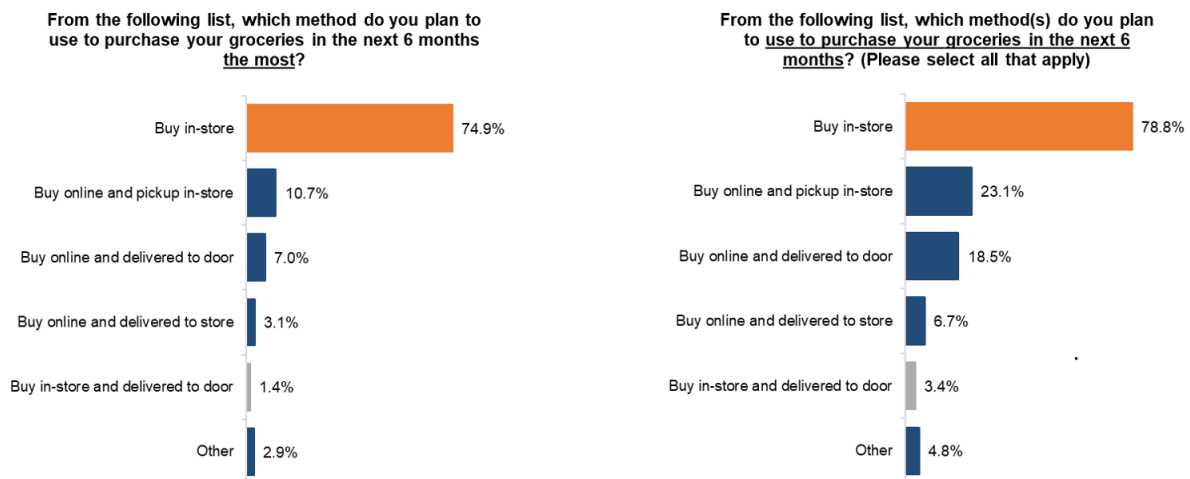


The grocery industry will look very different after the pandemic, according to a new report

HALIFAX, NS. (May 27, 2021) – The **Agri-Food Analytics Lab** at **Dalhousie University**, in partnership with **Caddle**, is releasing a new report on the future of the grocery sector.

A total of 10,024 Canadians were surveyed on grocery shopping in May 2021. The aim of this project was to better understand how the pandemic could impact the grocery experience over time. Many questions were asked to Canadians about how they choose stores and how they feel about their store experience overall. A wide variety of topics were covered, including questions on store memberships, store design, local foods, self-checkouts, plants, gardening, location, and online purchasing. Based on the data collected, these are the most pertinent results of the study:

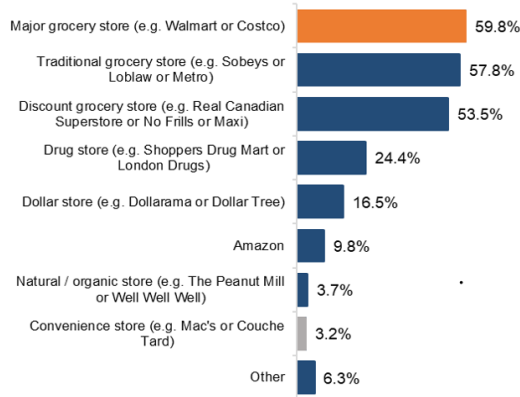
- 1) **The virtual/brick-and-mortar dilemma:** Online purchases in the future will continue to generate more sales for the sector. Almost a quarter of Canadians (22.2%) intend to buy online regularly, and the percentage for pick-up also remains stubbornly high.



- 2) **Store disloyalty:** A quarter of Canadians (25%) have changed where they grocery shop during COVID. That is a significant number, likely due to how consumers perceived risks when visiting a store. Physical space and COVID cases reported may have played a role in motivating consumers to look for a different store.
- 3) **The three traditional stores less influential:** The influence of the three major food retailers, Loblaw, Sobeys, and Metro, appears to be eroding. Many new online players like Amazon and non-traditional players will likely continue to affect the sector over the next few years. Pushed to go online, consumers are realizing they have access to more choices as the supply chain becomes more democratized and open. While 24.4% of Canadians are likely to visit a

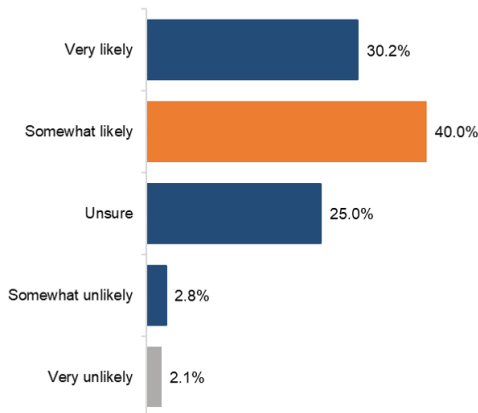
drug store for food, 16.5% will visit a dollar store, and 9.8% will use Amazon as a food provider.

