Shifts in Grocery Shopping Behaviour

Recent challenges in the CPG industry are impacting what Canadians buy and where they buy it.

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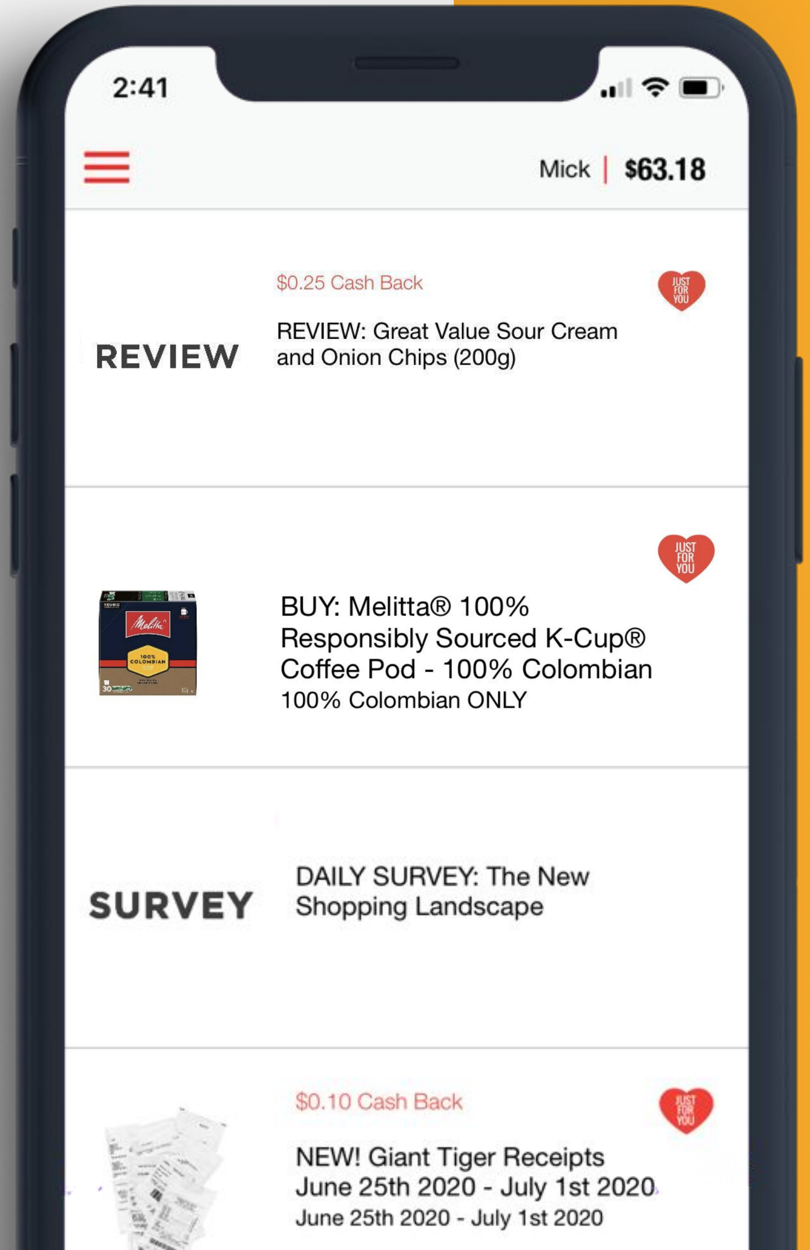
Make better decisions, faster, with access to rapid insights at every stage of the consumer journey

