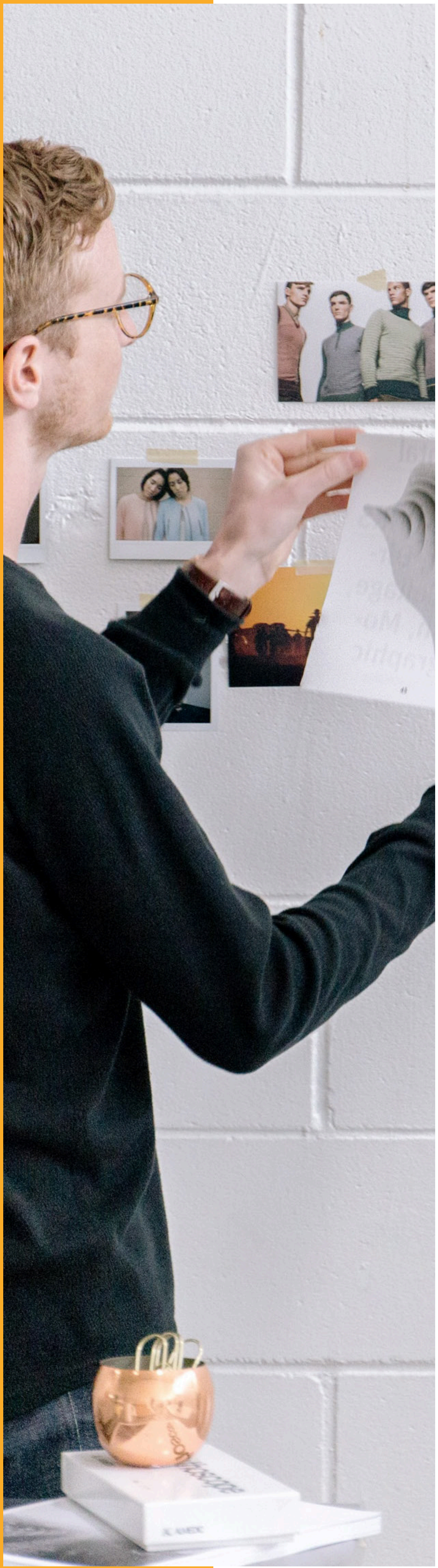
The Great Divide | One Country, Multiple Cohorts

Using data to understand Canadian consumers' evolving wants & needs during COVID-19 and beyond

5 Reasons You Need to Talk to Caddle

1. Canadian consumers are changing faster now than ever before.
2. You want to understand the "**Next Normal**" not the "**New Normal.**"
3. You're concerned that you're losing market share to new competitors.
4. All the intel you get is based on past results or U.S. market data.
5. You've been tasked with coming up with the next great innovation.

Get better business insights, faster, with Caddle. Contact us today.



Contents

We’re beyond the seven-month mark into COVID-19 and it genuinely feels like people couldn’t be more divided on topics that matter most to Canadians’ way of life. From politics to the economy, health and wellness to social interactions (or lack thereof, depending on social distancing regulations), reports are splashed across news feeds about the latest controversy that’s causing division among populations across the country.

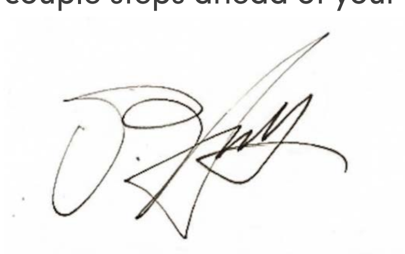
And yet... even amidst the widespread anxiety and sadness experienced by most Canadians over the course of the pandemic to date, we still believe that there are plenty of factors that unite Canadians as a country.

But the only way we can confirm that is with data—lots and lots of scientifically gathered and meaningfully analyzed data points that come together to help brands like Coca-Cola, Conagra, Danone, Domino’s, Kellogg’s, Mars, Nestlé, Pepsico and P&G turn business questions into rich insights, fast.

Now, as we stare down a second wave of COVID-19, and with learnings gathered from living through more than half a year of pandemic-driven ups and downs, we at Caddle know that consumer insights have never been more important.

The wealth of insights we’ve been able to garner from our 10,000+ daily panels, brand-specific surveys, and other targeted research have uncovered some truly fascinating trends, not the least of which that the factors influencing consumer life and shopping behaviour have changed more rapidly over a relatively short period of time than we saw before COVID-19 hit. And, according to our research, many of those behaviours are likely to stick around even once the pandemic is in our rear-view mirrors.

Let’s dive into the data together, so you can understand your consumer audiences better now, and hopefully, continue to stay a couple steps ahead of your competition in the months to come.



Ransom Hawley, CEO, Caddle

Caddle & COVID-19 Insights

Since June 2020, we have been collecting daily COVID-19 data including behaviours and attitudes, purchase habits, vertical specific trends and brand loyalty indicators.

