



CADDLE



Is Costco the Winner of the COVID-19 Pandemic?

Value, customer experience, and availability keep Canadian shoppers coming back to the mega-banner

Make better decisions, faster.

with access to rapid insights at every stage of the consumer journey.

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.

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Costco Continues to Soar

Numbers don't lie and, COVID-19 be damned, Costco has had a banner year when it comes to revenue and sales gains¹. And the retailer's returns continue to grow apace.

Across Costco's 809 warehouse stores and eCommerce sites worldwide:

- +21.4% total revenue, to US\$45.28 billion
- +21.7% net sales, to US\$44.38 billion
- +15.2% same-store sales, U.S. (excluding fuel and currency fluctuations)
- +10.1% membership fees, to US\$901 million

Across the banner's 105 Canadian stores and eCommerce site:

- +80.3% eCommerce sales (vs. Q2-2020)
- +38.2% eCommerce sales (vs. Q3-2020)
- +32.3% same-store sales

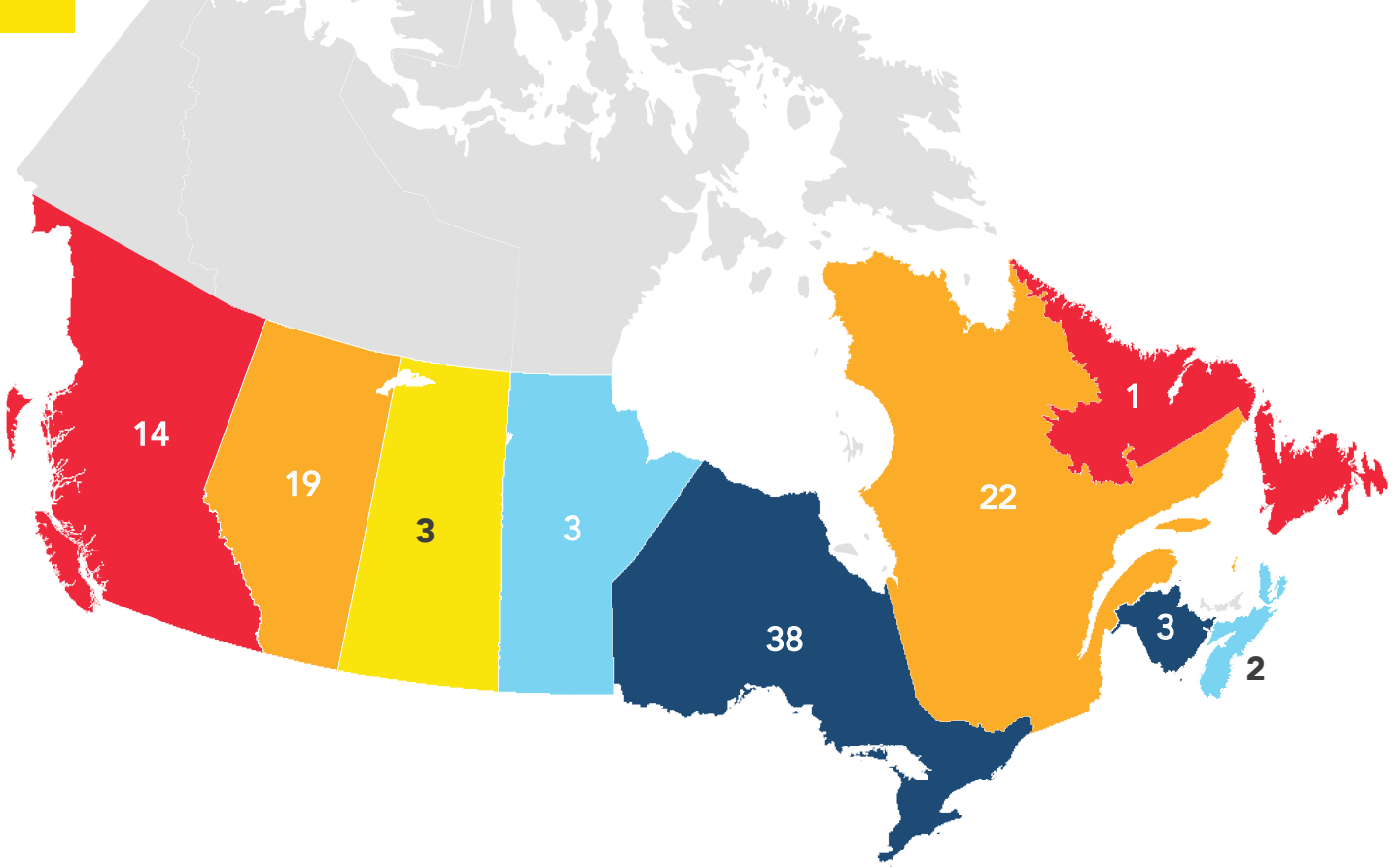
(*All results vs. same period last year)

