

NielsenIQ

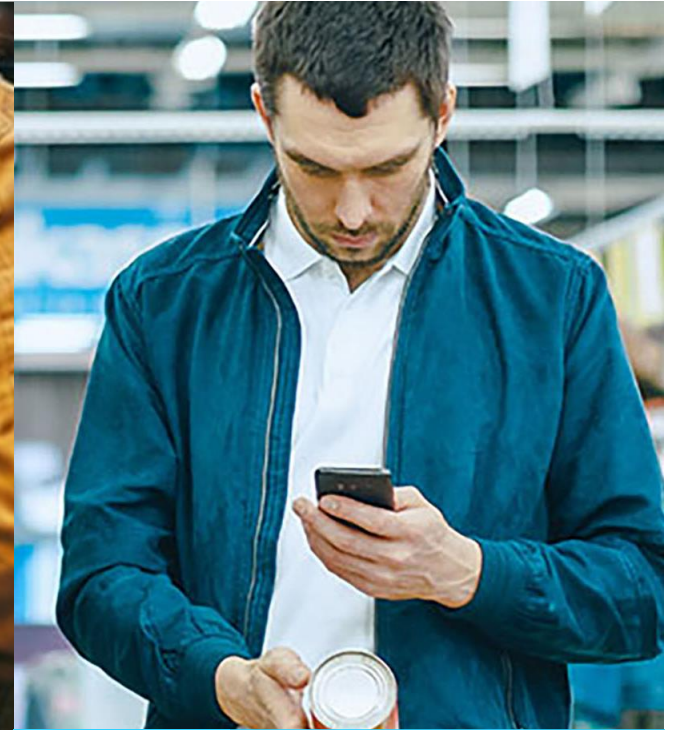


# MID-YEAR CONSUMER OUTLOOK

**Assess the global state of consumers:**

What has changed, what disruptions remain, and what companies need to anticipate in the next 12 to 18 months ahead

*Canadian edition*



Guide to  
**2025**

# Welcome to Your 2025 Strategic Guide

As we move towards 2025, many Canadians are feeling worse off financially due to continued cost pressures. Although inflation is now beginning to ease, the compounding effects are still felt as what cost \$100 in 2019 now costs \$125.

In this multifaceted analytical assessment of the state of consumers, we uncover what has changed, what disruptions remain, and what companies need to anticipate in the months ahead.

This Canadian perspective of *NIQ's Mid-Year Consumer Outlook: Guide to 2025* will offer a detailed analysis of Canadian consumers and a strategic roadmap for engaging consumers in the next 12 to 18 months and beyond.

# Guide to 2025

## Executive Summary

## Navigate the shift from *cautious* to *intentional* consumption

- 1 State of Consumers:**  
Measuring resilience and 2025 spending growth
- 2 Consumption Drivers:**  
As inflation shifts, will volume lift?
- 3 Financial Polarization:**  
Following the money with different consumer classes
- 4 Redefining “Discount”:**  
Sizing how consumers are shopping to stay ahead
- 5 Trends to Watch:**  
Anticipating catalysts to change in 2025

### Key Findings:

- Projected Canada inflation for 2024 and 2025 down to **1.9%**
- However, **42%** of consumers feel they are worse off this year, up **+5pts** vs. YA
- Consumers are still spending more for less volume: **\$100** in 2019 purchases would cost **\$125** in 2024.
- If prices continue to rise, **41%** of consumer prefer Brands offer larger economy sizes with lower price per usage / serving

Measure  
the past.



Monitor the  
present.



Anticipate  
the future.



## Table of Contents:

1	State of Consumers	5
2	Consumption Drivers	15
3	Financial Polarization	22
4	Redefining “Discount”	26
5	Trends to Watch	32



# State of Consumers

**Decoding the behavioral economics driving consumer decisioning**

## *In this chapter:*

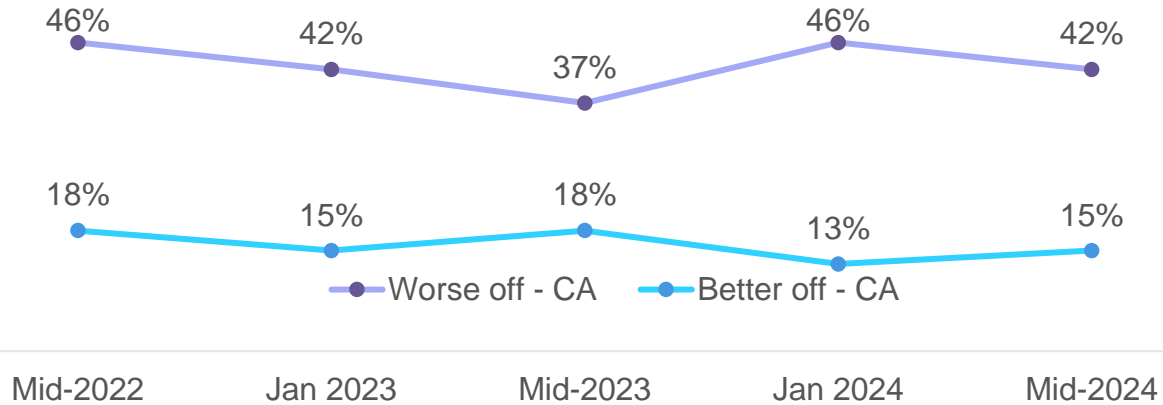
- Shifting pressure points
- Top concerns influencing choice
- Future economic indicators

# Majority of Canadians feeling 'worse off' compared to last year

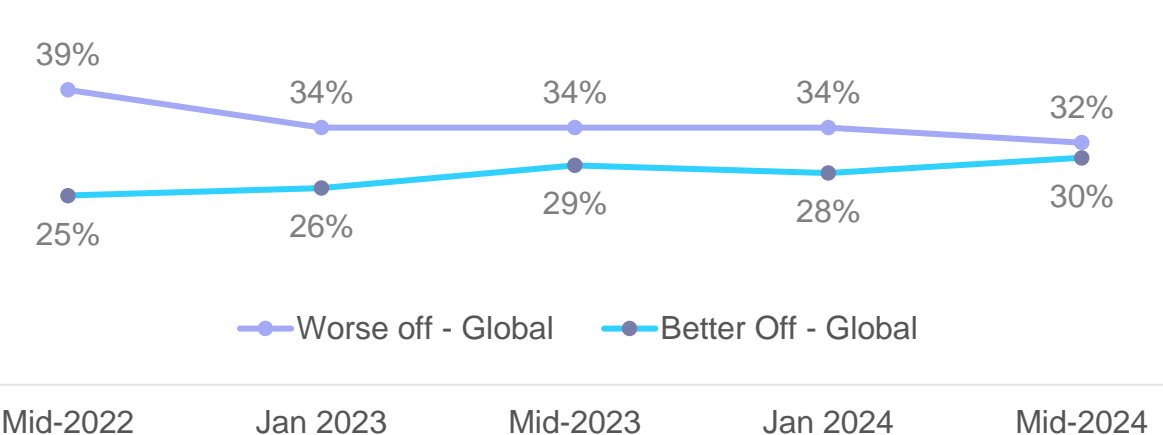
Cost of living increases puts financial pressure on Canadians

Consumer financial position. Sentiment year over year (% respondents)

