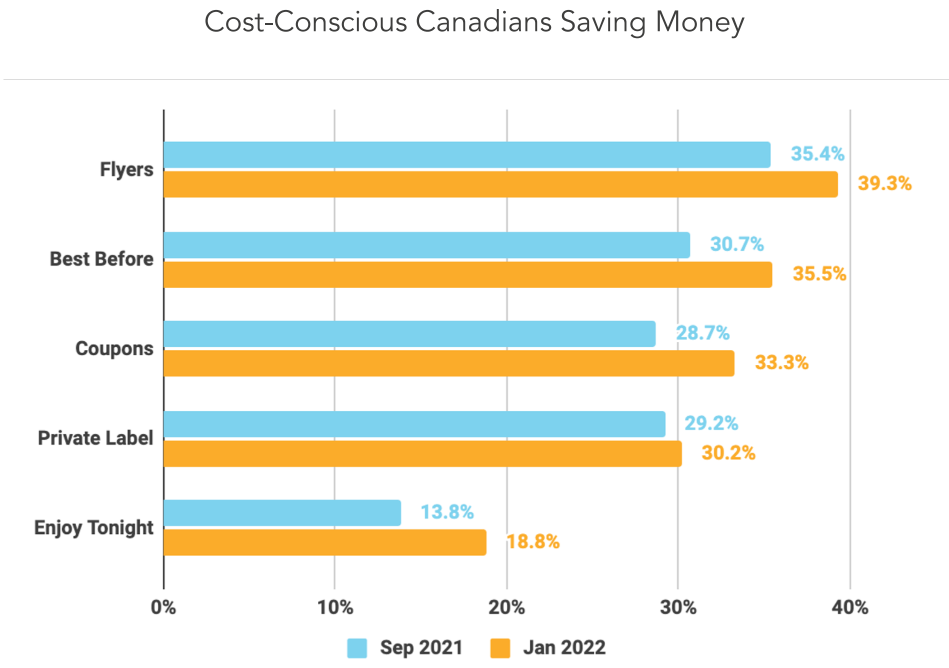
73.3% follow a budget (+1.7 basis-pts from Sep 2021)

68.4% Use their phone to check prices (+2.4 basis-pts from Sep 2021)

49.6% Use calculators to check prices (+3.4 basis-pts from Sep 2021)

Canadians are Taking Advantage of More Retailer Deals

- In Jan 2022, Canadians report using more tactics at grocery to save even money compared to Sep 2021 with ‘Flyers’ still claiming the No.1 spot.
- ‘Coupons’ jumped from 4th to 3rd place.
- ‘Enjoy tonight’ shows the greatest increase up 5 basis-pts from 13.8% to 18.8%.



Source: Caddle Custom Survey | September, 2021 | n = 10,005 | January, 2022 | n = 10,002

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Retailers are Getting Creative Too

Shrinkflation is not Unnoticed

- In Jan 2022, a whopping 77.1% of consumers have noticed reduction in produce size / volume / quantity at their grocery stores for a similar price (up 3.6 basis-pts compared to Sep 2021)
- What's top of the list?
  - Groceries, Bakery items, and Meat products

Have you noticed a reduction in product size / volume / quantity for a similar price from 6 months ago in any of the following categories? (Please select all that apply)

	Sep 2021	Jan 2022	Net Change
Dairy products	20.1%	23.5%	+3.4%
Vegetables	15.0%	19.1%	+4.1%
Meat products	25.2%	29.9%	+4.7%
Fruits	17.0%	20.4%	+3.4%
Bakery	28.6%	32.7%	+4.1%
Fish and seafood	17.3%	19.0%	+1.7%
Groceries and others	42.7%	44.6%	+1.9%

Source: Caddle Custom Survey | September, 2021 | n = 10,005 | January, 2022 | n = 10,002

Most Observant Generation for Each Category

Have you noticed a reduction in product size / volume / quantity for a similar price from 6 months ago in any of the following categories? (Please select all that apply)

	Baby Boomers (1946-1964)	Gen X (1965-1980)	Millennials (1981-1996)	Gen Z (1997-2005)	Total Population
Bakery	33.9%	32.9%	32.1%	29.5%	32.7%
Dairy	26.9%	26.0%	18.5%	14.6%	23.5%
Fish and seafood	17.7%	18.8%	21.0%	20.1%	19.0%
Fruits	19.7%	19.8%	21.6%	23.8%	20.4%
Groceries and others	55.1%	45.9%	35.8%	27.9%	44.6%
Meat products	29.9%	29.8%	30.1%	29.6%	29.9%
Vegetables	20.1%	18.5%	19.5%	18.6%	19.1%

Source: Caddle Custom Survey | September, 2021 | n = 10,005 | January, 2022 | n = 10,002

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Key Takeaways

- **The Perfect Storm** - Financial instability, increasing inflation, COVID lockdowns, housing bubble, increasing interest rates all culminating in rapid shifts in consumer behaviour.
- **Perception is Reality** - Canadians are hearing about inflation and feeling the ~~pinch~~ body slam, and it's accelerating. Whether it's fully a reality yet or not, the perception is established.
- **Be the White Knight** - Understanding how consumers are changing their behaviours, which shoppers are shifting (and why), and what most resonates will make the difference in winning (or losing) the 2022 retail migration, and helping Canadians manage.
- **Brands Winning at Shelf** - Supply chain pressures are a reality, but timing is everything. Consumer pricing IQ is high, brand switching is growing, and wallets are stretched thin - strategically delaying price increases could drive volume and share wins.
- **Don't Stop Now** - As evidenced in the September and January data, behaviours are changing rapidly. Understanding these changes while leveraging agile tactic will help brands and retailers win.

Next Webinar

February Caddle Webinar | Profile of the Amazon Prime Shopper 2.0

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Let's talk insights.

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