Canadian Grocer recently called Costco's financial results not just impressive but astonishing². Yet, we here at Caddle aren't all that surprised, considering the outstanding ratings the banner has received from tracking more than 20,000 Canadian shoppers since January 2019 (and validated with actual receipt data and/or upload to the Caddle app).

Specifically, at a time when "value for price" seems to trump all other drivers of grocery consumer intent, Costco has firmly staked its claim on consumer spending in this regard. But beyond that, the banner also leads the way for multiple Canadian demographics on brand and product availability, speed of shopping and checkout, and other benefits they're able to deliver in store and online.

Join us as we delve into the data to uncover the key insights that lead us to declare Costco as the winner of pandemic grocery spending for the majority of Canadian consumers.

Distribution of Costco Warehouse Stores across Canada³

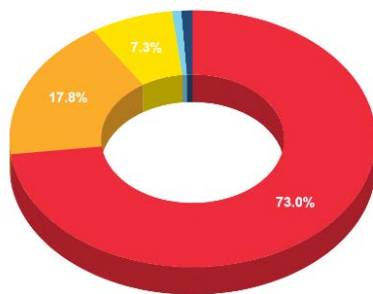


Who are Costco's Canadian Shoppers?

First, let's consider the size of their member base: Caddle research indicates that almost two-thirds of consumers are Costco Members—remarkable considering the fact that Costco operates only 105 brick-and-mortar warehouses across the country. This includes about a third of Canada's Baby Boomers and Gen Xers and a quarter of our country's Millennials.

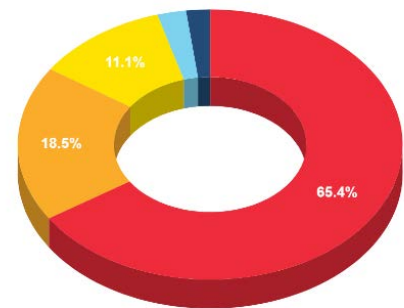
Among those Canadians who shop at Costco, 78% have their own memberships, while 13% use others' memberships to shop with the banner. This includes more than a quarter of Gen Zers, who use their parents' memberships³.

Q: How likely are you to renew your membership?



Mar. 12-14, 2021
Costco Members
n = 1,282

- Very likely
- Somewhat likely
- Unsure
- Somewhat unlikely
- Very unlikely



Dec. 7, 2020
Amazon Prime Members
n = 3,859

Member loyalty is strong: 40% of Members have been with the program for 10+ years³ and a whopping 91% are committed to renewing their memberships. (Compare this to Amazon Prime Members, 84% of whom are equally committed to the program⁵.)

Among those shoppers, 55% shop at Costco at least a few times per month, if not more frequently⁴. And nearly half (44%) prefer buying from local brick-and-mortar locations, while a further 37% prefer omnichannel shopping that combines in-store with some online purchasing activity⁴.

Costco Wins Shoppers on “Value for Price”—Especially During the Pandemic

Based on multiple research panels and consumer tracking methodology, we’ve uncovered a clear connection between Costco and the value it delivers to consumers as a whole.