General COVID-19 Consumer Trends

- Social Distancing
- Contact Tracing
- Reporting Friends & Family
- Rules & Enforcement
- Financials
- Education
- Homeschooling
- Working from Home
- Cooking Habits
- Essential Services
- Public Image
- Visiting the Cottage
- Public Transit
- The Future of COVID-19
- Migrant Workers

Brand Marketing & Loyalty

- Smartphone Usage
- Offline/Online Habits
- Priority Purchases
- Media & Advertising Expectations
- Premium & Priority Purchases
- Favourite Brands & Products
- Brand Preference
- Social Responsibility

Health

- COVID-19 Symptoms
- The Doctors
- Medical Treatment
- Medication
- COVID & Mental Health
- Diet Habits
- Health Products
- Diet & Exercise

Shopping

- Online Shopping
- Grocery Shopping
- In-store Shopping
- Buy Online Pick Up In Store Services
- Curbside Pick-up
- Retail Apps
- Shopping Intentions
- Shopping Local
- Supporting Local
- Delivery Services
- Convenience Stores
- Spending Intentions

Vertical Specific

- Food Delivery
- Meal Kits
- Fast Food Consumption
- Online Fitness Shopping
- Cosmetic Purchases
- The Future of Travel
- Cannabis & CBD
- Alcohol
- DIY during COVID
- Live Sports
- Live Entertainment
- Fitness Brands
- Educational Supplies
- COVID & Plastic
- COVID & Sustainability
- Travel
- The News
- Real Estate

Introduction | Want to Understand Canadian Consumer Trends? You Need Up-to-Date Data.

While marketers are accustomed to trends coming and going over the years, the pace at which life has changed over the last seven months has been a clarion call for industry folks as they struggle to keep up with evolving consumer demands, preferences, and day-to-day behaviour.

Did you know?

Over **30%** of Canadians would report a family member for ignoring COVID-19 protocol.

Monthly retail data is no longer a planning tool for marketing activities.

As we have learned through our 10,000+ daily member research panels and other methodologies, consumer preferences can change rapidly, especially when uncertain economic conditions and lean times require shoppers to make their budgets last longer.

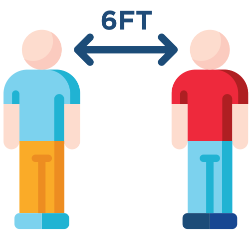
Very few, if any, of today's marketers really know and understand what a widespread pandemic can do to retail sales and there's no crystal ball powerful enough to determine the path that the pandemic will take and its likely effects in the months and years to come.

That, in part, is why brands need to conduct regular research on their target audiences. Because ultimately, by understanding how different Canadians responded during the pandemic, they can take steps to get ahead of potential trends in real time. This is especially critical as we head into the busiest retail season of the year—the holidays.

Before we get into consumer preferences and other factors that will influence retail spending and brand success over the holiday season, let's explore some general trends we've uncovered about the effects of COVID-19 on Canadians over the past seven months.

"Grocery trends are changing and evolving, and so is our need for regular data on our shoppers."

—Kevan Mahoney, Insights Director, Kellogg's



60%

support a full lockdown

COVID-19 has brought Canadians together, but has also driven them apart.

Near the start of the pandemic, Canadians were mainly anxious, sad, and angry about COVID-19. This extended to their feelings around social distancing and continued on into the early days of summer for the majority of respondents.

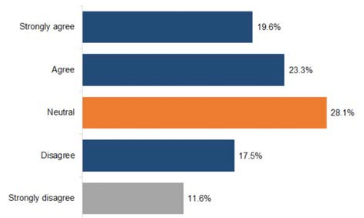
Still, Canadians remained united in taking COVID-19 seriously, especially early on: Over 50% of our national panel agreed that ***social distancing was the most effective regulation in the face of rising rates of infection, with 60% of Canadians supporting a full lockdown to combat the spread of the virus.***

Soon, though, the united front that Canadians had presented earlier in the pandemic began to crumble. On the one hand, sentiments started to diverge with prolonged mask-wearing.

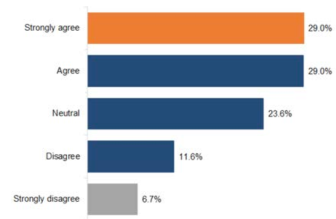
By mid-June—just as restaurants, cafes, retail, salons, barbershops, and other services were reopening under enhanced protocols—***over 50% of respondents from Ontario and Quebec agreed with stores implementing mandatory mask-wearing for shoppers*** (vs. 43% of British Columbia and Alberta respondents).

Q: Do you agree that stores should implement a mandatory face mask policy for shoppers?

Date: June 16



British Columbia & Alberta
n = 1,819

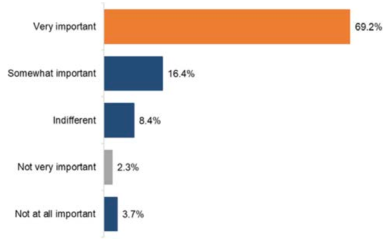


Ontario & Quebec
n = 5,072

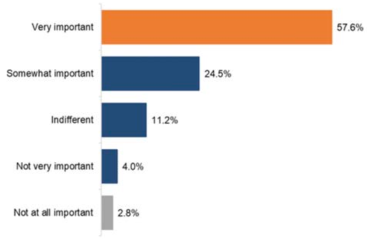
Come August and further easing of social distancing regulations, consumers across the country agreed that restaurants, bars, and retail stores should enforce mandatory mask-wearing. Yet, when probed further, ***Canadians diverged once again in their thoughts around mask-wearing:*** While 86% of Ontario respondents believed that face masks were important to protect themselves and others, a smaller proportion of British Columbia and Alberta respondents agreed (82% and 78% respectively).

