New Survey Suggests Majority of Canadians Distrust Grocers But Do Blame Other Factors For Higher Food Prices

HALIFAX, NS. (April 4, 2023) – We know many Canadians believe grocery chains are profiteering from food inflation and pushing prices higher unnecessarily. Many experts believe some profiteering is a reality in parts of the industry, and not just in food retail. The reality is that food inflation is a worldwide phenomenon, as Canada has the third lowest food inflation rate within the G7+EU (9.7% for February, 2023), after Japan (7.5%) and the United States (9.5%). However, consumer trust is critical for governments and the food industry. We wanted to know how much that trust has been eroded in recent months. While the **Competition Bureau** is currently studying the food industry and will table its report in June, the Standing Committee in Agriculture and Agri-Food in the **House of Commons** (in which many experts have participated so far, including the top CEOs of major grocery chains in Canada) is investigating food inflation.

Working with **Caddle**, we conducted a cross-national survey at the end of March, 2023, which included 9,884 respondents. With this investigation, we looked at how Canadians saw CEO's performances when they testified before the Standing Committee in Ottawa (Metro, Loblaws and Empire/Sobeys on March 8, Walmart testified March 27). We also looked at which factors Canadians believe contribute the most to food inflation, and what can be done about it.

Provinces	Percentage of respondents who believe grocery chain price gouging <u>is the main reason</u> food prices have been rising in Canada recently
Nova Scotia	51.8%
Newfoundland and Labrador	38.1%
Prince Edward Island	36.1%
British Columbia	33.4%
Alberta	33.1%
Ontario	31.7%
New Brunswick	30.2%
Manitoba	29.7%
Saskatchewan	27.3% (Not no.1 choice)
Quebec	21.8% (Not no.1 choice)

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Grocer Testimonies

We first asked if respondents have been following the recent parliamentary committee hearing on agriculture, where the leaders of Canadian grocery chains were defending themselves regarding food inflation. Only 35% said that they have been following proceedings. Of those Canadians who did follow the proceedings, **only 32.9% felt grocers were either very convincing or convincing during testimonies**. The majority remained unconvinced. Only **24.7% felt grocers were transparent and forthcoming** enough about the data they shared. Generally, Canadians were not overly convinced by grocers.

"Grocers may stock their shelves with the freshest produce and finest goods, but without the trust of their consumers, their offerings [will not sway consumers]," said **Janet Music**, Research Associate at the Agri-Food Analytics Lab at Dalhousie University. "Their business is largely misunderstood by the Canadian public. For grocers, transparency, ethics, and sustainability will be even more critical moving forward," Music stated.

Food Inflation Contributing Factors

While grocers are heavily criticized, answers are a little more varied when asked to chose one factor contributing to higher food prices. A total of **30.3% of Canadians think grocery chain price gouging is the <u>main</u> reason food prices have been rising in Canada recently**. A total of **29.9% believe inflation (or monetary/fiscal policies)** are to blame as the main contributing factor for higher food prices. In fact, both **Quebec** and **Saskatchewan** are the only provinces where the highest percentage wasn't grocer price gouging, but rather inflation/monetary/fiscal policies. While 36.1% of Quebecers believe monetary policies are the main factor for higher food inflation, 32.1% of people in Saskatchewan think the same.

Possible Solutions

We asked questions about what grocers can do to help consumers. While 46.6% would appreciate more **price freezes**, 44.2% expect more **transparency** related to food sales specifically. While 36.4% of respondents wish **loyalty programs** would be more generous, a total of 33.4% of respondents would like more **competition in Canada**.

We asked questions about what governments can do. A total of 44.0% of respondents believe that governments should intervene and **regulate the price of some staples** at the grocery store. Only 19.1% believe government should implement a **windfall tax**. A windfall tax would be a tax levied by the government on unexpected profits or gains that are not part of a company's normal business operations. A total of **4.5% of Canadians believe the government should create a crown corporation and start its own grocery chain**.

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Grocery Code of Conduct

The survey asked specifically about the proposed "Grocery Code of Conduct," for which we should get an update in April from Minister Marie-Claude Bibeau. We asked if Canadians were supportive of the "Grocery Code of Conduct" which would lessen the influence of some major grocers and help independent grocers and processors. Of Canadians who were aware of a "Grocery Code" (n=3366), 68.1% are **supportive of such a code**. The province with the highest percentage of support is **Nova Scotia** where 76.5% of respondents are supportive of the Code, followed by **British Columbia** with 74.5%. The lowest levels of support are in **Prince Edward Island** (53.2%) and **Manitoba** (64.2%).

"The Grocery Code of Conduct is not just a set of rules, it's a lifeline for Canadian shoppers," said **Dr. Sylvain Charlebois**, Director of the Agri-Food Analytics Lab at Dalhousie University. "It ensures fair pricing, transparency, consistency, and accountability from retailers, giving consumers the peace of mind they deserve when purchasing their groceries," said Charlebois.

End of report.

Download the preliminary results of the survey in English and French at https://www.dal.ca/sites/agri-food.html.

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Methodology for survey: Caddle is one of the most credible active panels in the Canadian market. A representative survey of Canadians was conducted in March 2023. A total of 9,884 Canadians participated in this survey. Margin of Error: +/- 1.2%, 19 times out of 20. Any discrepancies in or between totals are due to rounding.

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