15%

of Costco Canada Members joined during the pandemic

[Caddle Daily Panel; national; General Population (n = 8,674); data collected Apr. 18, 2021]

In Caddle’s Grocery CX Tracker, which has followed more than 20,000 Canadian shoppers since July 2019, we learned that more than half of Costco Members look for “value” in their shopping with the banner. In fact, it was the main trigger for 57% of respondents to become Costco Members in the first place⁶.

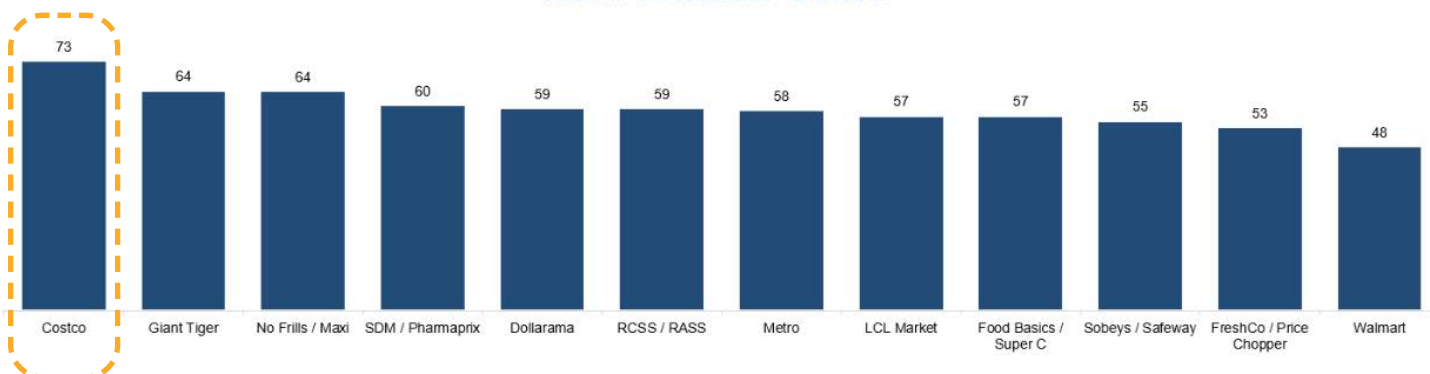
Similarly, Costco maintained the highest Net Promoter Score (NPS) over the last 12 months among 12 national grocery banners, with an overall score of 73⁷.

Costco has the highest NPS (73) throughout the pandemic.

Compare this to other value-driven stores like Giant Tiger and No Frills/Maxi (both at 64), Food Basics/Super C (at 57) and FreshCo/Price Chopper (at 53).

% Promoters - % Detractors = Net Promoter Score
Promoters: Score 9-10 / Detractors: Score 0-6

Net Promoter Score



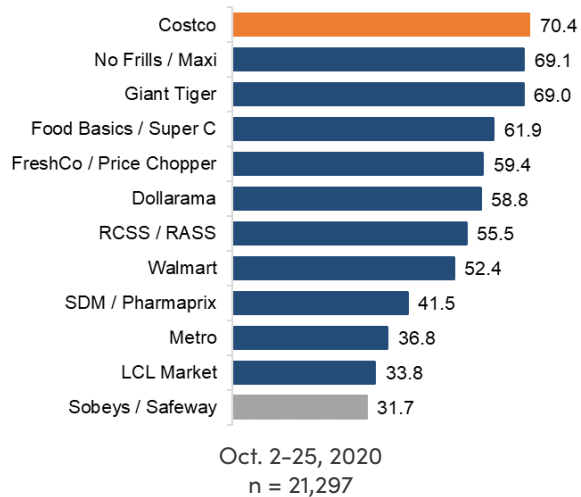
Jul. 2, 2020–May 5, 2021

*Last 12 months data trend | n = 21,297

Millennials are especially keen on the value delivered by the banner, ranking it #1 against 11 other retailers.