## Canada



## Global




**15%**  
of Canadian consumers say they're in a **better financial position** compared to a year ago




**42%**  
say they're in a **worse financial position** compared to a year ago




### Why?

- 

84%

due to **increased costs of living** (vs. 88% in Jan '24)
- 

31%

due to **economic slowdown** (stable vs. 39% in Jan '24)
- 

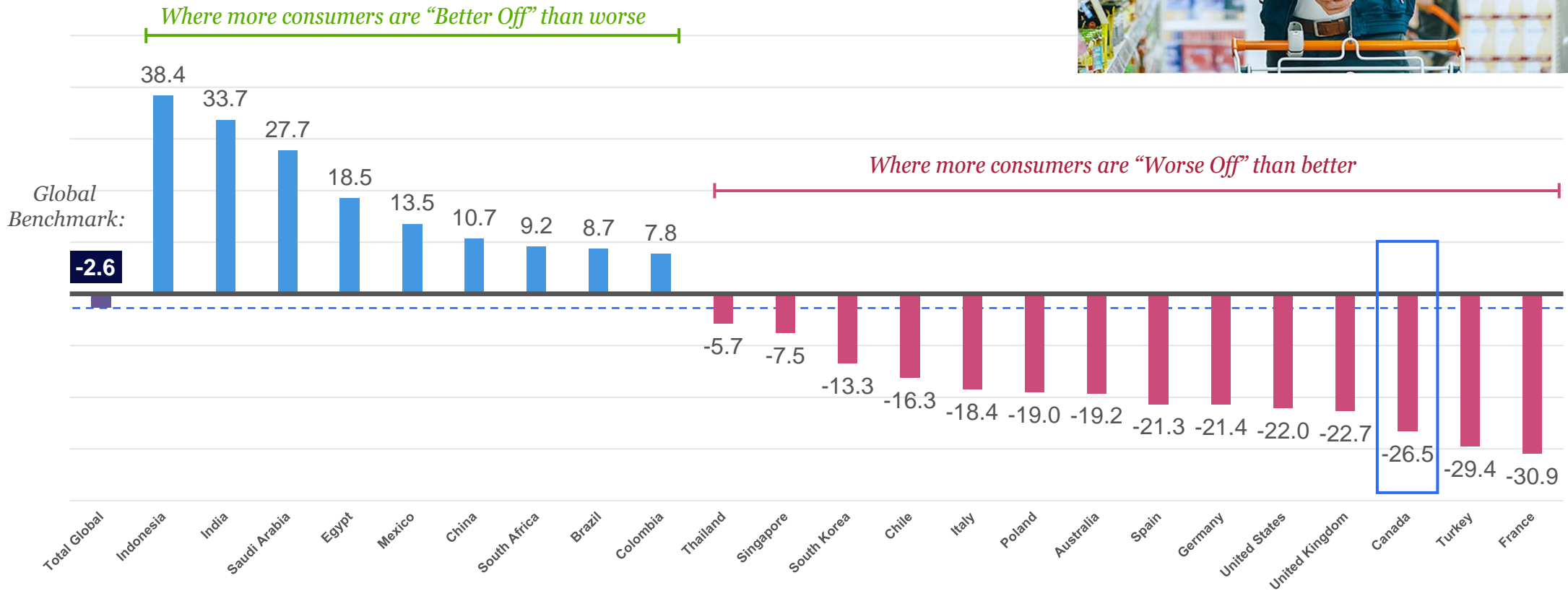
31%

due to **job insecurity / loss** (vs. 29% in Jan '24)



# Optimism around financial situation lags the most in North American and EU markets

In the Canada more consumers feel worse than better, similar to more pessimistic sentiments among consumers in the United States and the United Kingdom.