Q: How important is wearing a face mask to protect yourself and others?

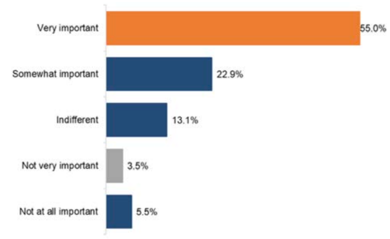
Date: August 14



Ontario
n = 3,772



British Columbia
n = 903



Alberta
n = 769

This is consistent with supplementary research, where we learned that 50% of Ontario respondents agreed that masks would become an important part of their lives-even after the pandemic-compared to 38% of Alberta respondents. This suggests political views may have an impact on mask-wearing views, in addition to regional case rates and regulations.

Insight #1 | Risk tolerance for mask-wearing differ based on geographic lines.

Beyond mask-wearing, lifestyles have changed and may never return to “normal.”

From new exercise regimens to gardening, retail therapy and more, Canadian have been finding ways to improve themselves and their surroundings to get some relief from the worries of the COVID-19.

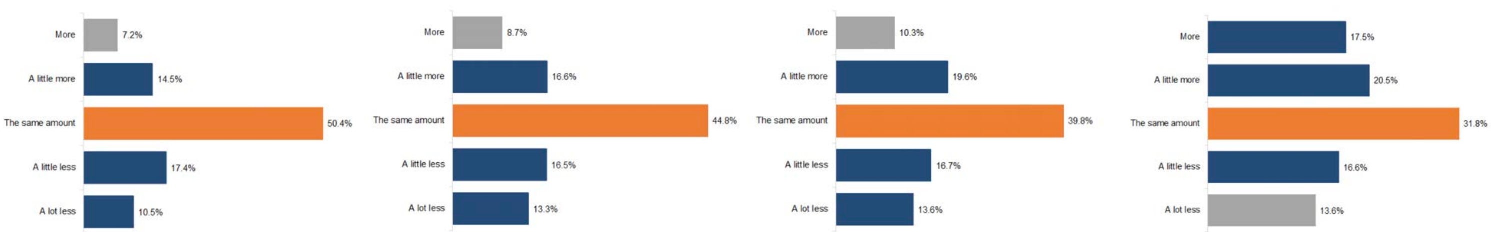
Did you know?
90% of Canadians believe that taking up a new hobby during the pandemic is good for their mental health.

Among the hobbies that Canadians were most interested in taking up in 2020:

- Fitness & Sports
- Gardening & Landscaping
- Cooking & Baking
- Home Renovation/ Improvement
- Education & Personal Development

Many Canadians quickly adopted new fitness routines and were exercising more often in the months since COVID-19 began than before; this includes a significant proportion of Gen Z, at nearly 40%.

Q: How much are you exercising now, as compared to before the COVID-19 pandemic?
Date: May 22



Baby Boomers n = 1,225 | Gen X n = 2,809 | Millennials n = 3,888 | Gen Z n = 440

Yet, when we reflect on the top hobbies identified by respondents, we can identify differences in both demographic and geographic groups. Baby Boomers and people from Newfoundland & Labrador, Nova Scotia, Quebec, and P.E.I. are most interested in gardening as a hobby in 2020. In contrast, Gen Z and respondents from New Brunswick and Saskatchewan under-indexed on this response, at 13% each.

And into 2021? We expect over ***33% of respondents to garden with increasing frequency*** in 2021. (Millennials and New Brunswick respondents are especially keen to get their hands dirty in 2021, at 42% and 44% respectively.)

1 in 3

Insight #2 | Gardening fills a niche for many Canadians, though this may be more aspirational than realistic for younger audiences.

Some people view travel as a luxury expense, and across the board, most Canadians are decidedly cautious of spending their hard-earned funds on travel, especially with so much "up in the air" due to COVID-19 restrictions. As a result, ***the majority of Canadians view travelling as unrealistic***, at least during the summer months, and ***over 3 in 4 Canadians had not arranged any summer travel plans***—particularly the eldest respondents, including Baby Boomers, who over-indexed on this measure-at 82%.