What's more, Costco ranked above all other grocery contenders on the specific measure of "value for price," with an NPS score of 70.4.

Q: How satisfied are you with the store offering good value for the price paid?



Gain near-real-time insights on consumer preferences across 12 major Canadian grocery retailers with Caddle's Grocery CX Tracker. [Contact us to get started!](#)

What is a Net Promoter Score (NPS)?

Viewed by marketers and sales professionals as a highly trustworthy and valuable research methodology, NPS provides an index to measure consumers' willingness to recommend a company's products and/or services to others based on their experiences.

NPS values range from -100 through +100; scores above 0 are considered good, while values of 50 and above are great, and values 70+ are exceptional.

How Caddle measures NPS: Surveys are collected digitally from our first-party consumer panel; Canadians upload their shopping receipts to the Caddle mobile app, triggering the post-shopping CX survey. This data is collected for Canada's top grocery retailers on a weekly basis in perpetuity.

Get in touch to get Caddle's NPS studies working for your brands today!

What Else is Driving Canadian Consumer Dollars into Costco's Coffers?

While value is decidedly top-of-mind as Canadian consumers contemplate and complete their grocery shopping journeys, it's crucial to look at a broader spectrum of drivers that motivate purchase intent.

When we look at factors like CX, product and brand availability, speed of shopping and checkout, and in-store cleanliness and hygiene, Costco still comes out on top overall, though we also begin to see the sway that different cohorts have in the banner's results.

Ranking Among 12 National Grocery Retailers

	Good Value	Shopping Experience	Available Brands	Fresh Food Availability
Costco	1	1	1	1
Metro	10	7	2	2
Sobeys/Safeway	12	10	4	4
Giant Tiger	3	2	9	10
No Frills/Maxi	2	3	7	5
Food Basics/ Super C	4	9	8	7
Loblaws	11	8	3	3
Shoppers Drug Mart/Pharmaprix	9	4	6	11
FreshCo/ Price Chopper	5	11	11	8
Dollarama	6	5	10	12
Walmart	8	12	12	9
Real Canadian Superstore	7	6	5	6

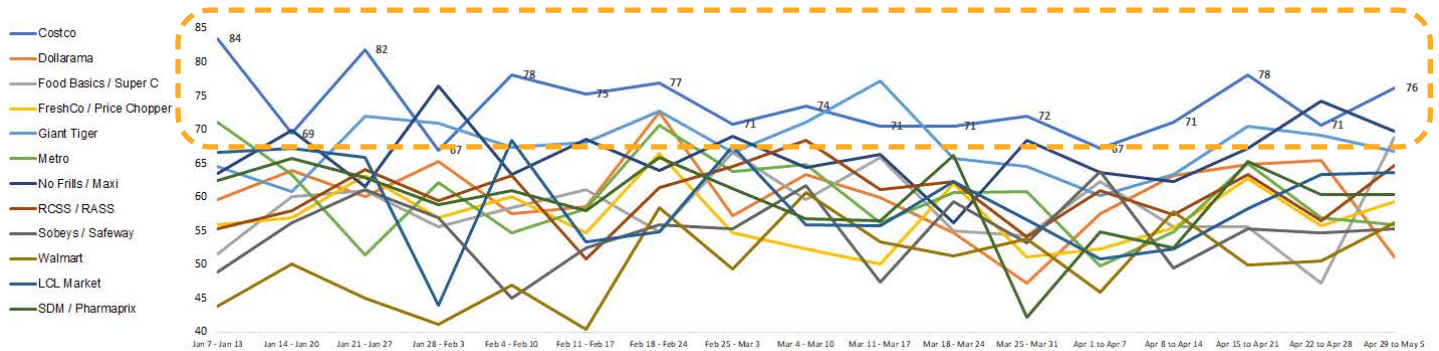
Jul. 2, 2020-May 5, 2021
n = 21,297

Shopping Experience (CX)

Nearly 9 out of 10 consumers rate their CX with Costco as “positive” or “very positive”—especially members from Nova Scotia, Quebec, Manitoba, Saskatchewan and Prince Edward Island, who over-index on this measure⁸.