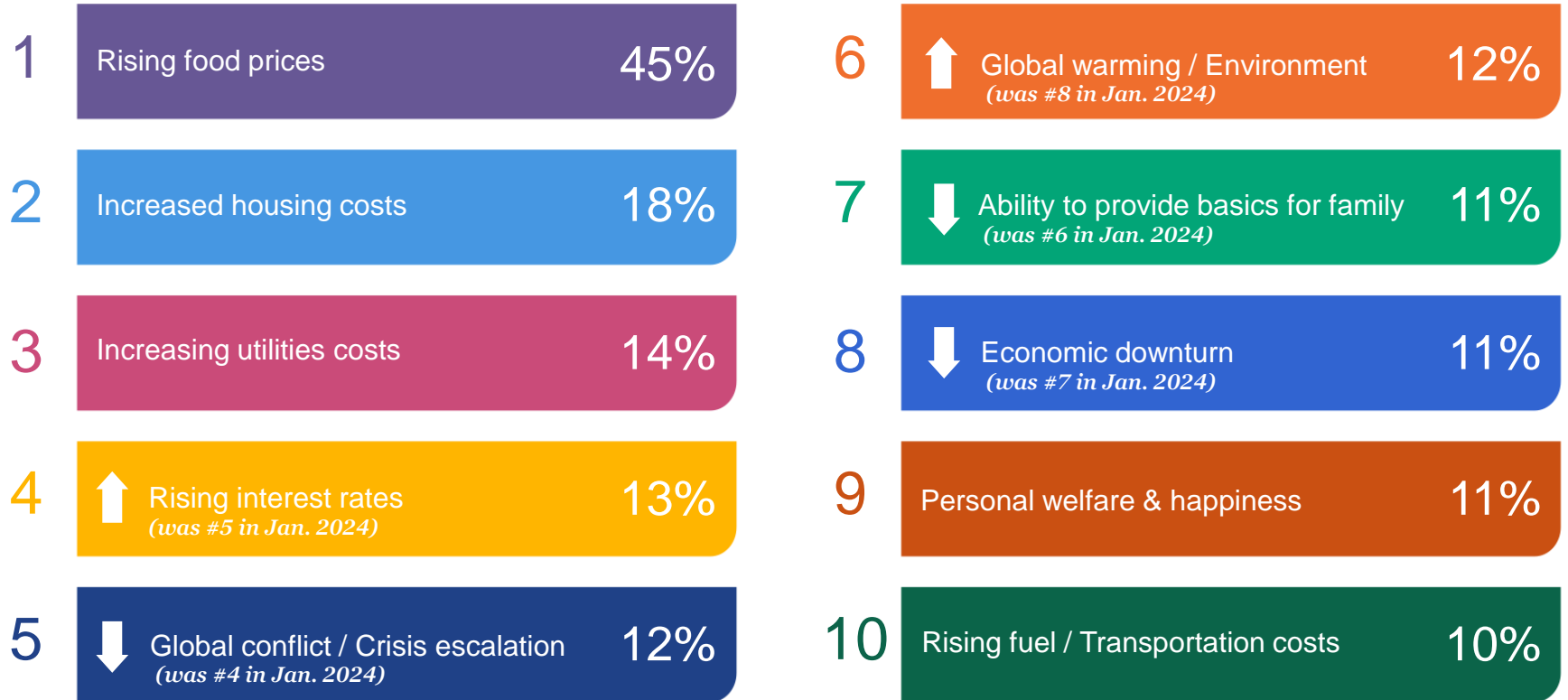


# Top concerns setting the spending tone for 2025

Canadians more concerned about rising food prices 45% vs. Global average 33%



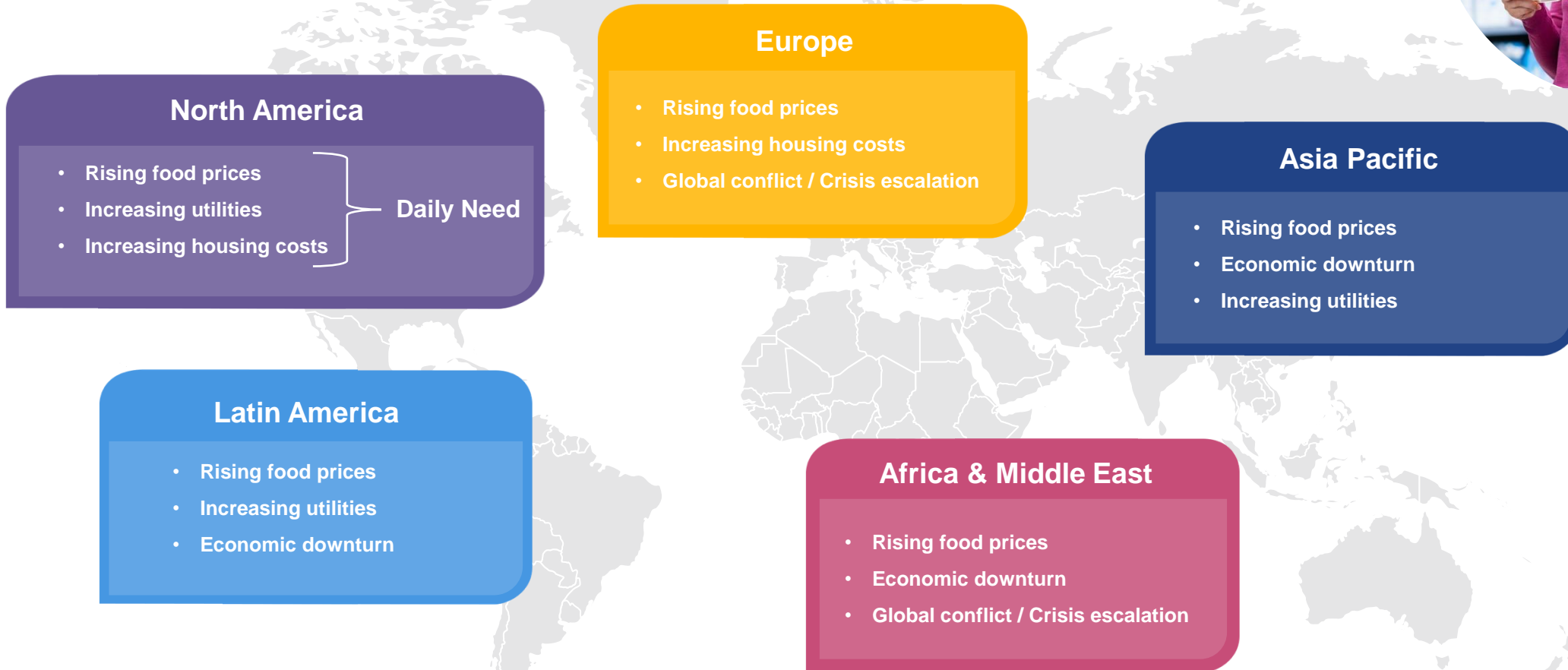
*Biggest gainer was increasing interest rates*





# While food prices worry all, some unique regionality in concern for global conflict and housing costs

North Americans most worried about rising housing costs, while global conflict is a top concern for Africa, Middle East, and Europe.

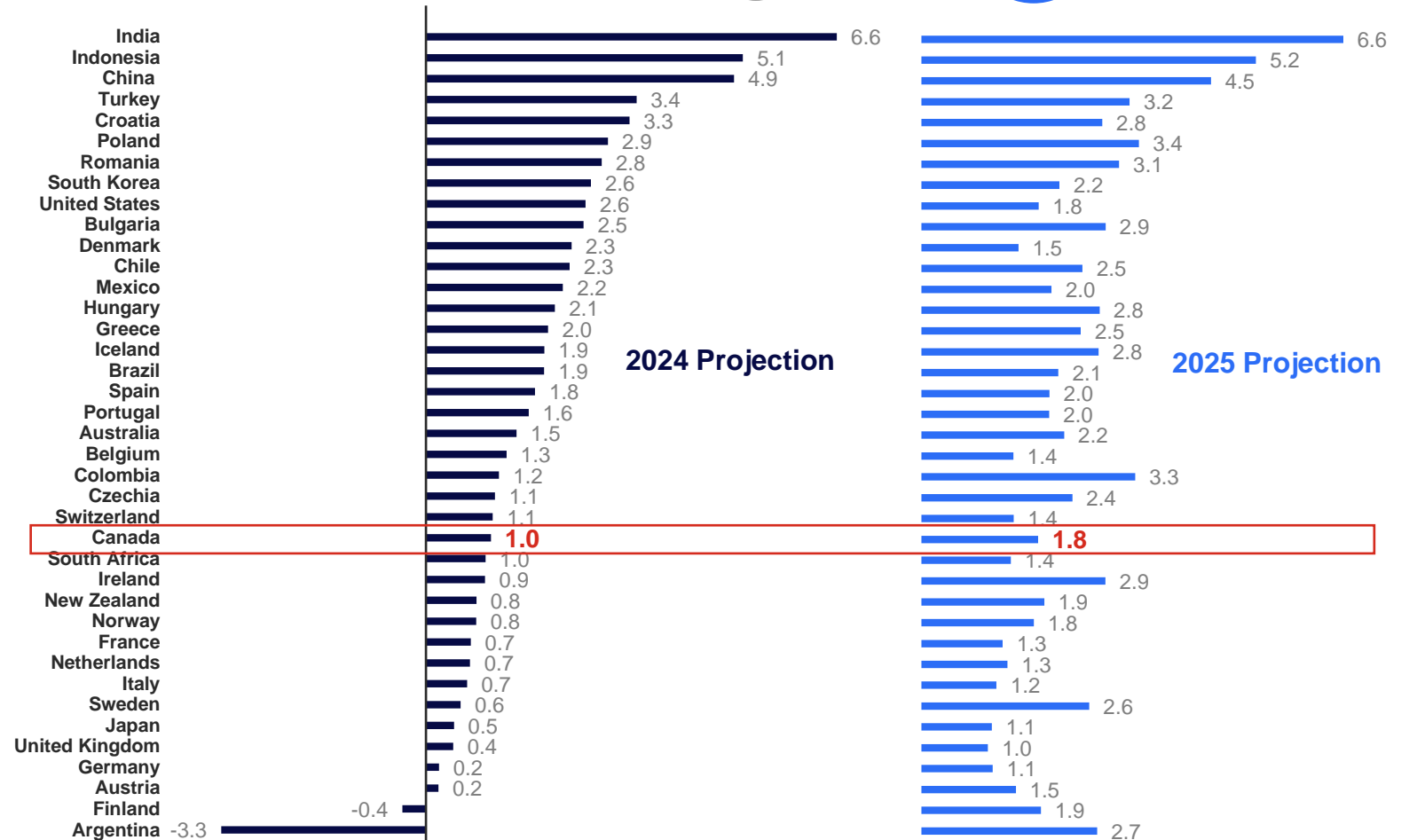


# Improved GDP projections for Canada going into 2025



*Annual  
GDP growth  
projections—  
2024 vs. 2025:  
% growth,  
year over year*

