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.

![Graph showing the method of purchase preferences in the next 6 months](image)

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.

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.

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.
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.
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?

- Promotions and deals: 70.2%
- In-store expert: 7.7%
- Advertising (e.g. TV ad): 6.4%
- Word of mouth: 5.2%
- Direct marketing (e.g. email offers): 3.1%
- Other: 7.3%

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.
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.

![Graph showing survey results](image)

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

- Much better: 20.8%
- Better: 33.9%
- The same: 37.9%
- Worse: 5.4%
- Much worse: 2.1%

End of report.

**Full report here:** [https://www.dal.ca/sites/agri-food.html](https://www.dal.ca/sites/agri-food.html)

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**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.

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