

# CANADIAN GROCERY SECTOR UPDATE

CANADIAN CONSUMER – PRE AND POST COVID-19



Prepared by Food Distribution Guy  
September 2020

# Table of Contents

---

Executive Summary	01
Canadian Retail Grocery Sector Overview	02
Consumer Pre/During/Post Covid-19	05
Food Categories Covid-19	08
References	09

# EXECUTIVE SUMMARY

---

The force of COVID-19 continues to change the landscape of the Canadian grocery sector and how Canadians consumers go about their grocery shopping. Shopping behaviours are a testament that our 'new normal' is a never-ending evolution. Total grocery sales continue to experience record level growth. For the 12-week period ending June 2020, sales topped \$21.5B dollars which represented a 14% increase in dollar growth, taking 5% inflation into account. Higher dollar gains are spread across the country with most provinces experiencing above average dollar growth of at least 7%-8% over the past 52-week period.[i] Price sensitivity, already high will continue to heighten, even post-pandemic. This report that was created by Food Distribution Guy is the second in our series titled "Canadian Grocery Sector – Canadian Consumer – Pre and Post COVID-10 is created to provide principles and associates with a:

1. Up-dated overview of the Canadian grocery sector – period ending June 2020.
2. Up-dated overview of the Canadian consumer.
3. Up-dated overview of the fastest growing food sectors during COVID-19.

Outlined below is a random sampling of the shopping changes Canadians have taken as a result of this pandemic:

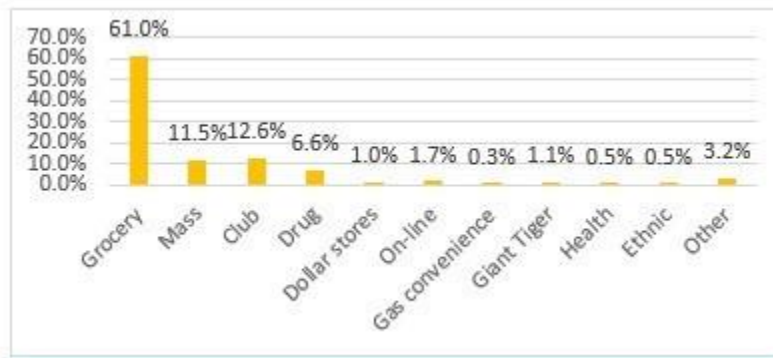
1. Canadians are shopping less often and buying more food per trip.
2. Canadians are embracing on-line shopping. Dollar market share 1.7%.
3. Shoppers turning to brands they know and trust.
4. Price sensitive shoppers turning to store brands: (+9% growth vs. +7% for national brands).
5. Organic food sales up 8% over last year across all product categories.
6. Plant-based food has experienced a higher growth rate than general food sales during the pandemic.

# CANADIAN RETAIL GROCERY SECTOR OVERVIEW

## National Channel

Over the past year, grocery and on-line have increased their dollar share of the retail trade the most (.9% and .5% respectively).

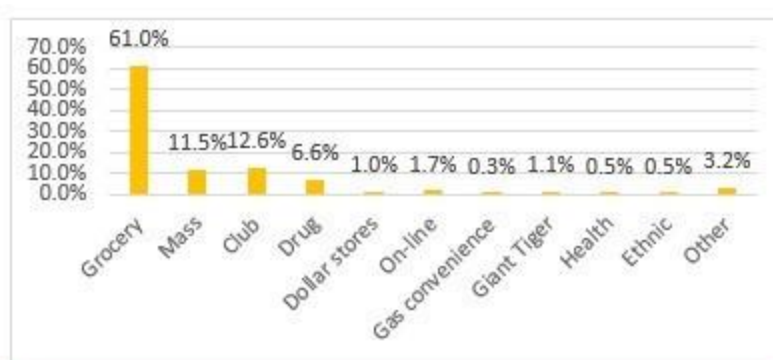
**Chart 1**  
**Dollar Share of the Retail Trade – Channel (PE, June 2020)**



## Top 5 Grocery Banners

The retail trade continues to be dominated by the Big 5 banners (Loblaw, Sobeys, Metro, Walmart, Costco). For the 52-week period ending June 2020, they controlled 77.8% of the grocery trade dollar market share. If Sav-On Foods is added to this list, the Top 6 banners control 81% of the grocery trade dollar market share.