Global Total **3.1** → **3.2**

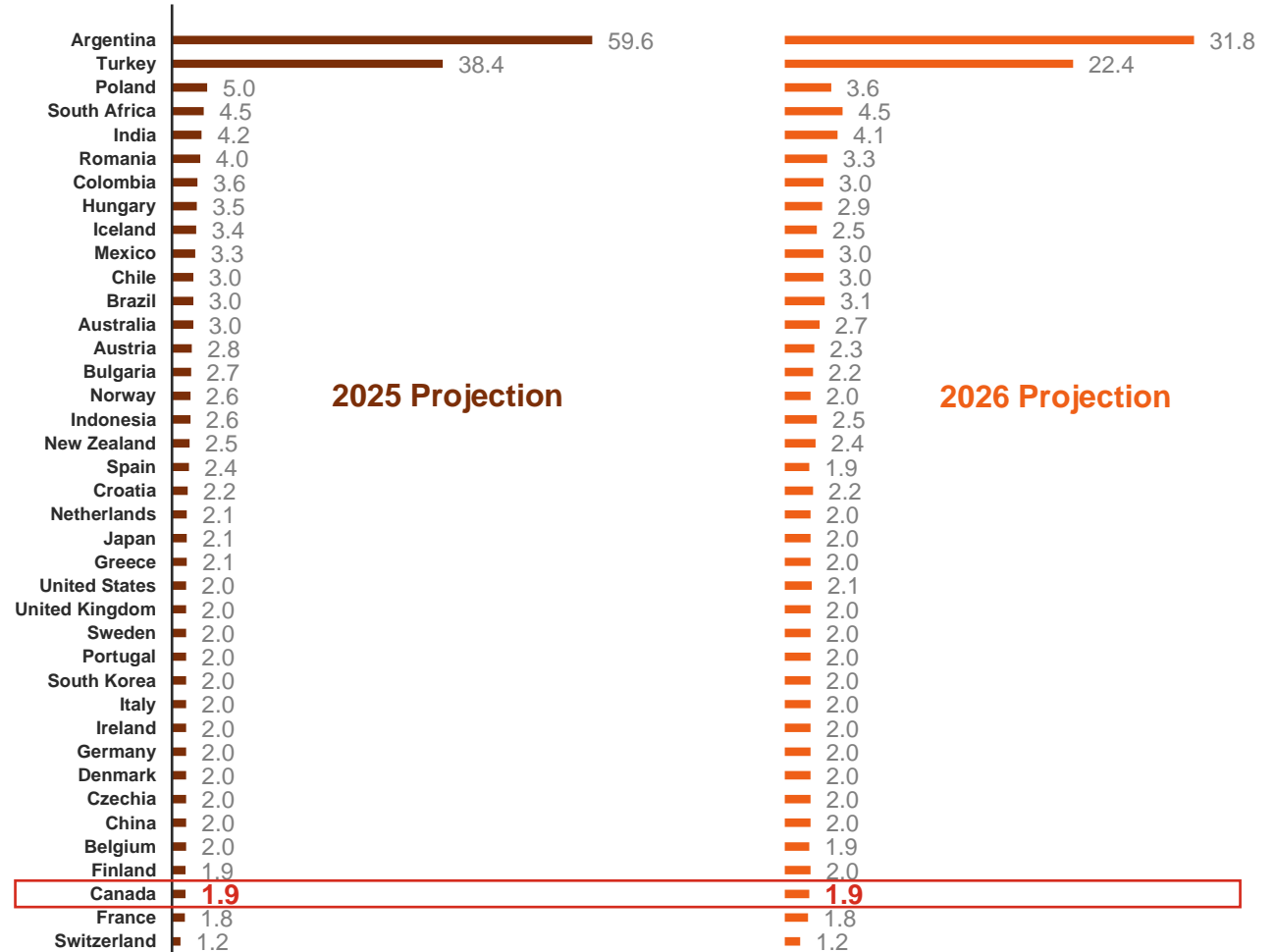


# Inflation expected to continue to ease

Canada inflation rate is lower than the Global average and expected to remain stable



*Inflation rate, average consumer price projections—2025 vs. 2026 % change, annual*



# Canada is one of the worlds Top 10 largest economies, with 2<sup>nd</sup> highest GDP per Capita

India continues to rise in importance



#3 Forecasted by 2027  
 #5 Today  
 #9 Ten years ago

Top 10 largest / richest economies in the world

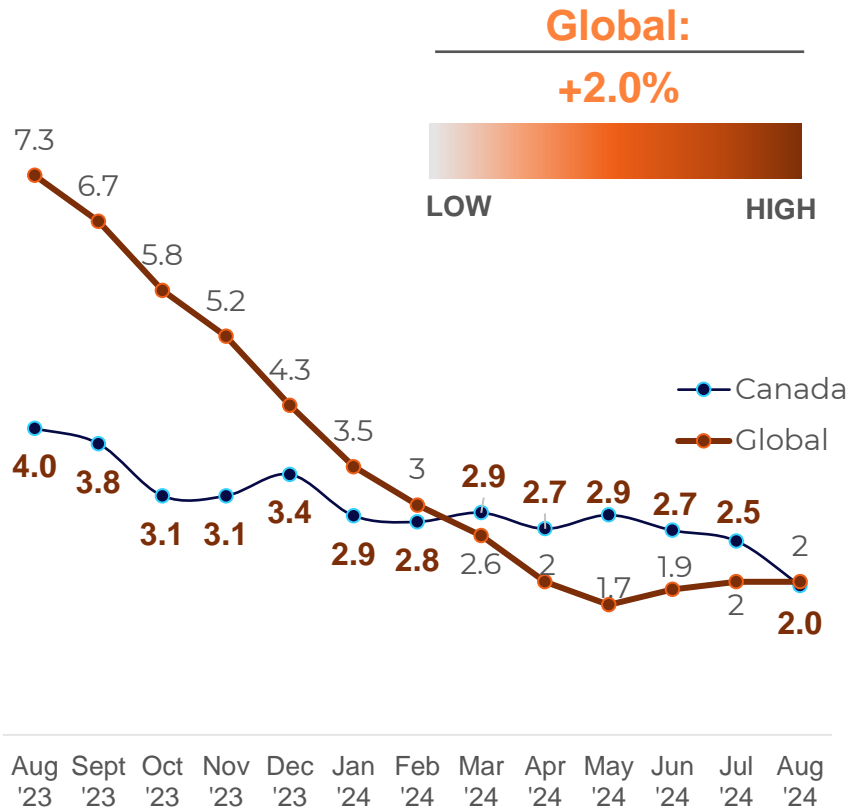
Rank & Country	GDP USD Billion	GDP Per Capita USD Thousand
1 USA	28,783	87.37
2 China	18,536	13.14
3 Germany	4,590	54.29
4 Japan	4,112	33.14
5 India	3,942	2.73

Rank & Country	GDP USD Billion	GDP Per Capita USD Thousand
6 UK	3,502	51.07
7 France	3,132	47.36
8 Brazil	2,333	11.35
9 Italy	2,332	39.58
10 Canada	2,242	54.87

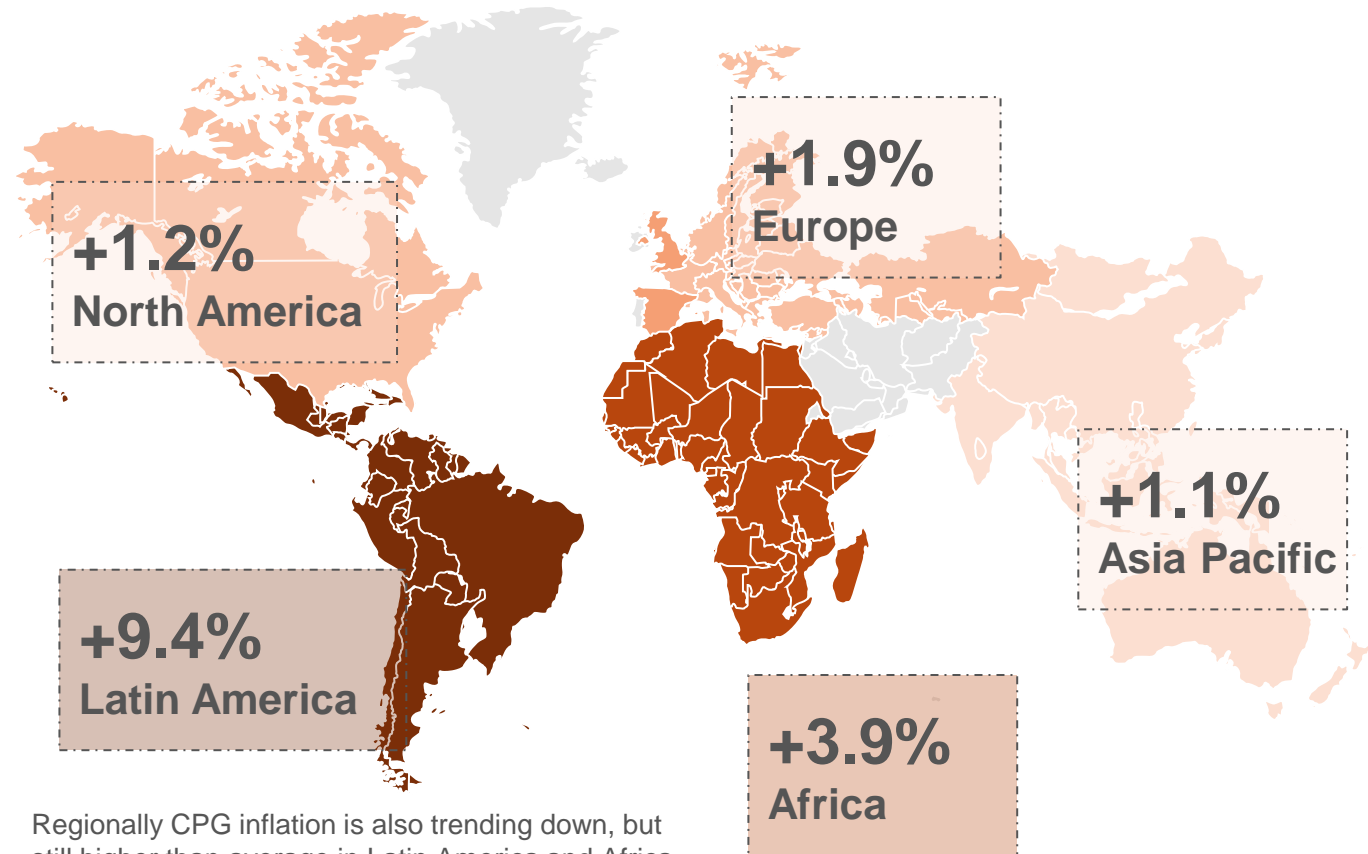
# In recent months, Canada's inflation rate is higher than the global average, but slows down

