

## **Canada's Food Price Report expects restaurant spending to reach record levels in 2018**

*La Niña and convenience will drive food expenditure increases for Canadians*

**Wednesday, December 13, 2017 (Halifax, NS)** - The annual food expenditure for a family of four is expected to rise by \$348 to a total of \$11,948 in 2018, according to "Canada's Food Price Report 2018." The 8th edition was released today and is published for the first time as a joint release of Dalhousie University and the University of Guelph.

"We're very pleased to have been able to work with colleagues from the University of Guelph as we developed this year's Canada Food Price Report," says Sylvain Charlebois, lead author of the report, and dean of the Faculty of Management at Dalhousie University. "Canadians want to know what will impact the prices of their food. Our report continues to provide them with the information they are looking for – around food quality, trends and impacts on the price of food in their region of the country."

While the report forecasts modest increases in many food categories, the price of vegetables is expected to rise by 4-6% because of unaccommodating climate conditions, explains Charlebois. La Niña, a reoccurring weather phenomenon that affects global climate patterns, will likely result in below-average precipitation in farming-intensive regions of the southern United States. Fruit prices are expected to increase by 1-3%.

The authors also predict that as Canadians increasingly prioritize convenience, they will continue to spend more in restaurants or consume ready-to-eat products. "We predict that Canadian consumers will eat out more frequently in 2018, and that will come at a cost," says Charlebois. The average family is expected to spend \$208 more when eating out compared to 2017, an increase of almost 8%. That means that almost 30% of consumers' food budget will be spent on food service, the highest level in history.

Other food categories such as dairy, bakery products, meat and seafood are not expected to rise by more than 2%.

### **Expected Price Increases:**

Restaurants 4% – 6%

Dairy 0% – 2%

Fruits 1% – 3%

Bakery 0% – 2%

Meats 0% – 2%

Vegetables 4% – 6%

Seafood 0% – 2%

Food 1% – 3%

Food price increases are expected to affect most provinces, but will be consistent with the general inflation rate for 2018. Atlantic Canada will likely see food prices rise after a year of stagnation. For British Columbians, prices will continue to increase due to a higher general inflation rate. Both Ontario and Alberta will face a more competitive marketplace, which will entice grocers to keep prices low.

"Canada's Food Price Report 2018" also looks at food trends for 2018. The expected release of a new version of Canada's Food Guide will affect consumers' food purchases. It will be a departure from previous versions, encouraging a plant-based diet and avoidance of processed foods, according to

Catherine Mah, co-author of Canada's Food Price Report and an associate professor in the Faculty of Health at Dalhousie University.

"The new food guide will promote taking time to eat," says Mah. "However, consumers have tough decisions to make when budgeting their time as well as their grocery shopping."

Simon Somogyi, co-author of the report and a professor in the Faculty of Agriculture at Dalhousie University has looked at the changing retail environment and the impact it is having on consumers' eating and purchasing habits.

"The recent purchase of Whole Foods by Amazon is having a significant impact on the Canadian food retail sector," Somogyi says. "The other major food retailers such as Loblaw, Sobeys and Metro are now changing their business models, particularly in how they sell to consumers, including online offerings. This could have an impact on the prices we pay for food in the future."

Dalhousie University colleagues Jay Harris and Vlado Keselj (Computer Science), Andrea Giusto (Economics), Catherine Mah (Health), and Simon Somogyi (Agriculture), were part of the team this year. They joined forces with a team of University of Guelph researchers: Francis Tapon, Mustafa Koroglu, and Erna Van Duren, College of Business and Economics; and Paul Uys, Arrell Food Institute, which Charlebois co-founded.

Each team forecasted results using a model that drew on their expertise: data and analytics at Dalhousie and economics at Guelph. The Dal team used a machine-learning model that considered the major food categories of Statistics Canada's Consumer Price Index while the Guelph team used an econometric model. The two teams presented their results to each other to debate the most likely outcome in each category.

"Combining machine learning with econometrics made for a most interesting conversation between our two universities," says Charlebois. "We looked at all sorts of independent variables in the marketplace. Having a team with such diverse skill sets allowed us to really fine-tune our predictions, to determine how we really think those factors will ultimately impact food prices and Canadians."

For more information, read the complete ["Canada's Food Price Report – 2018"](#).

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