In fact, Costco ranks the highest of all major grocery banners for the CX they’re able to deliver⁷. (Based on the nature of NPS measurement, this means that people are most likely to recommend Costco to family and friends over other retail banners). Plus, Costco has been voted the best in grocery CX continuously for the most months, compared to other retailers⁷.

Q: Based on your most recent grocery shopping experience, how likely are you to recommend this store to family or friends?



Jul. 2, 2020–May 5, 2021
*month on month data trend | n = 21,297

Product, Brand and Fresh Food Availability

If there’s (at least) one thing that Canada’s Baby Boomers and Millennials can agree on when it comes to grocery shopping, it’s that availability of products, brands and fresh food selection is important.

Curious what else Baby Boomers and Millennials do or do not agree on? Check out [“The Great Divide: One Country, Multiple Cohorts”](#) to find out.

Generally, the same players come up in the Top 5 list for each of these measures, including Shoppers Drug Mart/Pharmaprix and parent company Loblaws, as well as Sobeys and Metro. Among those banners, Costco ranks fairly well (see chart below for relative ranking)—coming in third or fourth for both Baby Boomer and Millennial cohorts.

Measures of Availability – NPS Ranking – Top 5 (12 months trending)⁹

	Product	Brand	Fresh Food
Millennials n = 7,940	<ol style="list-style-type: none"> Shoppers Drug Mart/Pharmaprix Loblaws Costco Sobeys Real Canadian Superstore 	<ol style="list-style-type: none"> Real Canadian Superstore Loblaws Shoppers Drug Mart/Pharmaprix Costco Metro 	<ol style="list-style-type: none"> Loblaws Metro Real Canadian Superstore Costco Sobeys
Baby Boomers n = 4,083	<ol style="list-style-type: none"> Metro Shoppers Drug Mart/Pharmaprix Costco Sobeys No Frills 	<ol style="list-style-type: none"> Metro Sobeys Loblaws Costco No Frills 	<ol style="list-style-type: none"> Metro Sobeys Costco Loblaws Food Basics

In part, this may be related to Costco's focus on broad assortment, in tandem with their purchasing power (by virtue of their size and global scope)—both effectively elevating the banner's status among Canadian consumers, making them a superior source for the products, brands and fresh food options that keep shoppers happier and healthier over the long haul of the pandemic.

Other Factors that Matter

With COVID-19 restrictions top of mind, certain in-store features that facilitate a faster and healthier shopping journey become more important, especially for Canada's older consumers:

- **Speed of shopping and checkout** – Baby Boomers rank Costco first in this measure, while Millennials rank them dead-last.
- **Layout and signage** – Better store navigation and signage helps customers get in and out faster, and Baby Boomers rank Costco third among national banners for this reason.
- **Cleanliness and hygiene** – Baby Boomers appreciate Costco's cleanliness measures, ranking them second among 12 retailers.

What are Costco Shoppers Buying, How Much and How Often?

Costco shoppers have found a haven for food and beverage in the warehouses' aisles: food and beverage items made up 82% of shoppers' baskets during the pandemic (+4% from pre-COVID-19).

Produce May Be Costco's Pandemic Saving Grace

The top 50+ of the food and beverages most purchased by Costco members came from the produce section¹⁰—an area that Costco has been able to excel at over time but especially during the pandemic.

Meanwhile, paper products (e.g., towels and toilet paper), frozen food (e.g., fruit and appetizers), snacks, health and wellness (e.g., vitamins, supplements, bars), and laundry products comprise a sizable portion of Costco shopping baskets as well¹⁰. The common denominator: These products are not only related to health and wellness—an increasingly topical concern during the pandemic. They're also generally higher-ticket items that turn over quickly. By shopping at big-box-driven Costco, it's conceivable that consumers can and do save a decent amount of money on the products that use up their monthly budgets most.