Inflation rates continue to vary across the globe

% change in average CPG price, Canada vs Global monthly trend

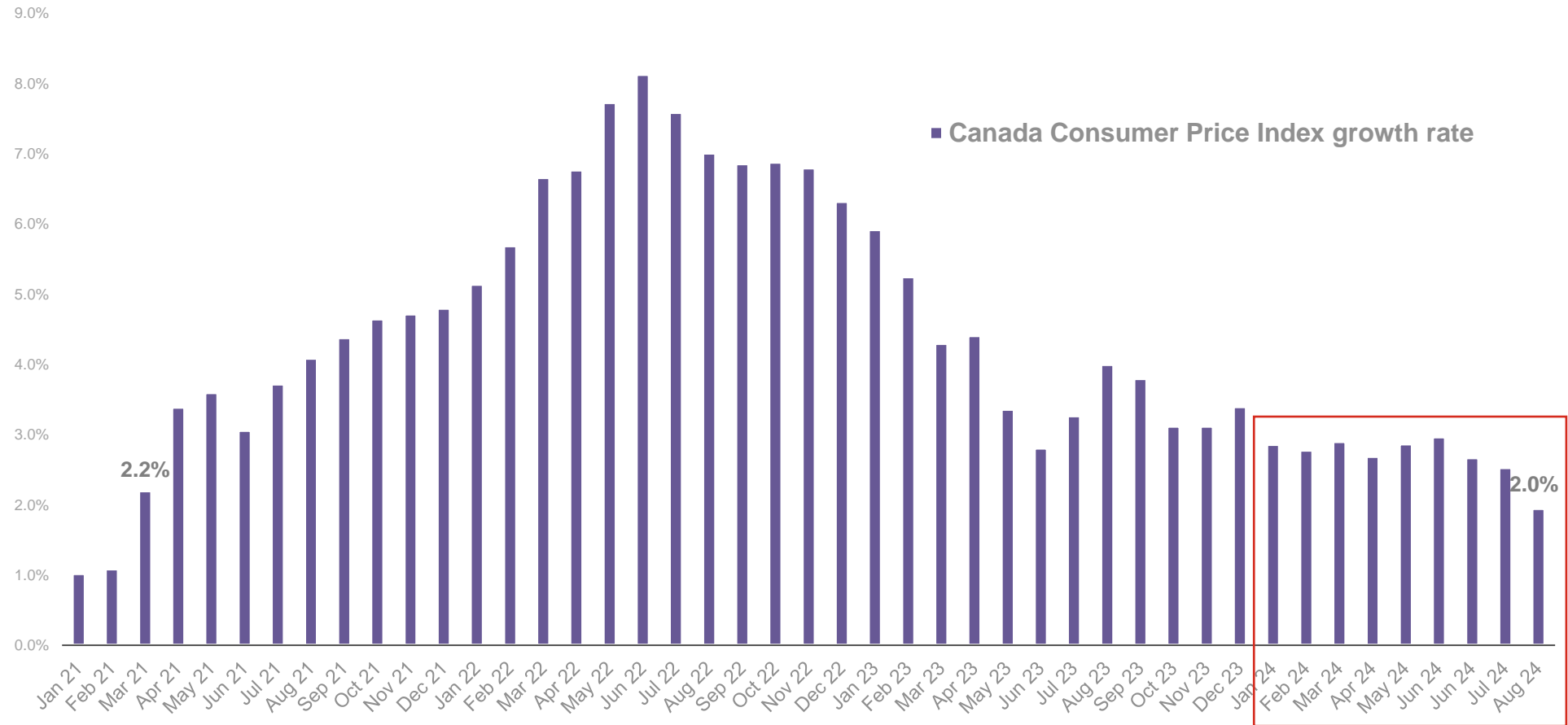
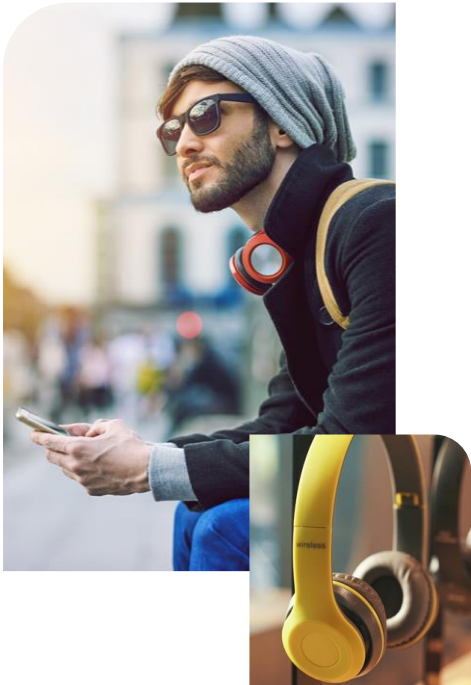


Regional heat map of monthly economies in the world



Regionally CPG inflation is also trending down, but still higher than average in Latin America and Africa.