AskCaddle®

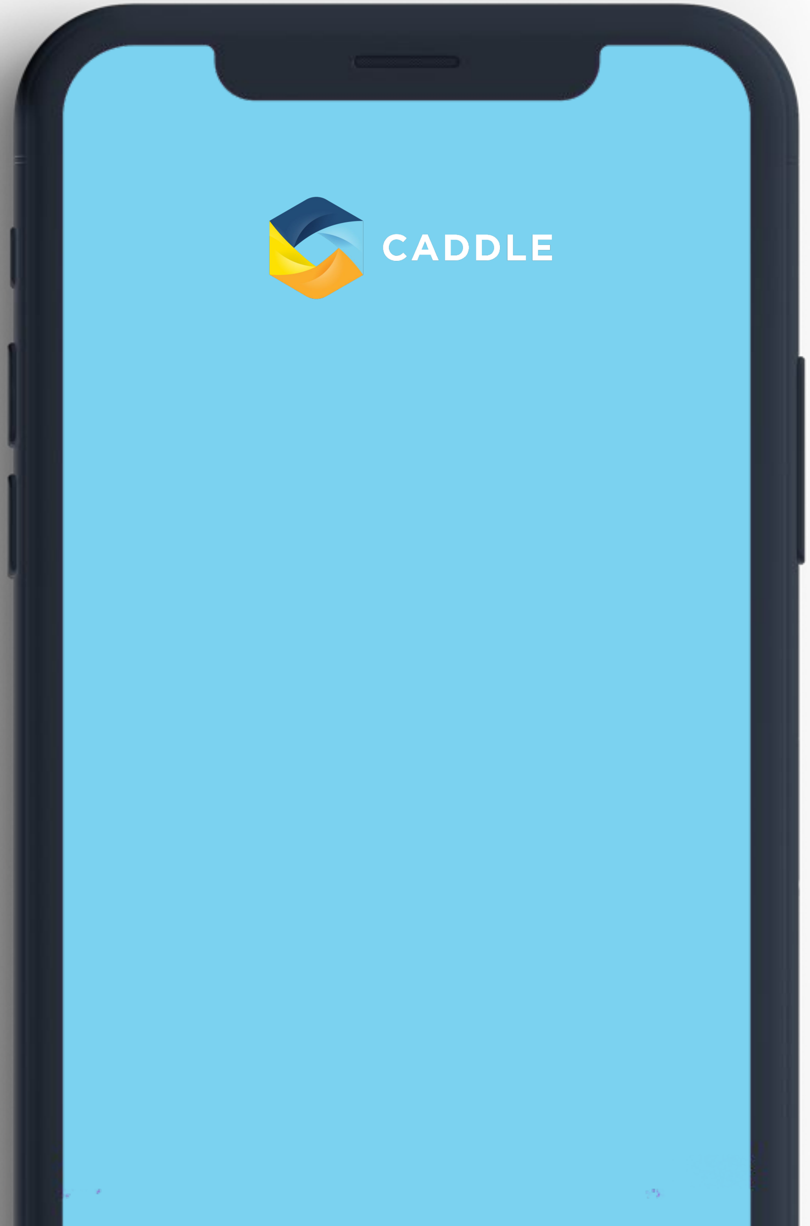
Caddle® is the largest daily and monthly active panel in the Canadian market. Our mobile-first insights platform rewards Canadians for sharing data and engaging with brands.



Methodology

A representative online survey of Canadian shoppers has been conducted.

This report includes results from a Caddle Custom Survey in April 2022, n = 2,830, and IRI OmniConsumer™ Survey Solutions in January 2022, n = 1, 088.



Agenda

01 About Caddle®

02 How are rising prices changing consumer behaviour?

03 How are empty shelves impacting where people shop?

04 To what degree will the shift to eCommerce be sustained post-pandemic?

05 Key takeaways

How are rising prices changing consumer behaviour?