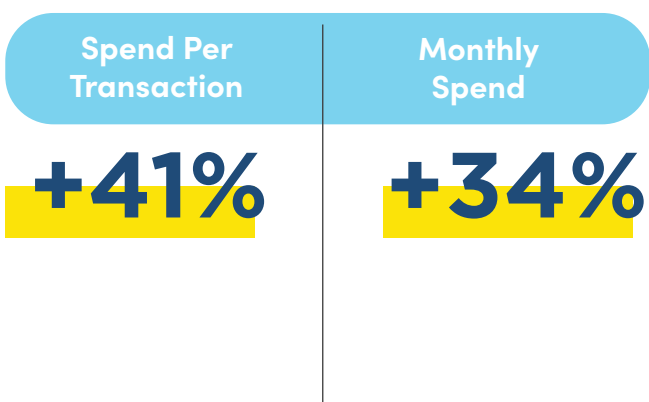
Top Purchased Categories During the Pandemic:

82%
Food and Beverage

8%
Home and Gardening

3%
Apparel

Speaking of Grocery Budgets...



For well over half of consumers, Costco purchases make up 11–50% of their monthly grocery bill⁶ and 71% of consumers spend between \$101–499 per trip. And though Costco saw fewer trips overall from the same consumers—dropping by about half over the course of the pandemic—both the average spend per transaction and monthly spend continue to trend upward, at +41% and +34% respectively¹¹.

Costco Buying Habits	Pre-Pandemic	During Pandemic	+/-
Average # of items per basket	20	21	+1
Average transaction spend	\$143	\$202	+41%
Average monthly spend	\$336	\$450	+34

But there's more! Once the pandemic is over, over a quarter of consumers plan to purchase more from the banner, compared to 12% of consumers who plan to purchase less (representing a net increase of 16%¹²).

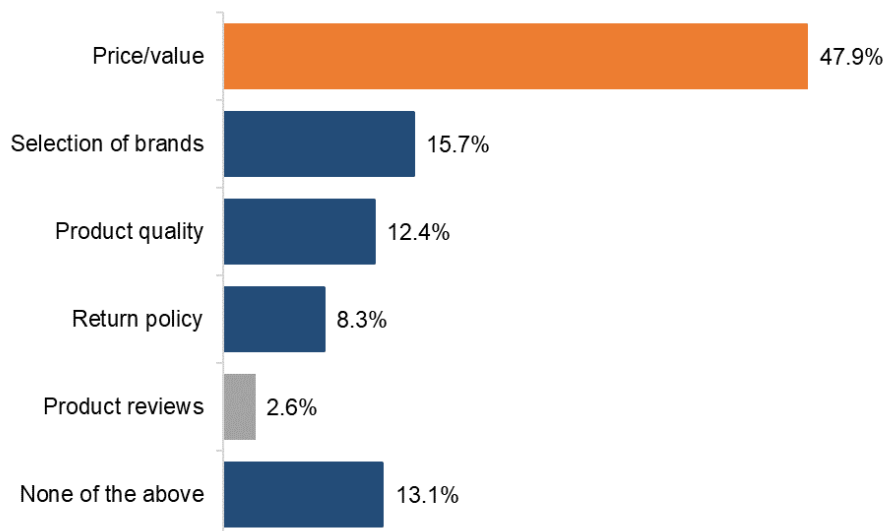
All of these data points underline the significant dollar gains the banner has been able to achieve at a time when other retailers struggled to keep revenues flowing consistently and products going out their doors.

New Channels Bring Shoppers More Options and Costco More Revenues

While pandemic restrictions sounded the death knell for more traditional retailers who just couldn't pivot fast enough to digital to make up for brick-and-mortar losses, Costco experienced a windfall from their eCommerce exposure.