# Price growth in Canada has mostly stabilized in 2024 and has decreased to the lowest index since 2021 Mar.







# Consumption Drivers

**As inflation shifts, will volume lift?**

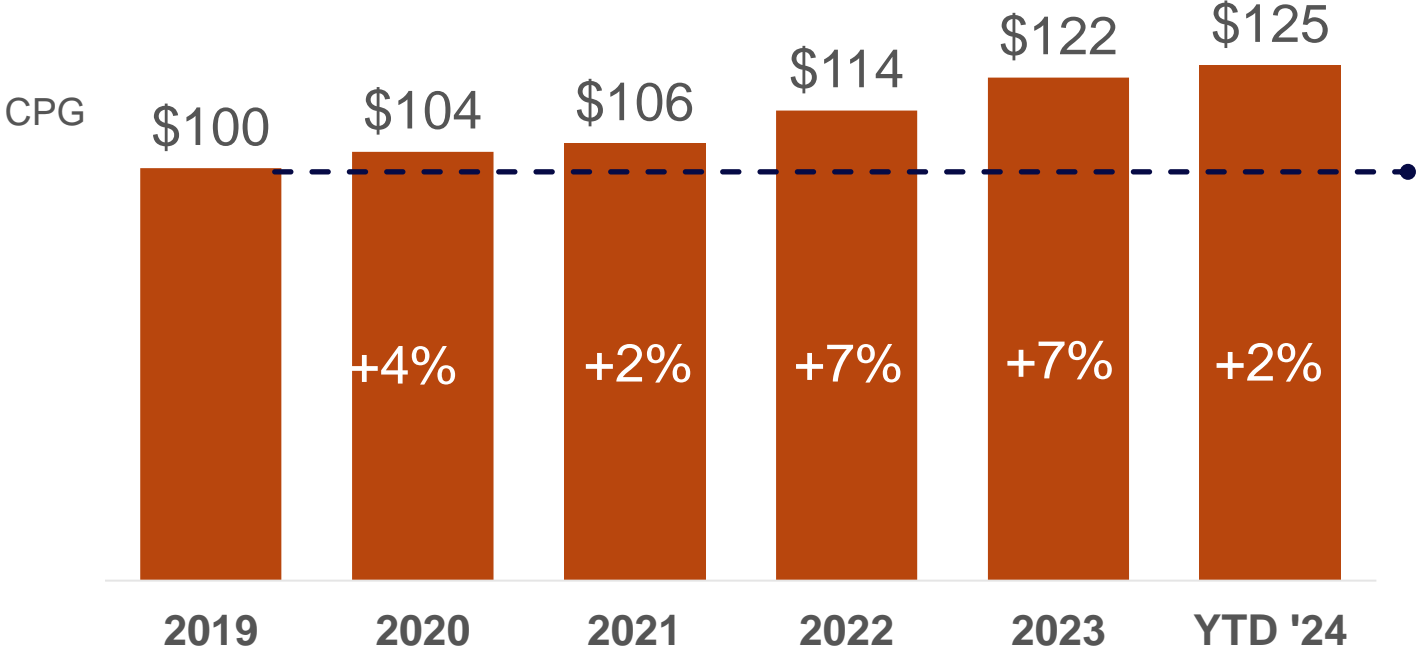
## *In this chapter:*

- 2025 spending potential
- Global sales vs. volume trendlines
- Growth beyond inflation

# Despite the slowing rate, we can't forget about the compounding effects of rising CPG prices

## Canada: \$100 in 2019....

Annual % Increase in Prices – Canada



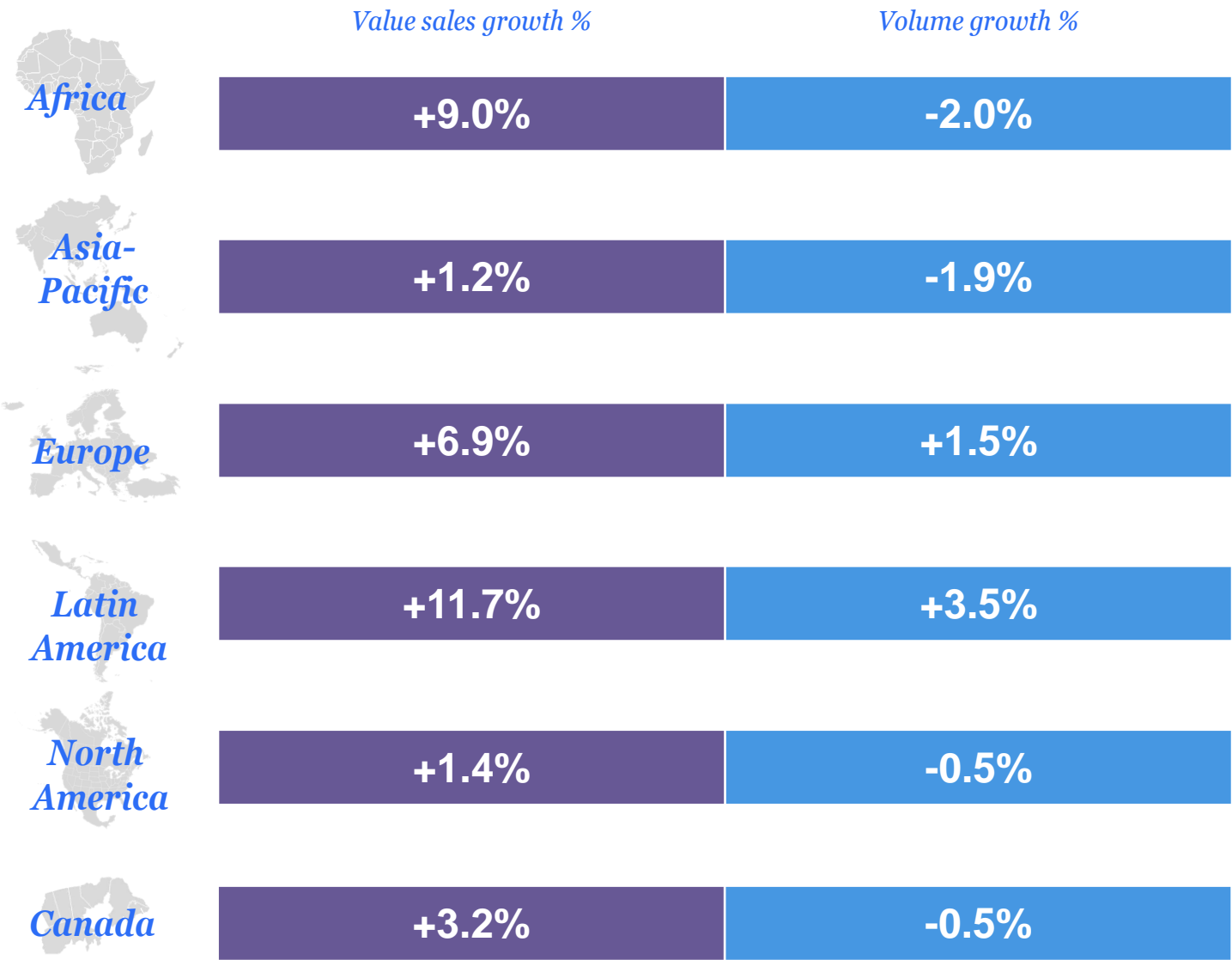
Consumers are spending 25% more than pre-pandemic

Source: NielsenIQ, MarketTrack Canada All Channels Combined, Annual Periods YTD 34 weeks to August 24, 2024



# Global volume trend improves for Europe and Latam, while the Canada lags

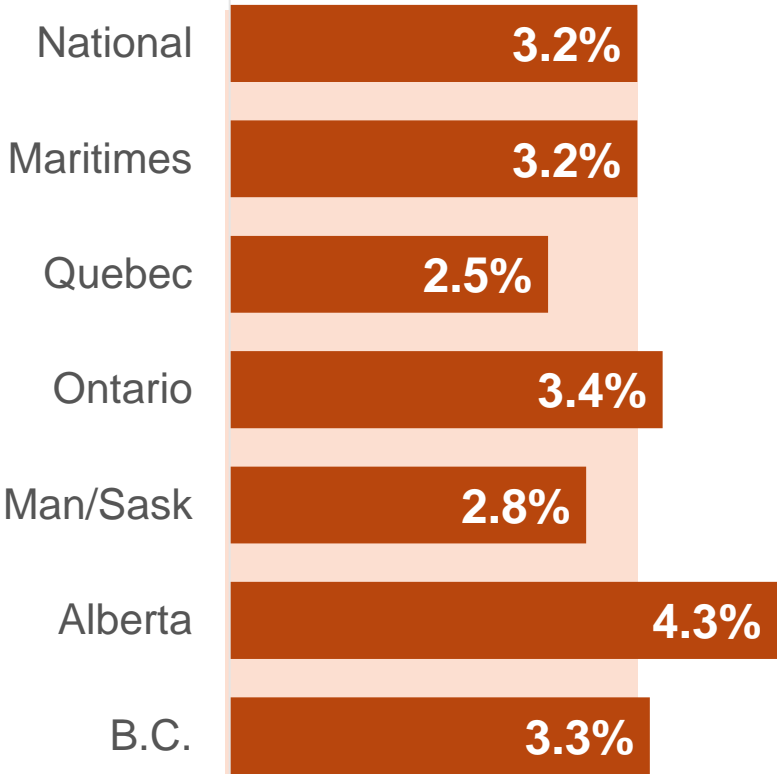
**Global FMCG trend**  
2024 vs. 2023  
**Value sales +4.9%**  
**Volume +0.8%**



Source: For North America & Asia-Pacific regions: NIQ Retail Measurement Services via Quarter By Numbers, period ended Q2 2024 vs. previous year, For Africa, Latin America & Europe regions: NIQ, Global Strategic Planner, 54 markets, Eq Vol Price % Change, Latest 52 weeks ended Jun. 16, 2024 vs. previous periods. Reflected in U.S. dollars.

