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CANADIAN SHOPPING VALUES:
NUTRITON VS PRICE!

SUMMARY

The inflationary wars continue to impact consumer shopping habits;

1. 79% of Canadians have changed their buying habits by seeking out deals or reducing their overall spending, [1]
2. 86% of Canadians consider themselves more price-conscious compared to last year,
3. 63.8% of Canadians are more inclined to opt for generic brands over national brands[2]

For June and July 2023, sales volume at grocery stores has declined by 2% per month as compared to the same period in 2022.[3]

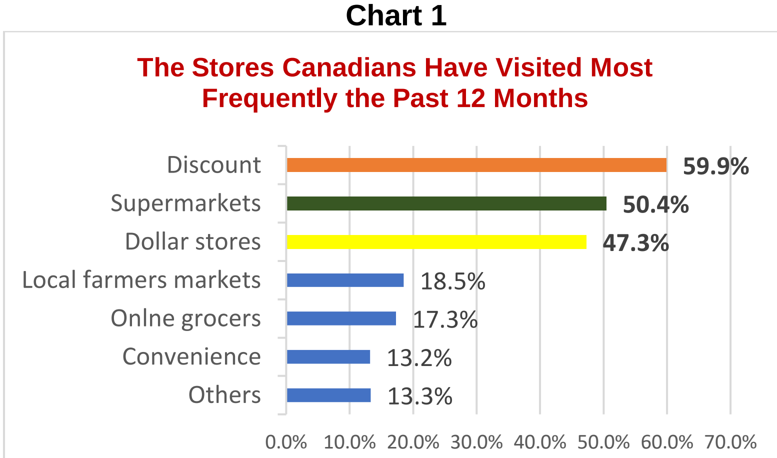
Rising food prices have compelled Canadians to make challenging decisions. This report outlines the key choices they are making:

1. The channels in which they shop.
2. Dietary choices.

CHANNEL SHOPPING

The majority of consumers have shifted where they go grocery shopping. As outlined in Chart 1, the 3 top destination channels: 1. Discount, 2. Traditional grocery, 3. Dollar stores. Over the past year, 41.2% of Canadians visited grocery stores less frequently, as compared to 26.5% who have increased their grocery stores visits.[4]

Chart 1



NUTRITIONAL COMPROMISES

The majority of Canadians regardless of age are actively trying to eat healthier. They seek products with reduced sugar, salt, and calories, and seek products with increased fibre and protein. Yet, the rising food prices have compelled Canadians to make challenging nutritional choices. Table 1 sheds light on how Canadians by region are grappling with the choice of "nutritional value vs. cost". Table 2 breaks it down by age.[5]

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[1] Tight Budgets Leading to Spending Cuts, www.westerngrocer.com, July / August 2023
[2] Majority of Canadians Have Substantially Changed Shopping Habits, www.canadiangrocer.com, October 2023
[3] Canadian Consumers are Buying Less but Paying More, www.financialpost.com, September 2023
[4] Are Canadians Compromising Nutrition Due to High Food Prices, www.grocerybusiness.com, October 2023
[5] Are Canadians Compromising Nutrition Due to High Food Prices, www.grocerybusiness.com, October 2023

Table 1

	Prioritize Cost over Nutrition When Grocery Shopping More So than 1 Yr Ago	I am Concerned Compromising on Nutrition Due to Cost May Negatively Affect My Health in the Long Run
New Brunswick	53.7%	55.8%
Alberta	53.3%	70.0%
Quebec	49.9%	57.6%
New Foundland	49.2%	61.7%
Saskatchewan	47.0%	55.3%
British Columbia	46.6%	66.6%
Manitoba	45.4%	60.6%
Ontario	43.2%	62.7%
P.E.I.	42.1%	61.8%
Nova Scotia	40.4%	59.8%

Note: Residents in Canada's 2 largest provinces are more inclined to prioritize nutrition over price. Yet, both provinces rank in the top 3 for long-term health effects when prioritizing cost.

Table 2

	Prioritize Cost over Nutrition When Grocery Shopping More So than 1 Yr Ago	I am Concerned Compromising on Nutrition Due to Cost May Negatively Affect My Health in the Long Run
Gen Z (1997-2005)	52.5%	58.0%
Millennials (1981-1996)	52.7%	68.7%
Gen X (1965-1980)	46.0%	64.8%
Boomers (1946*1964)	34.6%	58.0%
Greatest Gen (1900-1945)	54.7%	63.5%

Note: The younger generation is most concerned about compromising on nutritional values to save money on their grocery bill.

FOOD DISTRIBUTION GUY's 3 BRAND IMPLICATIONS – SALES PERSPECTIVE

1. With channel shifting:

   "Brands must fulfill a multi-channel strategy, and offer all banners similar costs on promotions".

2. With ongoing wallet shifts to private label:

   "Brands need to monitor price gaps and focus on unique product attributes and innovation".

3. With Canadians taking fewer trips to the grocery store, and purchasing volume on the decline:

   "Brands must drive demand, and focus on nutritional values".

RICHARD BAKER

Food Distribution Guy,

I am the President and Founder of Food Distribution Guy. Our mandate is to ensure our principles' success is sustainable long-term in the Canadian grocery sector.

Food Distribution Guy's Value Proposition for Our Client's Success:

1. Fifteen + (15+) years of branding, marketing, and sales expertise in Canada's grocery sector.
2. Our "4" Keys to Success:
   a. What is your brand's unique point of difference?
   b. What value does your brand bring to the category?
   c. Is your brand's suggested retail competitively priced?
   d. How will the brand support its launch to increase consumer awareness?
3. We keep our principals up-dated on the "Pulse" of the Canadian grocery sector.
4. We keep our clients abreast of the activities in the Canadian grocery sector for their top 3 competitors.
5. We align and manage our principal's sales (broker, and / or distributor), marketing (if required), and logistic solutions which allow our principals to manage the day-to-day business.

We understand the grocery landscape, and we will assist you in navigating through it. Your brand will receive the attention to detail it requires.

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