**Chart 2**  
**Dollar Share of the Retail Trade – Top 5 Banners (PE June 2020) [ii]**



## Online Grocery Sector

Canadian consumers flocked to online shopping as a measure to combat the COVID-19 pandemic. Over the past year, the period ending June 2020, the online grocery dollar market share has increased by 42% to 1.7%. [iii]

## Conventional vs Discount

Conventional retailers continue to grow slightly faster than discount retailers, fueled by COVID-19.

**Chart 3**  
**Retail Trade Dollar Share – Conventional vs. Discount**



	\$ Market Share Pt Change	\$\$ Growth
Conventional	+0.3%	+8%
Discount	-0.3%	+7%

## Branded vs Private Label

During the pandemic private label, growth has outpaced national brand growth.

**Chart 4**  
National Brand vs. Private Label Brand Dollar Share [iv]



**Dollar % Growth**  
National brands - +7%  
Private label brands - +9%

## Grocery Departmental Growth

Grocery, non-grocery and meat and seafood lead dollar growth in the last 12 weeks. [v]

	\$	\$ Share	\$ Growth
Grocery	\$12,397.6	46.2%	20%
Meat & Seafood	\$2,882.9	10.8%	20%
Non Grocery	\$3,183776	11.9%	15%

## Convenience & Gas

Convenience and gas reporting record growth in Qtr 2, 2020

	Sales Volume (M)	Sales \$ Growth	Tonn % Growth
Latest 52 Weeks	\$7,284.5	+3%	+4%
Last 12 Weeks	\$1,885.9	+13%	+16%

Frozen foods and Refrig / Dairy lead dollar growth (+41% and +24% respectively) over the past 12 weeks, period ending June 2020. [vi]

# CONSUMER - PRE / DURING / POST COVID-19

## General

- 63% of Canadians are shopping less often and buying more food per trip than before.
- 33% are making shopping lists; and 32% are making a meal plan for the week ahead more often.[vii]
- 60% of consumers doing more home cooking during the pandemic.[viii]
- Diets, health, and sugar reduction in the spotlight during the era of COVID-19.

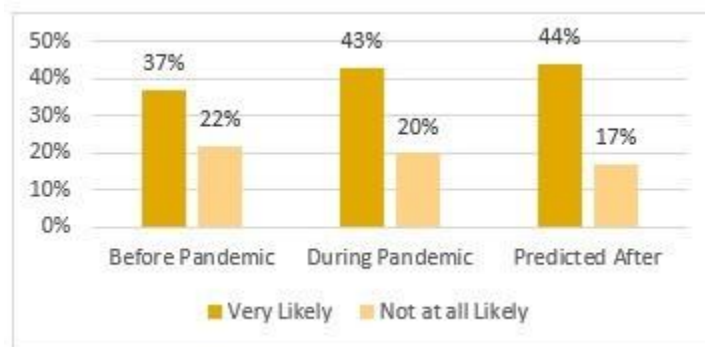
## Price Sensitivity

- Due to reduced incomes, price sensitivity will remain heightened:
  - \* 91% of consumers feel their income is the same or lower than before COVID-19.
  - \* 77% of consumers feel their income will be the same or lower one year from today.