# Consumption growth is flat despite a population boom

## Population\* % Growth



## CPG Performance

	\$ Chg.	Vol Chg.	Gap
National	+2.8%	+0.2%	-3.0
Maritimes	+2.8%	-0.8%	-4.0
Quebec	+2.6%	0.0%	-2.5
Ontario	+2.7%	+0.4%	-3.0
Man/Sask	+4.0%	+0.5%	-2.3
Alberta	+3.9%	+1.6%	-2.7
B.C.	+1.7%	-0.8	-4.1

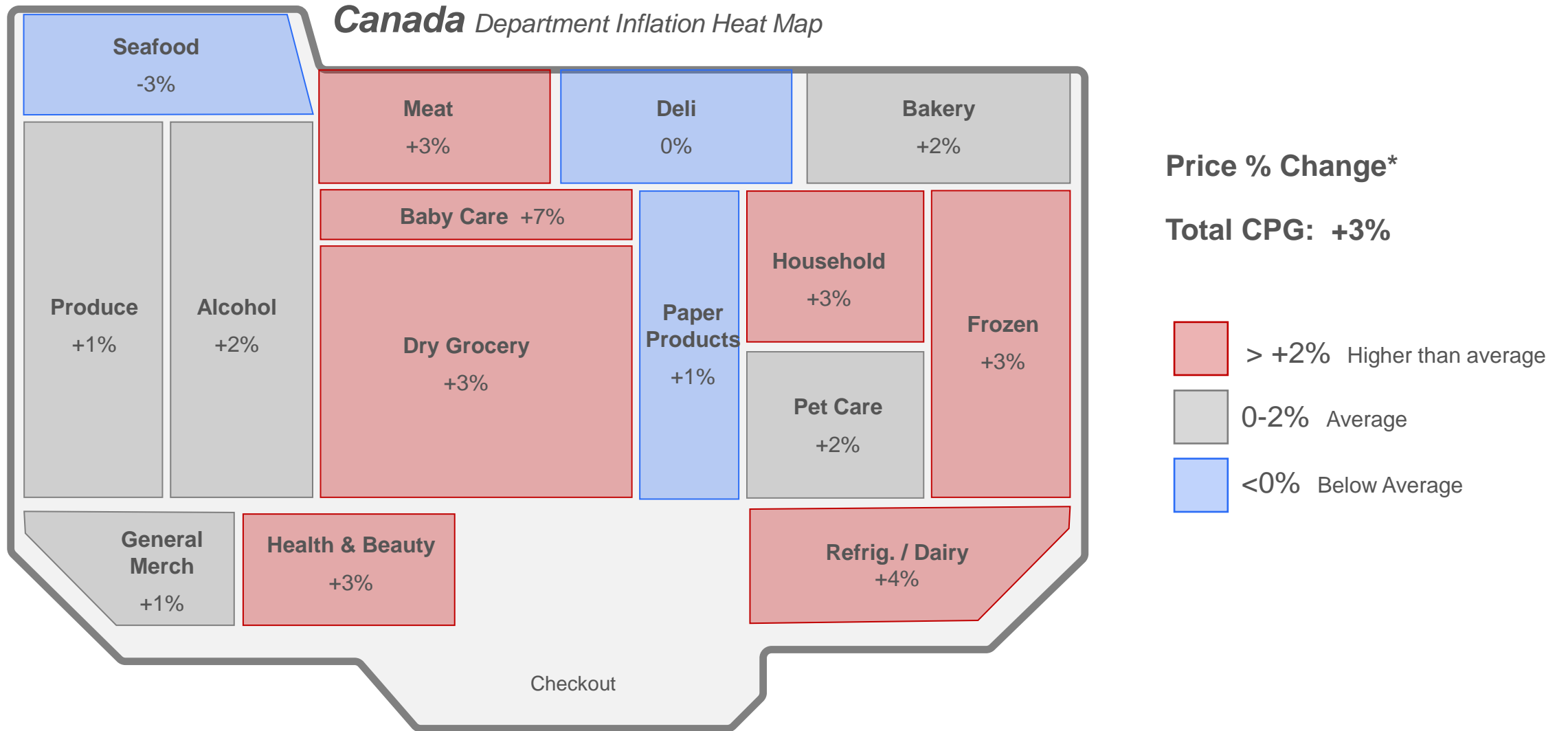
## Growth by the numbers

- Population: 40.8 million / +1.3 million
- Canada is the fastest growing in G7
- Top 20 fastest in the world
- 98% growth due to immigration
- Birth rate down ('21 1.44 / '22 1.33)
- Non-permanent residents +805k
- Compare to U.S. +0.6%

Source: NielsenIQ, MarketTrack Canada All Channels Combined, 52: weeks to August 24, 2024.

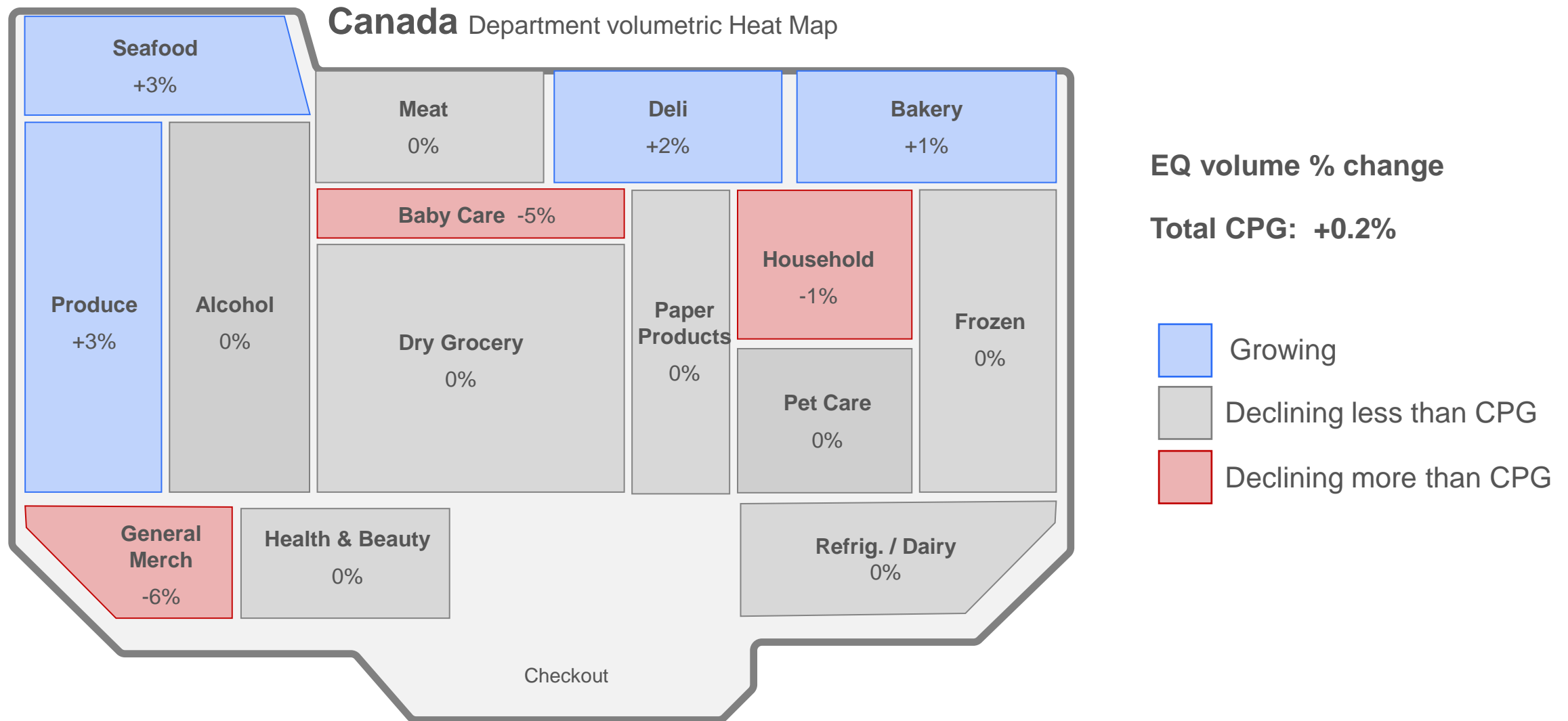
\* 2023 Population Growth: Statistics Canada; Gap= Population % Growth – Vol Chg.