Most Canadian Shoppers Feel Grocery Prices Have Increased in the Past Year

71%

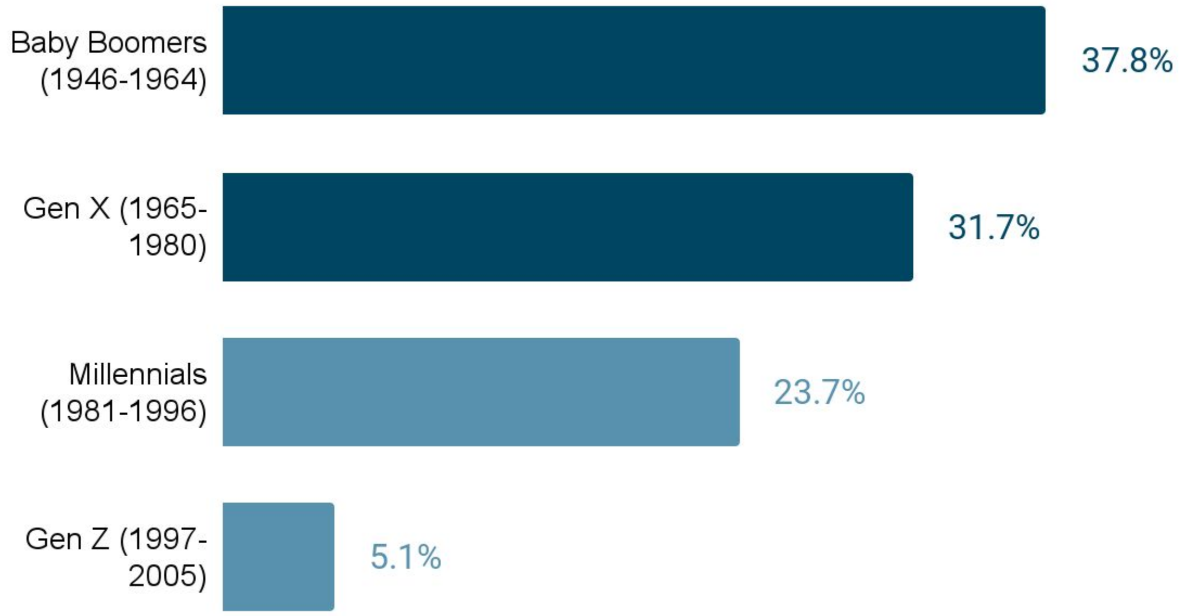
Feel prices are much higher

25% feel prices are a little higher

In the US, 51% felt prices were much higher, 39% felt they were a little higher[2]

Baby Boomers and Gen X are the Most Impacted

Those who perceive the price of grocery items now, compared to a year ago to be much higher



Source: Caddle Custom Survey | April 2022 | n = 2,830, [2] IRI OmniConsumer™ Survey Solutions | January 2022 | n = 1, 088

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Most Shoppers are Adjusting Shopping Choices Due to Increased Prices - Increases are Noticed Most Among Fresh Items