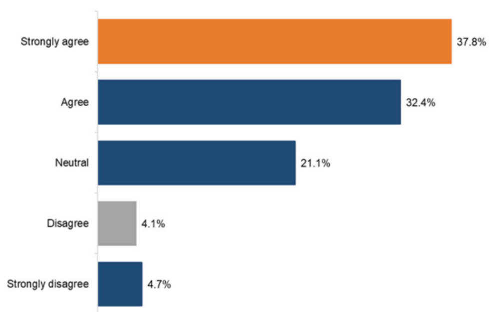
What's more, over 50% of consumers stated they wouldn't be taking non-essential trips by plane in the balance of the year, even when travel became more available to them. Gen Z were slightly more amenable, with 15% indicating they'd travel as soon as possible. In contrast, Maritimers are especially reticent to fly, especially 65% of Newfoundland respondents.

Digging deeper, we see diverging priorities related to saving money on travel. While ***Baby Boomers were more likely to cancel travel plans***, ***Millennials would either cancel plans or postpone purchase until prices dropped***, indicating that younger Canadians may still value the relief travel can bring, despite tighter pandemic budgets.

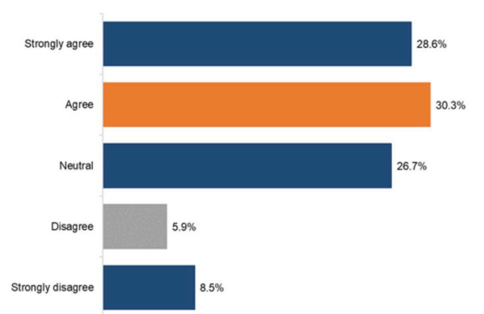
Beyond financial concerns, COVID-19 has also affected Canadians' decision-making on how they travel and for how long. Specifically, ***people with children are more likely to travel by car than those without children***—a choice likely based as much on potential exposure to COVID-19 as finances.

Q: How do you feel about the statement: "I will determine my travel destination based on the number of active COVID-19 cases in that area"?

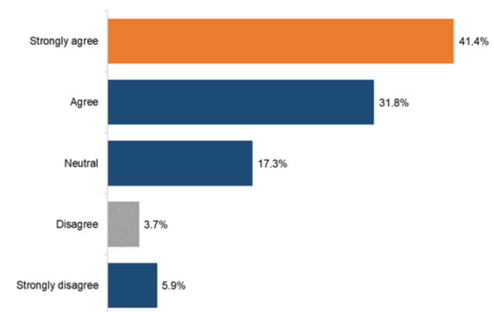
Date: July 21



General Population
n = 8,046



Quebec
n = 1,201



Manitoba
n = 324

Finally, ***Baby Boomers were more than 2x as likely to cancel their travel plans if Canada reports an increase in active COVID-19 cases, compared to Gen Z***. Once again, we see consistencies here against other measures, where the Greatest Generation, Baby Boomers, and Gen X indicated their concern for contracting COVID-19 while on vacation—understandable given the older populations' greater susceptibility.

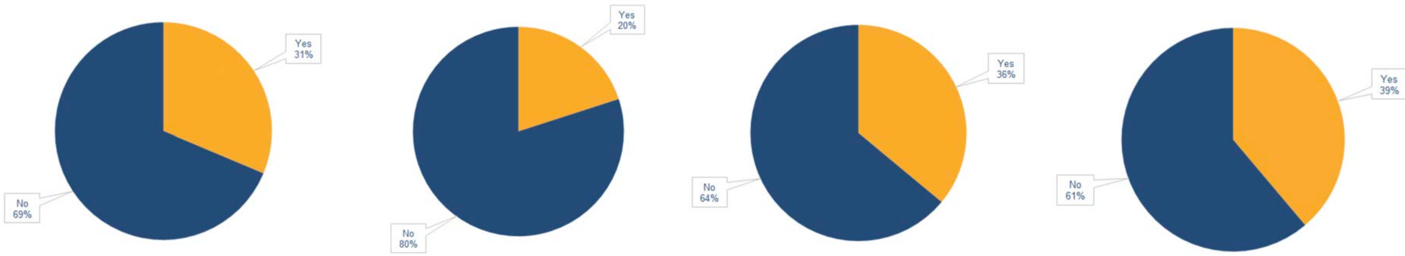
Insight #3 | While money comes into play in travel decisions, concerns about COVID-19 are increasingly influential, especially for older Canadians.

By August, it was clear that finances were an ongoing concern. Canadian consumers have suggested more than once that ***they'd likely cut luxury purchases in an effort to reduce spending***—a trend witnessed both in the Canadian marketplace as well as globally, as much of consumer spending shifted to necessities over non-essential purchasing.

Yet, when we take a closer look at the data, not all Canadians are responding equally when it comes to retail therapy. Specifically, ***Millennials and Gen Z over-index against the general population and are nearly 2x as likely to make luxury purchases when compared to Baby Boomers to keep their spirits up***.

Q: Have you made any purchases you would consider a treat or a luxury to keep your spirits up?