From the following options, where do you plan to shop for groceries in the next 6 months? (Please select all that apply)

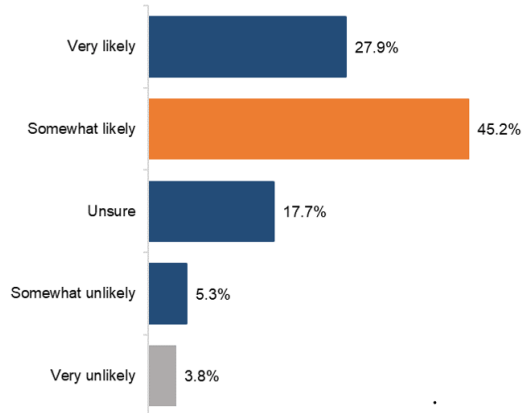


- 4) **Loyalty programs more critical:** Loyalty programs will become even more critical in years to come, for both retailers and consumers. These programs will be crucial in order to build loyalty, and most important, for analytics. A total of 73.1% of Canadians are likely to be influenced by loyalty programs when purchasing food products.

If a retailer introduces a new loyalty program, how likely are you to join?

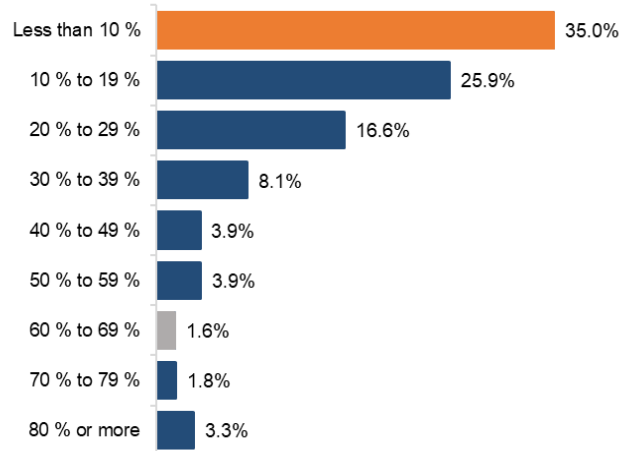


How likely is a grocery store loyalty program to influence where you make purchases?



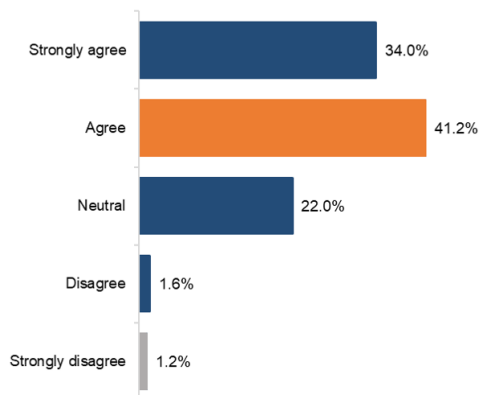
- 5) **Independent retailers are popular:** As we are slowly coming out of the pandemic, the commitment towards independent grocers remains surprising. Canadians appear to sympathize with them, as 60.9 % of Canadians want to spend up to 19% of their food budget at independently owned and operated stores.

What percentage of your total grocery purchases do you think will be to local businesses (independently owned and operated store/company that is limited in size and in revenue) in the next 6 months?

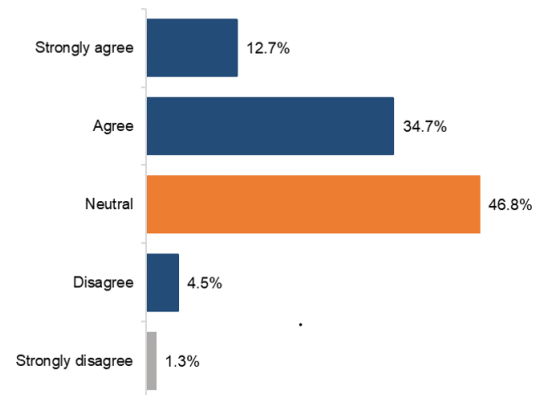


6) Aligned with the will to support independent grocers, the “local paradox” clearly shows in this data. People want to see local products, but the support significantly drops when asked whether they intend to buy. While 75.2% of Canadians want grocers to carry more local products, only 47.4% intend to buy more local food products in the next 6 months. One can only assume visits and actual sales numbers will tell a different story over the next year or so.