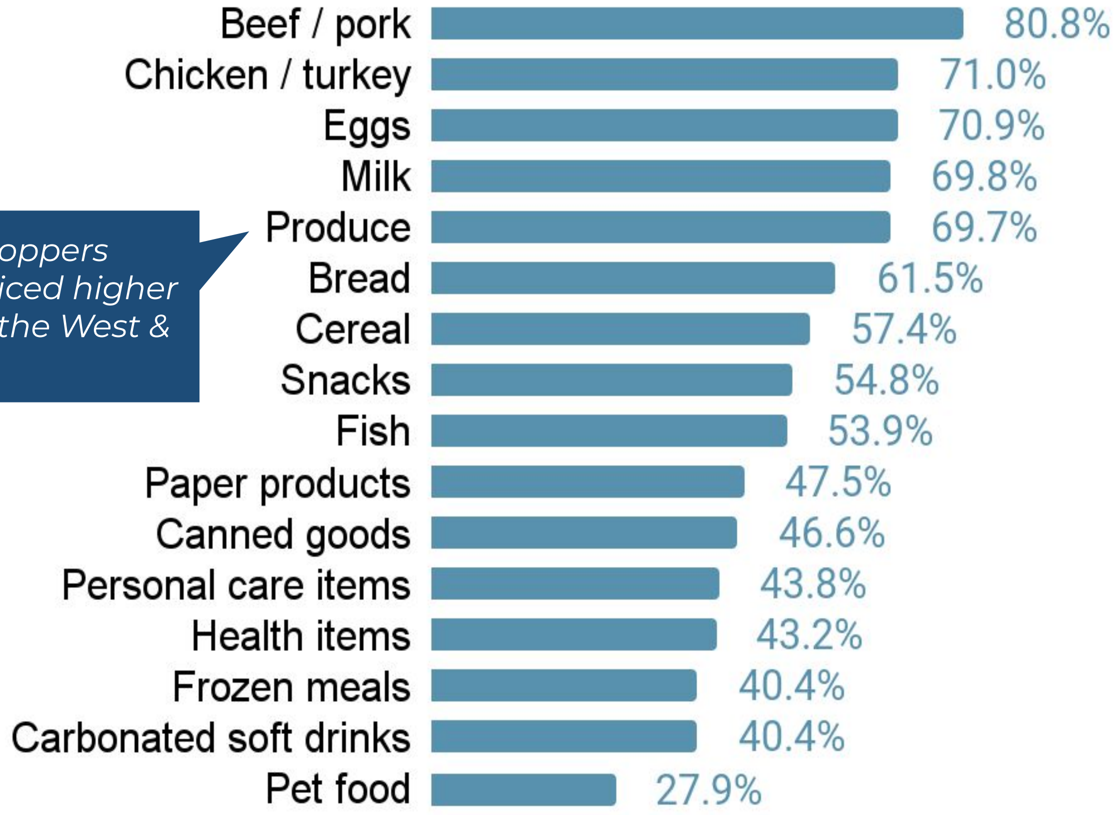
Have you changed your shopping choices recently due to increased grocery prices?

Shoppers are using multiple methods to combat rising food prices, including switching brands.

CA	US[2]	
81%	45%	Looking for sales / deals more often
65%	33%	Cutting back on non-essentials
52%	20%	Switching to lower cost brands
47%	21%	Switching to store brand / private label
45%	11%	Switching to lower cost retailers
40%	*n/a*	Choosing large pack / family pack
12%	*n/a*	Other

For what types of grocery items have you noticed higher prices, compared to a year ago?

81% of shoppers have noticed higher prices in the West & Ontario



Source: Caddle Custom Survey | April 2022 | n = 2,830, [2] IRI OmniConsumer™ Survey Solutions | January 2022 | n = 1, 088

How are empty shelves impacting where people shop?

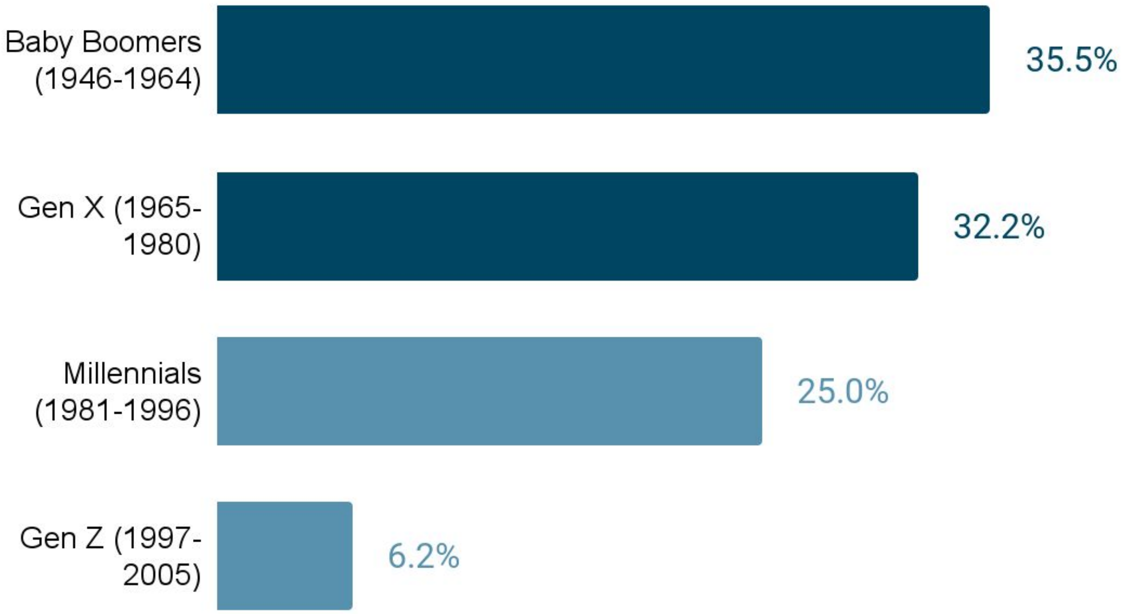
Out-of-Stocks Has Been a Noticeable Issue in Canada, Specifically in the Past 3 Months