Date: April 1



General Population n = 9,318 | Baby Boomers n = 1,300 | Millennials n = 4,386 | Gen Z n = 461

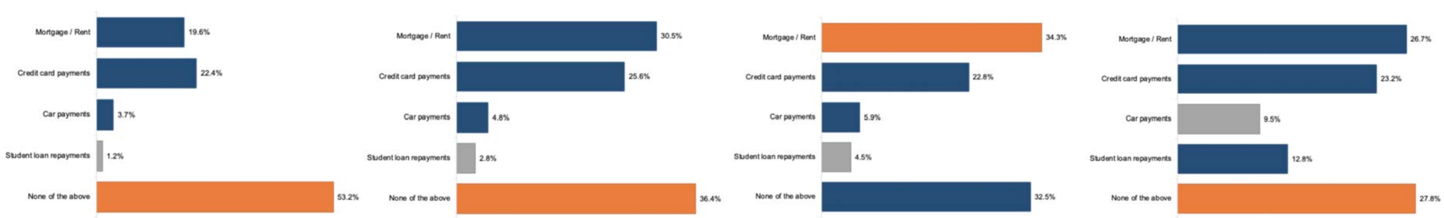
Millennials and other young Canadians also are less prepared than older generations to support themselves should their regular income dry up during the pandemic.

What's the likely driver here? We know that Millennials are dealing with higher rates of debt compared to Baby Boomers. This is born out by panel data, where ***top financial concerns include paying back mortgages/rent, credit card debt, and student loan debt***.

However, the older the population, the less concern they have on such matters. This is understandable, as one would assume that older consumers have had more time to amass funds to pay off debtors over time, while younger consumers have had to pay relatively more for schooling than earlier generations—and possibly have had to put some of that debt onto credit cards—causing these to become a bigger concern in their daily lives.

Q: Which of the following payments do you currently feel most concerned about?

Date: April 1



Baby Boomers n = 1,300 | Gen X n = 3,128 | Millennials n = 4,386 | Gen Z n = 461

It's also important to consider what "luxury spending" might mean to different age groups: While we'd typically associate this term with high-cost and designer-branded items, it's possible to also consider it "a luxury" to spend money on non-essential purchases during an economic downturn.

As such, when we explore what different consumers are spending money on and how much they're willing to pay for them, there's a **clear corollary between age and non-essential purchase value**: ***Younger Canadians spend less money overall on non-essential purchases—particularly amounts under $100—while older generations are willing to spend $700+ on non-essential purchases.*** Interestingly, older Canadians are also less likely than other demographics to make non-essential purchases in general, which may relate more to how they define "non-essential purchases" than how much they would actually spend on said items.

Insight #4 | Younger Canadians are more open to treating themselves. Yet, their higher levels of debt have implications on the amount of money they're willing to put towards discretionary spending.

Retail is failing Canadian shoppers.

While various studies bear out the fact that Canadian consumers have shifted more of their retail spending toward eCommerce than expected even a year ago, our research reveals specific factors that come into play in Canadians' decision-making at retail, including consumer experience, brand loyalty, and the influence of ratings & reviews.

Canadians want more from their retail experience—whether brick-and-mortar, digital, or a combination of the two.

Nearly 66% of consumers reported that in-store service has lagged since the pandemic began. This is certainly not a surprise, given the measures introduced by health officials in an attempt to contain spread of COVID-19. But, it also shines a spotlight on a potential issue that pre-exists COVID-19: ***Too many Canadian businesses rest on their laurels when it comes to putting customer experience (CX) first.*** (Check out the section dedicated to retail CX on page 12 for more in-depth details.)

Taking this a step further: The same proportion of respondents agreed that ***retail stores need to improve their online CX***—with Millennials and male-identifying consumers over-indexing on this factor.

Insight #5 | Retailers must build better CX—both in-store and online—in order to compete with global brands for consumer dollars.

"Consumer experience in-store and online is determining where and how consumers shop. Having a good understanding of your consumers' habits is a core competitive advantage moving forward. Collecting regular research and insights helps us stay ahead."

—Ryan Waddington, Managing Director, Marketing Development Organization, Purina

Brand loyalty is complicated in normal times, let alone during the worst pandemic to hit the world in our lifetime. And, not surprisingly, we've gained some interesting insights into Canadian retail behaviour and brand loyalty as a result.

The bonds of brand loyalty began to dissolve early in the pandemic.

Over 75% of consumers indicated that a brand's COVID-19 response would affect their purchase decisions. At the same time, 1 in 5 respondents argued that they'd be prepared to switch grocery stores if their preferred retail banner failed to enforce social distancing.

Brand loyalty is weakest among younger Canadians, especially when financial concerns influence their purchases. In particular, almost 1 in 4 Gen Z would switch to a cheaper brand and/or store as a way to save money (vs. 15% of all respondents).

Insight #6 | Retailers need to be cost-conscious and back up their branding with solid pandemic protocols in order to make a lasting impression with young Canadians.

While influencer marketing has taken a hit during the pandemic— in part due to marketing budgets shrinking—Canadian consumers are still interested in consumer-generated content—especially ratings & reviews, which are important when buying something new for the vast majority of Canadian consumers (88% for in-store purchases and 91% for online).

Unsurprisingly, ***digital-native Gen Z and Millennials are particularly fond of checking ratings & reviews***, over-indexing against the general population for both online and in-store purchasing. In contrast, older respondents (including Baby Boomers) put less value in others' opinions when buying new products in any retail setting.