# Branding

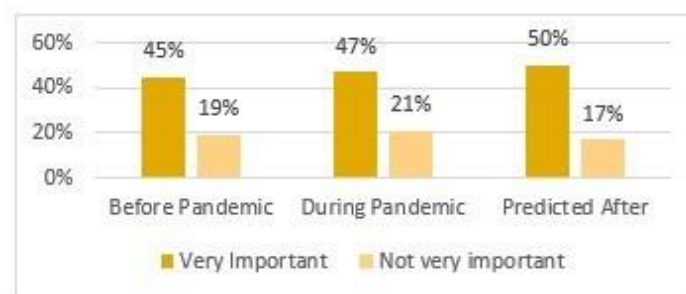
Price sensitive shoppers turning to store brands:

**Chart 5**  
**Likelihood to Purchase Store Brand Over National Brand**



- 47% of online shoppers are more inclined to purchase a store brand over a national brand, as compared to 34% of non-digital shoppers.
- Shoppers turning to brands they know and trust:

**Chart 6**  
**Importance of Awareness and Trust of Brand [ix]**

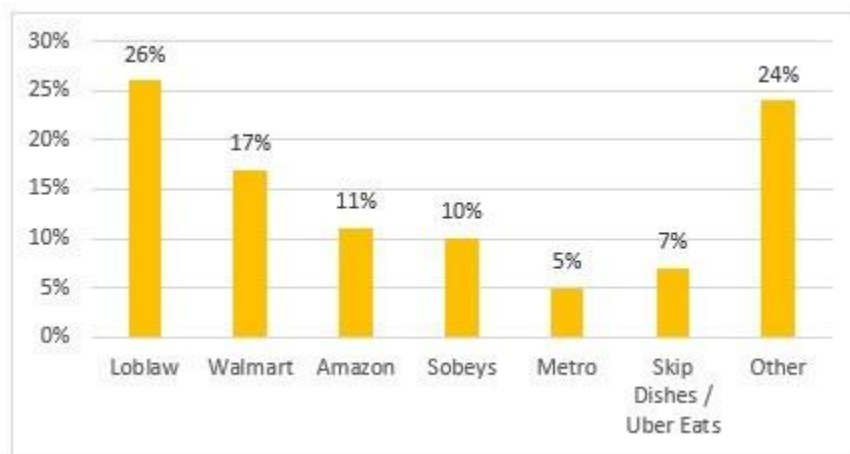




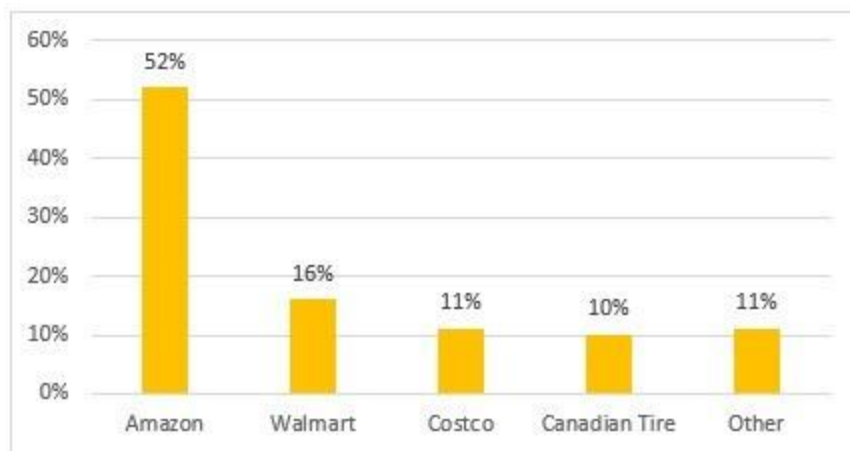
## Online Channel

- Half of all online Canadian households have shopped online for groceries at some point during the past six months.
- 57% of online households with kids have purchased groceries online during the pandemic, compared with 35% of empty nesters.
- July 2020, 17% of respondents said they had used an online grocery service in the past week, up from just 7% in 2018 and 5% in October 2016.
- Anticipated Canadian e-commerce to increase through the rest of 2020, with shoppers increasingly coming to appreciate its convenience at the same time that safety concerns around COVID-19 persist.