76%

Have personally experienced out-of-stocks

Baby Boomers and Gen X have Noticed Out-of-Stock Issues the Most

Those who have personally experienced issues with out-of-stocks or items being unavailable the past 3 months



Source: Caddle Custom Survey | April 2022 | n = 2,830

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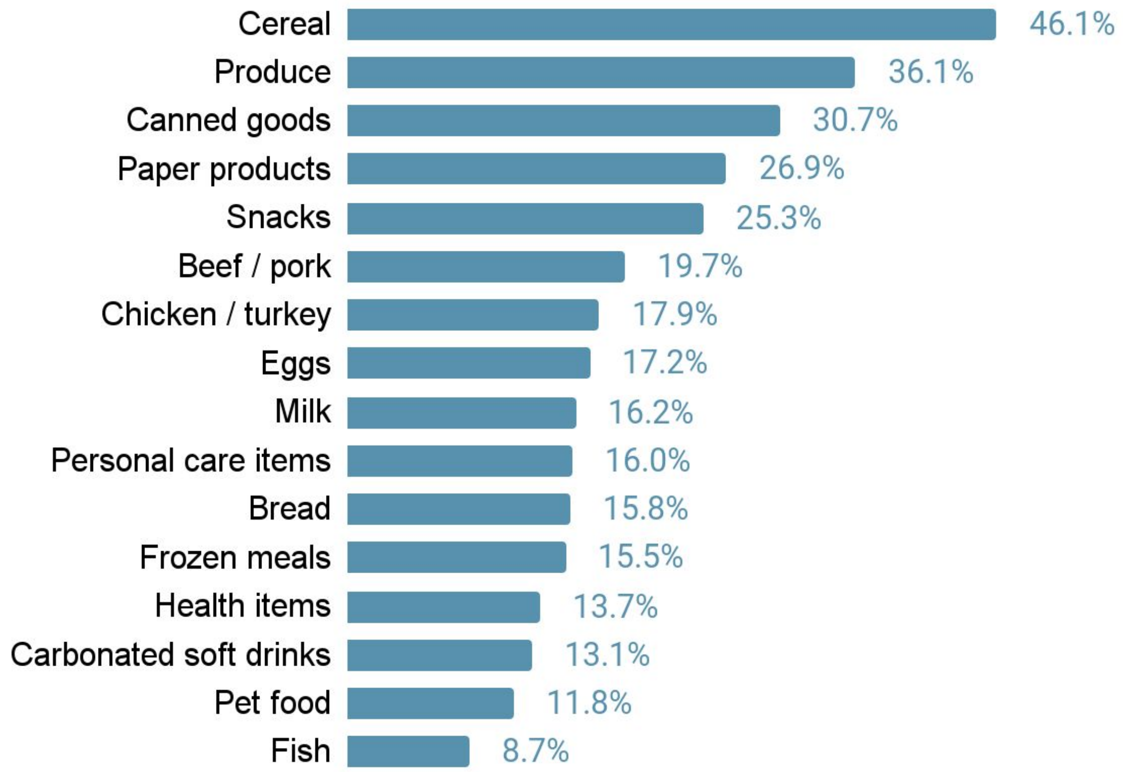
When Products Are Out-of-Stock, 60% of Sales End Up Being Lost: Cereal and Produce Observed to be Most Impacted

Have you changed shopping habits as a result of out-of-stocks in the past 3 months?