"I wish large grocery store chains carried more local products"?



"I plan to purchase more local goods and services in the next 6 months"?



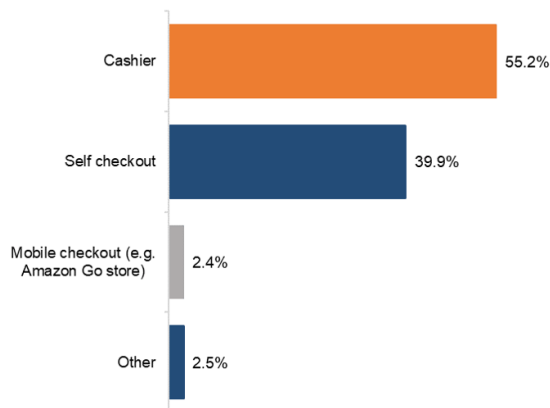
- 7) **Discount is king:** We have seen many conversions of grocery stores into discount stores across the country already. Canadians will continue to look for bargains, but we are expecting that trend to intensify over the next year or so. Discount stores will do well in an inflationary environment. A total of 70.2% of Canadians will be actively looking for promotions and discounted food products.

From the following list, which is most likely to attract you to purchase a grocery store product in the next 6 months?

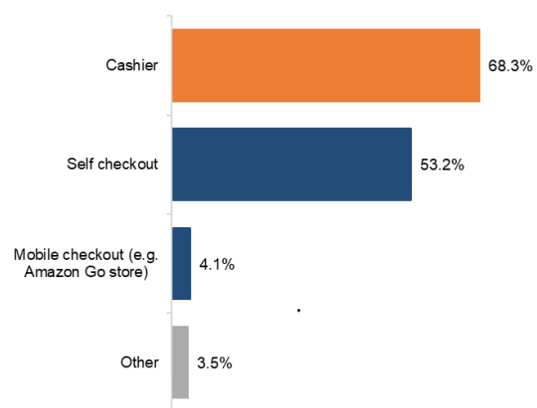


- 8) **Self-checkouts are making a comeback:** There have been more reports of grocers adding more self-checkouts in stores of late. Canadians appear to want more of them, likely due to the pandemic. Self-checkouts may be seen as less threatening for consumers visiting grocery stores. Almost 40% of Canadians intend to use self-checkouts most of the time in the next 6 months.

When shopping in-store, which method do you plan to use for checkout in the next 6 months the most?

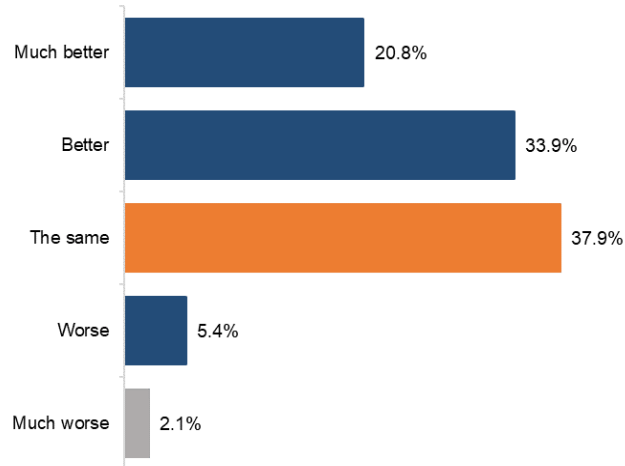


When shopping in-store, which method(s) do you plan to use for checkout in the next 6 months? (Please select all that apply)



- 9) **Store design for physical distancing:** Store design for physical distancing appears to be an important factor for Canadians and grocers. A total of 54.7% of Canadians think grocers would offer a better experience with a redesigned store which allows for more physical distancing.

Would grocery shopping be better or worse if retailers redesigned the store layout to accommodate physical distancing?



End of report.

Full report here: <https://www.dal.ca/sites/agri-food.html>

Contacts

Sylvain Charlebois, Director

Agri-Food Analytics Lab, Dalhousie University

sylvain.charlebois@dal.ca

Janet Music, Research Program Coordinator

Agri-Food Analytics Lab, Dalhousie University

janet.music@dal.ca

Methodology: A representative survey of Canadians was conducted in May 2021, in partnership with Caddle. 10,024 Canadians participated in this survey.

Margin of Error: +/- 1.3%, 19 times out of 20. Any discrepancies in or between totals are due to rounding.

Research Ethics Certificate: No. 2020-5215.

Disclosure: Funding for this survey was provided by **Caddle** and **Dalhousie University**.