Q: What is the main reason you shop at Costco.ca?

n = 3,396 | *filtered for those who use Costco.ca | Apr. 20, 2021



Nearly half of pandemic consumers shop online at Costco.ca and 80% of consumers rate the shopping experience as net positive. Their top two reasons: Not surprisingly, "price/value," followed by "brand selection"¹³. (Millennials are especially interested in Costco.ca's "value for price," and perhaps prefer the eCommerce option as a means to take advantage of deals while avoiding the in-store experience that they weren't quite as keen on, based on our Grocery CX Tracker findings. See page 7 for more details.)

Now, some may say that Costco could have dropped the eCommerce ball early in the pandemic. But if that's the case, they certainly picked it back up and scored a game-winning touchdown mere months later, launching their partnership with Instacart in July 2020.

With a reported 70% of Canadian households having access to Instacart services¹⁴, this retail partnership can only serve to further grow and embed Costco's invaluableity in the shopping journey of more Canadians.

Among Costco-Instacart Delivery Users⁶:

Awareness

87%

are aware of premium pricing on the Instacart app

Conversion

73%

spend more when shopping through Instacart vs. in-store

Loyalty

56%

will definitely continue to use Instacart post-pandemic

Satisfaction

46%

view Costco-Instacart CX as much better than in-store

Of note: Even though Instacart delivery costs a premium, 73% spend “more”/“much more” overall on the platform than in-store, and more than half of those same consumers say they’ll “definitely continue” to use the Instacart app for Costco once the pandemic ends. Such statistics further signify the conversion and loyalty that the Costco-Instacart relationship has been able to build in a short period of time, and foretells potential gains in the coming months.

Conclusion: What Lies Ahead for Canada’s COVID-19 Retail Champ?

Value

turns grocery shoppers into Costco consumers into Costco Members.

Shopping Experience

delights Costco Members enough to make them stay customers.

Availability

brings Costco Members back for more.

These three qualities have helped to propel Costco to the top of the grocery retail ranking in Canada, both pre-COVID-19 and while the pandemic has raged on.

While all indicators point to the likelihood that Costco will continue to dominate grocery retail well after COVID-19 has finally been quelled, several factors inherent both to the banner’s working



model as well as its closest competitors could end up curbing Costco's ultimate supremacy over the Canadian retail scene.

Whether it's a powerful but premium-priced delivery that may turn future Members off or the inevitable incursion into fresh food from the powerhouse challenger Amazon—or the potential for any number of interesting developments in our fast-paced and ever-changing retail landscape—we'll expect this dominant force in the Canadian grocery marketplace to continue to push the envelope of what omnichannel retail can deliver to consumers in the months to come.

70%

of Amazon Subscribe & Save users are likely to use Amazon Fresh Grocery when it's available in Canada.

See Caddle's **"The Canadian Amazon Subscribe & Save Shopper Report 2021"** for more details.

About Caddle Inc.

Launched in 2015 by former consumer packaged goods (CPG) leader and Canadian Grocer 2016 Generation Next award winner Ransom Hawley, Caddle® is the largest daily and monthly active panel in the Canadian marketplace. Our mobile-first insights platform rewards Canadians for sharing data and engaging with brands.

Designed to help brands make better decisions, faster, Caddle has grown into Canada's largest daily active consumer research panel of 10,000+, 6-figure monthly active panel, and growing every day.