Which of the following products have you personally experienced issues with out-of-stocks in the past 3 months?



Canadians & Americans are reacting similarly to out-of-stock situations.

CA	US[2]	
33%	26%	Did not make the purchase
23%	34%	Went to a different store for the item
22%	24%	Bought different brand / variety at same store
16%	19%	Went back to same store to buy later
4%	7%	Went online to order item
2%	2%	Other

Source: Caddle Custom Survey | April 2022 | n = 2,830, [2] IRI OmniConsumer™ Survey Solutions | January 2022 | n = 1, 088

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To what degree will the shift to e-commerce be sustained post-pandemic?

vs. Pre-COVID, Most Shoppers Have Not Changed their Behaviour and Don't Anticipate Changing Post-COVID

72% did not change vs pre-COVID

...while 15% are shopping LESS at brick-and-mortar

Reasons Why	Generation Impacted
42% find online more convenient	32% Gen X
30% find online cheaper	31% Millennials
24% are avoiding COVID	27% Baby Boomers

Compared to pre-COVID, 31% of shoppers feel their brand loyalty has decreased

77% will not change vs post-COVID

...while 15% will shop MORE at brick-and-mortar

Reasons Why	Generation Impacted
54% prefer shopping in-store	32% Gen X
20% find in-store cheaper than online	32% Millennials
18% find more deals / coupons in-store	25% Baby Boomers

Those returning to brick-and-mortar also appreciate the convenience of in-store and want to support local stores

E-Commerce has Grown Rapidly in Canada and the U.S. Thanks to the Pandemic

	E-Commerce Grocery Sales[1]	CAGR* Growth[1]
Canada	$1.9B	47.5%
US	$76.1B	48.3%

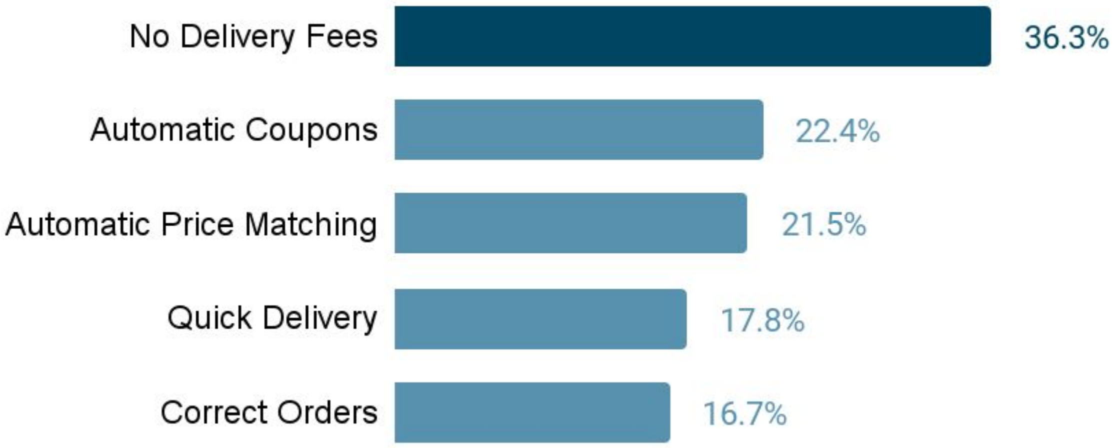
**Compound Annual Growth Rate 2016-2020*

Source 1: https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/distribution-channel-series-e-grocery-market-united-states#b

Source 2: IRI OmniConsumer™ Survey Solutions| January 2022 | n = 1, 045

What Can We Do to Continue the Momentum?