**Chart 7**  
**On-Line Banners % Shoppers - Grocery**



**Chart 8**  
**On-Line Banners % Shoppers – Household Items [x]**

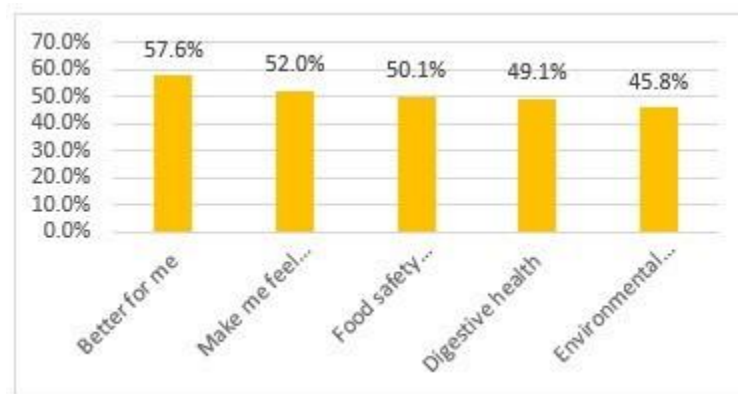


# FOOD CATEGORIES - COVID-19

## Organic

- Organic sales in Canada across all product categories “have increased 8% over last year and continue to grow beyond capacity.

**Chart 9**  
**Reasons Why Consumers Purchase Organic Foods [xi]**



## Plant Based

- Plant-based food has seen a higher growth rate than general food sales during the coronavirus pandemic. All plant-based categories have experienced strong sales peaks.
- More than half of consumers said they ate plant-based food because it makes them feel better, according to a DuPont Nutrition & Health study from 2018. [xii]
- Vegetarianism in Canada has increased from 1.5% to 2.5% in the latest quarter, period ending June 2020.
- The rate of vegan diets in Canada increased by 0.7% during the past quarter.

## Plant Based Cont'd

- ♦ Pescatarian, which is a diet free of land animals but includes fish and dairy products, increased by 0.2%.
- ♦ The reasoning for the sharp increases over the past quarter:
  - \* Livestock industry really struggled with COVID-19.
  - \* Sharp rise in beef prices. According to Statistics Canada, in June, consumers paid 8.3% more for fresh or frozen beef compared with May.[xiii]

*“Plant-based food companies have long detailed the risks to human health and the environment posed by animal agriculture. In the current situation, consumers may be more apt to believe them”. [xiv]*

## REFERENCES

---

- [i] The President's Report, Nielsen, Q2, 2020
- [ii] ACV, Nielsen, 52-week period ending June 2020
- [iii] ACV, Nielsen, 52-week period ending June 2020
- [iv] The President's Report, Nielsen, Q2, 2020
- [v] The President's Report, Nielsen, Q2, 2020
- [vi] Convenience and Gas, Nielsen, Q2, 2020
- [vii] Canadians Adopt More Food-Saving Habits, Canadian Grocer, September 2020
- [viii] Coronavirus Changed 85% of Consumer's Food Habits, [www.fooddive.com](http://www.fooddive.com), June 2020
- [ix] Recovering Shopper Loyalty in the Post COVID-19 World, Panel Discussion, Progressive Grocer, September 2020
- [x] Canadian E-Commerce Surges, Amazon Prime Memberships Jump: SRG, Canadian Grocer, September 2020
- [xi] Organic's Good News Story, Canadian Grocer, May 2020
- [xii] Plant-based Food Sales Outpace Growth in Other Categories During Pandemic, [www.fooddive.com](http://www.fooddive.com), May 2020
- [xiii] Appetite for Meat Free Diets Continues to Grow, Canadian Grocer, July 2020
- [xiv] Plant-based Food Sales Outpace Growth in Other Categories During Pandemic, [www.fooddive.com](http://www.fooddive.com), May 2020