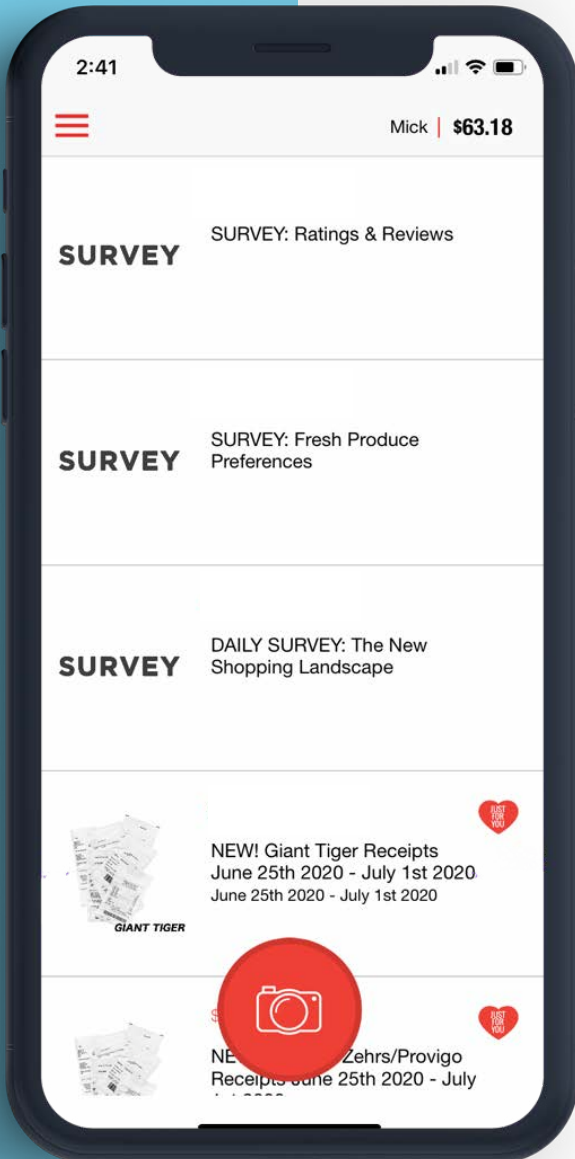
Macro and niche data verticals include:

- New Moms
- Costco Shoppers
- Amazon Prime Members
- Cannabis Consumers
- Health Professionals
- Luxury Shoppers
- Shopper Dads
- Repeat Purchasers
- Vegan Buyers
- Smokers/Non-Smokers

Now working with almost every major CPG company and making inroads with Canada's largest grocery retailers, Caddle provides access to rapid insights at every stage of the consumer journey across every type of shopper, country-wide.

Learn more at www.getcaddle.com.

Contact us today.
insights@caddle.ca
getcaddle.com





Endnotes

*Disclaimer: all data presented is owned by Caddle and has a Margin of Error of 1% or lower.

¹ See the official news release of Costco Wholesale Corp.'s third quarter and year-to-date results [here](#).

² Gina Acosta, May 28, 2021. "[Costco sales rise as pandemic boom continues](#)." Canadian Grocer (online).

³ See www.Costco.ca/WarehouseListByStateDisplayView.

⁴ Caddle Daily Panel; national; General Population (n = 9,131); data collected Apr. 22, 2021.

⁵ Learn more about Amazon Prime Members in Caddle's "The Amazon Prime Shopper 2021," available [here](#).

⁶ Caddle Daily Panel; national; General Population (n = 5,041); data collected Apr. 8–13, 2021.

⁷ Caddle Grocery CX Tracker; national; General Population (n = 21,297); data collected Jul. 2, 2020–May 5, 2021.

⁸ Caddle Daily Panel; national; General Population (n = 5,681); data collected Apr. 22, 2021

⁹ Caddle Grocery CX Tracker; national; Millennials (n = 7,940); Baby Boomers (n = 4,083); data collected Jul. 2, 2020–May 5, 2021.

¹⁰ Sensibill receipt data; national (n = 18,000+); data captured Jan. 2019–May 2021.

¹¹ Caddle Daily Panel; national; General Population (n = 9,016); data collected Apr. 17, 2021.

¹² Caddle Daily Panel; national; General Population (n = 8,674); data collected Apr. 18, 2021.

¹³ Caddle Daily Panel; national; General Population, filtered for those who use Costco.ca (n = 3,410); data collected Apr. 20, 2021.

¹⁴ As of July 2020, according to <https://www.newswire.ca/news-releases/instacart-and-costco-launch-same-day-delivery-across-canada-889908780.html>.