This comes with a caveat, though: Not all ratings & reviews are equally influential in consumers' eyes. Specifically, over 63% believe that ***ratings & reviews from six months ago or more are old/outdated.***

Finally, the imperative for retailers to have up-to-date ratings & reviews couldn't be clearer: ***41% of consumers would switch to another retailer if ratings & reviews weren't available on their site.***

"Ratings & reviews are very important as the economy opens back up and the eCommerce competitive environment continues to accelerate. Cultivating ratings & reviews for our products is critical."

—Kristina Rapljenovic, Assistant Marketing Manager, Nestlé

Insight #7 | Up-to-date ratings & reviews are a key driver of online conversion.

Net Promoter Score (NPS) is a trusted research methodology that provides an index to measure the willingness of consumers to recommend a company's products and/or services to others based on their experience.

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

Overall, consumer insights derived from our daily panels and syndicated report methodologies tell us that brands must work to understand their target audiences in order to make informed decisions across the entire path to purchase—from product assortment and merchandising plans to marketing spend and beyond.

To help brands in this effort, we launched the first-of-its-kind Grocery Customer Experience (CX) Tracker in June this year to look at banner-specific considerations such as **Net Promoter Score (NPS), speed to shop & check out, CX, store cleanliness & hygiene, and value for money** from 12 of Canada's top grocery retailers. From financial considerations to perspectives on **ease of online vs. brick-and-mortar shopping, cleanliness to product availability and more,** Canadians have strong opinions about their preferred retail banners:

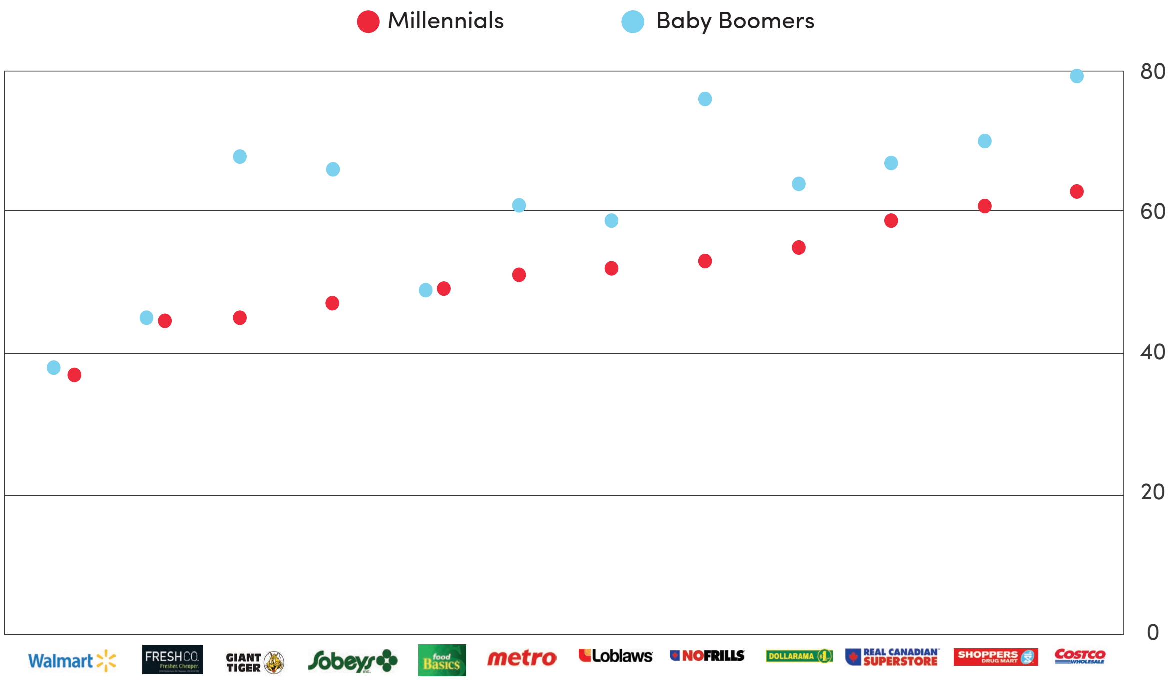
- Costco held the highest NPS with 71
- Walmart held the lowest NPS with 45
- Costco held the highest average score in 2 of 9 factors and top 3 in all factors except CX
- Walmart ranked in the bottom 5 in all 9 factors, and last in 7 of 9 factors
- Shopper's Drug Mart held the highest average score in 4 of 9 factors and ranked in the top 3 highest average scores in 7 of 9 factors
- Sobeys/Safeway ranked in the top 3 highest average scores in 5 of 9 factors
- Giant Tiger ranked in the top 5 highest scores in 5 of 9 factors

Let’s look at how two influential Canadian age groups contrast in the retail setting. (Hint: They differ in ways you may not expect.)