What would encourage you to do more of your shopping online?[2]



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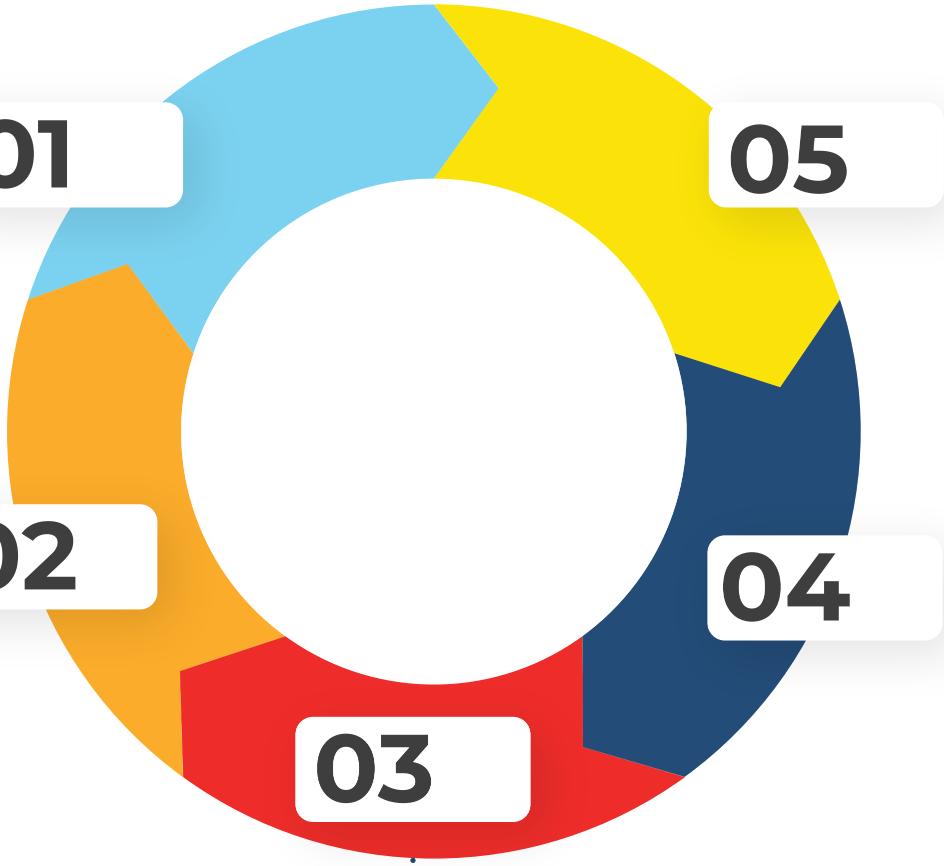
Key Takeaways

Perfect Storm = Perfect Opportunity Consumer channel shifting, category shifting, brand shifting - all presents opportunity for brands that intimately understand changing consumer behaviour. Once in a generation opportunity for share gains.



Get Creative with Value
Value perceptions varying by channel and category (e.g. consumers are willing to pantry load for value). Sharpen your value tactics to both do good and do well in this tumultuous environment.

Fill the Shelves at All Costs 60% of shoppers will buy the desired product elsewhere, and it may stick - especially with enhanced channel shifting (45%). Consider promotional blackouts, deep understanding of substitutes by category, and even loyalty retention tactics (brands & retailers).

Not a One-Size-Fits-All Strategy
Understanding generational differences amongst your consumers and tailoring offerings that meet there unique lifestyle attributes are crucial

Triple-Down in eComm
Platforms like Instacart and UberEats are scaling and providing both value and convenience (and now alleviating travel costs). They can help provide a “moat” around your brands, and also enable discovery as a retailer.

Next Webinar

Cannabis Retailers Navigating the Industry with Environics Analytics on Tuesday, May 17, 2022 2:00 – 3:00 PM ET

Who We Are

Ryan Harris
Principal
ryan.harris@iriworldwide.com

IRi
Growth delivered.

Ransom Hawley
CEO
ransom@caddle.ca

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