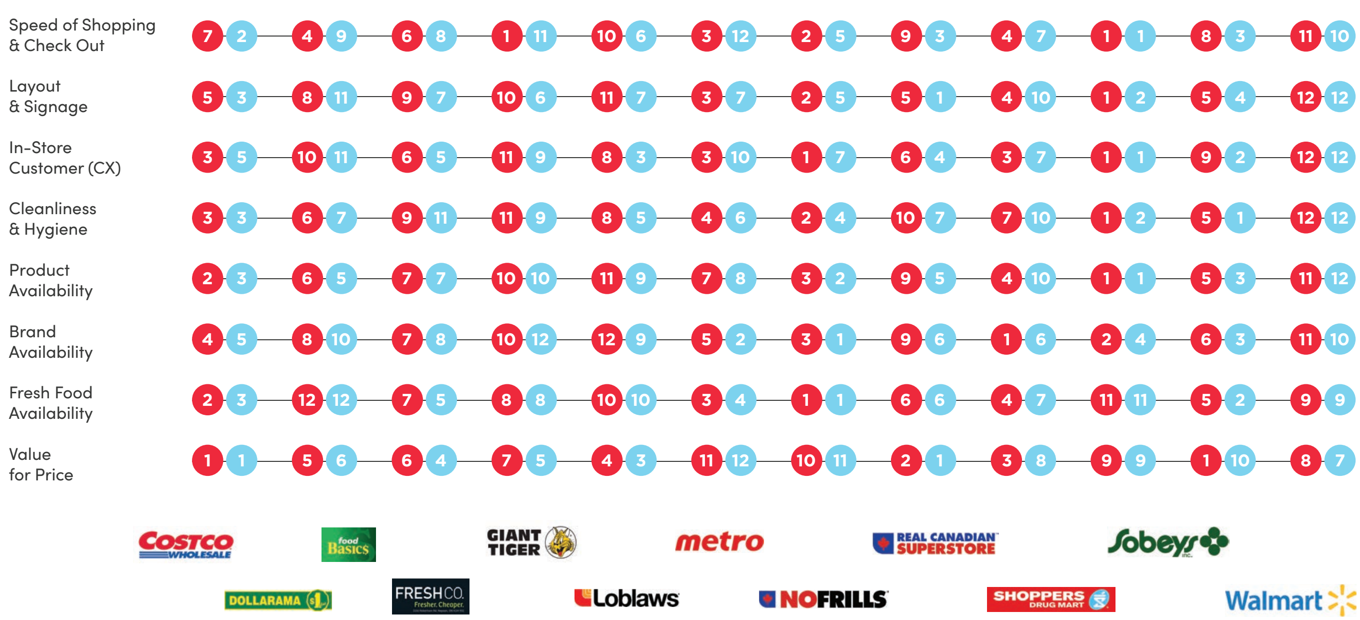
Millennials vs. Boomers | Key Grocery Tracker Takeaways

When we examined the results from over 15,000 Canadian shoppers (validated with receipt data uploads), we recognized distinct differences amongst two influential Canadian demographic groups: Millennials and Baby Boomers.

Average NPS by Retail Banner - Millennials vs. Boomers



Millennials vs. Boomers - Rankings across Factors



Millennials vs. Boomers – Key Findings

Factor	Insight
Net Promoter Score (NPS)	When it comes to whether they'd recommend a retail banner or not, Millennials and Boomers agree: • **Costco** ranks at the top • **Shopper's Drug Mart/Pharmaprix** is highly rated • **Walmart** is the bottom of the barrel. However, Boomers are more lenient in their ratings, in some case giving as many as 20+ Net Promoter points to their preferred banners
Speed to Shop & Check Out	For Millennials and Boomers, **Shopper's Drug Mart/Pharmaprix** is the quickest way to shop.
Layout & Signage	**No Frills/Maxi, Shopper's Drug Mart/Pharmaprix and Metro** rank in the top 5 for Layout & Signage, though Boomers prefer the simpler store design offered by **No Frills/Maxi**, while Millennials value the greater complexity that **Shopper's Drug Mart** offers. Meanwhile, both generations are united in their dislike for **Walmart's** Layout & Signage choices.
In-store CX	For both Millennials and Boomers, **Walmart** remains last when it comes to Customer Service, while **Shopper's Drug Mart/Pharmaprix** is the clear winner for In-store CX.
Cleanliness & Hygiene	For both male and female Boomers, **Sobeys/Safeway** is the clear winner when it comes to In-store Cleanliness & Hygiene, whereas female Millennials prefer **Shopper's Drug Mart/Pharmaprix** and male Millennials think **Metro** is tops. Once again, **Walmart** ranks last.
Product Availability	Millennial and Boomer consumers rank the same three banners at the top (**Shopper's Drug Mart/ Pharmaprix, Metro, Costco**) and bottom (**Walmart**) on the availability of their preferred products in-store.
Brand Availability	**Metro, Shopper's Drug Mart/Pharmaprix, Costco and Loblaws** consistently rank among the top 5 for Brand Availability, but Boomers believe **Metro** is tops while Millennials rate the brand assortment at **Real Canadian Super Store** as the best. At the other end of the spectrum, **Walmart** is consistently near the bottom, while discount retailers **Fresh Co/Price Chopper** and **Giant Tiger** rank last.
Fresh Food Availability	**Loblaws** is favoured for its fresh food assortment, but not as much as **Metro** and **Costco**, both consistently ranking in the top 3. Meanwhile, the retailers that are least preferred by both Millennials and Boomers are consistent, and include deep-discounters **Walmart, Giant Tiger and Dollarama.**
Value For Price	For both Millennials and Boomers, it's unanimous: **Costco** is the winner when it comes to value. Conversely, **Loblaws, Sobeys/Safeway, Metro and Shopper's Drug Mart/Pharmaprix** provide the least value for price.

Conclusion | A Nation Divided Along Demographic and Geographic Lines

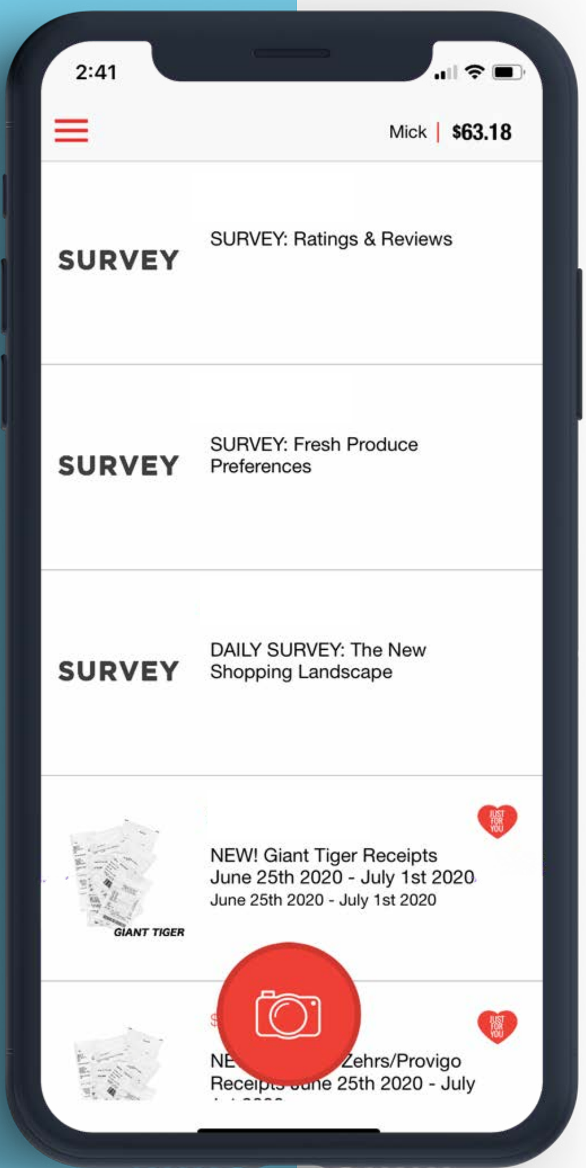
With the ongoing effects of COVID-19, the retail sector in Canada is in for more tumultuous times come December and most likely into 2021.

Yet, even amidst the turbulence brought about by financial considerations, health and safety protocols and restrictions imposed by governments and otherwise, signs of life are still emanating from Canadian shoppers. You just have to know where to look—to relevant and recent consumer data from a reputable source—and plan your holiday ramp-up accordingly.

Consider these five main do's and don'ts as you plan for the 2020 holiday season and beyond.

✕	✕
Don't rely on old data	**Don't assume non-Canadian data is a "good enough" indicator of Canadian shopping preferences**
Quarterly- and even monthly surveys- provide a narrow picture of today's rapidly changing consumer lifecycle. Instead, opt for daily or at least weekly polling for the freshest perspective on your target audience.	Canadian consumers are far from homogenous in their wants and needs. The only way to truly uncover these differences- and target your marketing initiatives accordingly- is by surveying Canadians of all ages, regions, and walks of life.

✓	✓	✓
Do talk to your audience throughout the purchase cycle	**Do measure how you stack up against your competitors**	**Do invest in improving your omnichannel CX**
Plenty of factors come into play in consumer decision-making. When you poll consumers regularly and at various stages in the consumer journey, you'll get a much more practical view of what makes shoppers turn into full-fledged consumers of your products and services.	Consumer data is one important lynch pin in the retail planning wheel, but it's equally vital that you understand how your banners compare to others in your market. Be sure you're not overlooking these key insights when considering what to offer, how you offer it, in which regions, and to which segments.	While product pricing remains a key influencer, it's certainly not the only factor that comes into play in determining Canadians' preferred banners. To win the hearts and wallets of more consumers, you'll need a strong brand and product assortment, and above all, a well-thought-out and consciously designed CX for all customers, especially those on both ends of the age spectrum.



About Caddle Inc.

Launched in 2015 by Ransom Hawley, former consumer packaged goods (CPG) executive and Canadian Grocer 2016 Generation Next Award Winner, Caddle® is the largest mobile-first insights platform that rewards Canadian consumers 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.
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getcaddle.com