# Despite overall price increases normalizing, several key departments are still increasing



Source: NielsenIQ MarketTrack Canada All Channels Combined, 52 weeks ending August 24, 2024 \*Inflation: \$ % Chg. less EQ Vol % Chg.

# Consumers prioritizing perimeter of store - Produce, Seafood and Deli



Source: NielsenIQ MarketTrack Canada All Channels Combined, 52 weeks ending August 24, 2024, EQ Vol % Chg.



# Local nuances to inflation and volumetric highs and lows

For instance, Confectionary & Snacks leads volumetric growth in Asia Pacific region, but growth is inflation-driven in North America.



North America		
	↑ HIGHEST	↓ LOWEST
Price % growth	Home Care (+7.2%) Confectionery & Snacks (+5.1%)	Frozen Food (+0.9%) Perishable Food (+1.2%)
Volume % growth	Health & Beauty (+1.8%) Ambient Food (+0.4%)	Home Care (-4.2%) Health Care (-4.1%)



Latin America		
	↑ HIGHEST	↓ LOWEST
Price % growth	Confectionery & Snacks (+14.3%) Perishable Food (+11.3%)	Health Care (-0.1%) Beverages (+2.3%)
Volume % growth	Health Care (+13.4%) Beverages (+11.2%)	Perishable Food (-0.9%) Confectionery & Snacks (-0.7%)



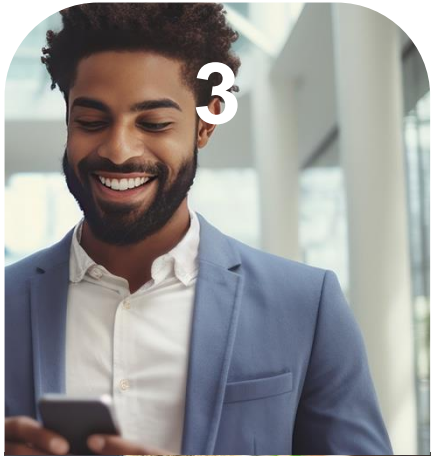
Europe		
	↑ HIGHEST	↓ LOWEST
Price % growth	Confectionery & Snacks (+9.3%) Pet Food (+8.4%)	Health Care (+3.2%) Paper Products (+2.2%)
Volume % growth	Ambient Food (+2.9%) Beverages (+2.6%)	Health Care (-1.3%) Alcohol (-0.7%)



Asia Pacific		
	↑ HIGHEST	↓ LOWEST
Price % growth	Home Care (+19.4%) Health & Beauty (+8.8%)	Ambient Food (-0.4%) Beverages (0.0%)
Volume % growth	Confectionery & Snacks (+4.5%) Beverages (+2.5%)	Health Care (-13.4%) Home Care (-12.6%)



Africa		
	↑ HIGHEST	↓ LOWEST
Price % growth	Home Care (+7.2%) Confectionery & Snacks (+5.1%)	Frozen Food (+0.9%) Perishable Food (+1.2%)
Volume % growth	Alcohol (+8.9%) Beverages (+4.4%)	Pet Food (-8.3%) Ambient Food (-7.3%)



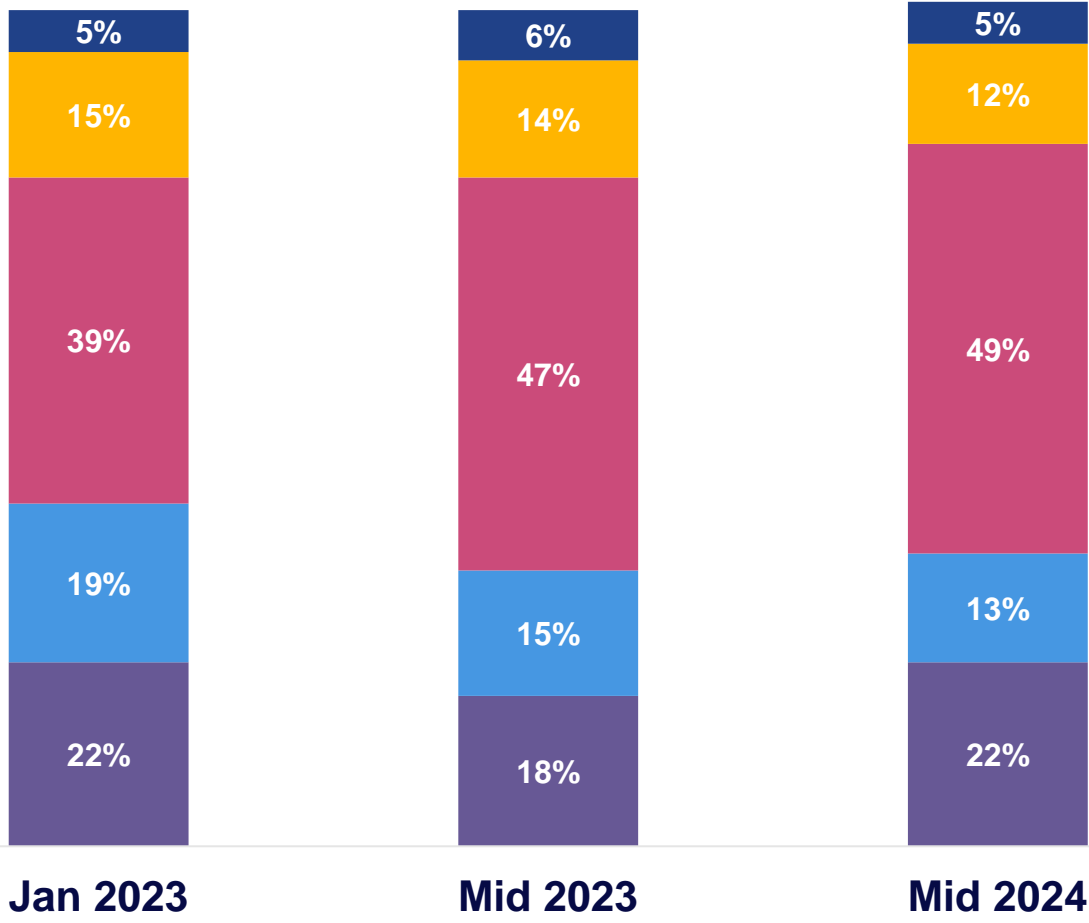
*In this chapter:*

- Assessing the economic divide
- 2025 spending intentions
- Future growth expectations

# Financial Polarization

Rising debt vs. unmatched wealth

# Given the unpredictability over the last few years, Canadians are cautious in their spending



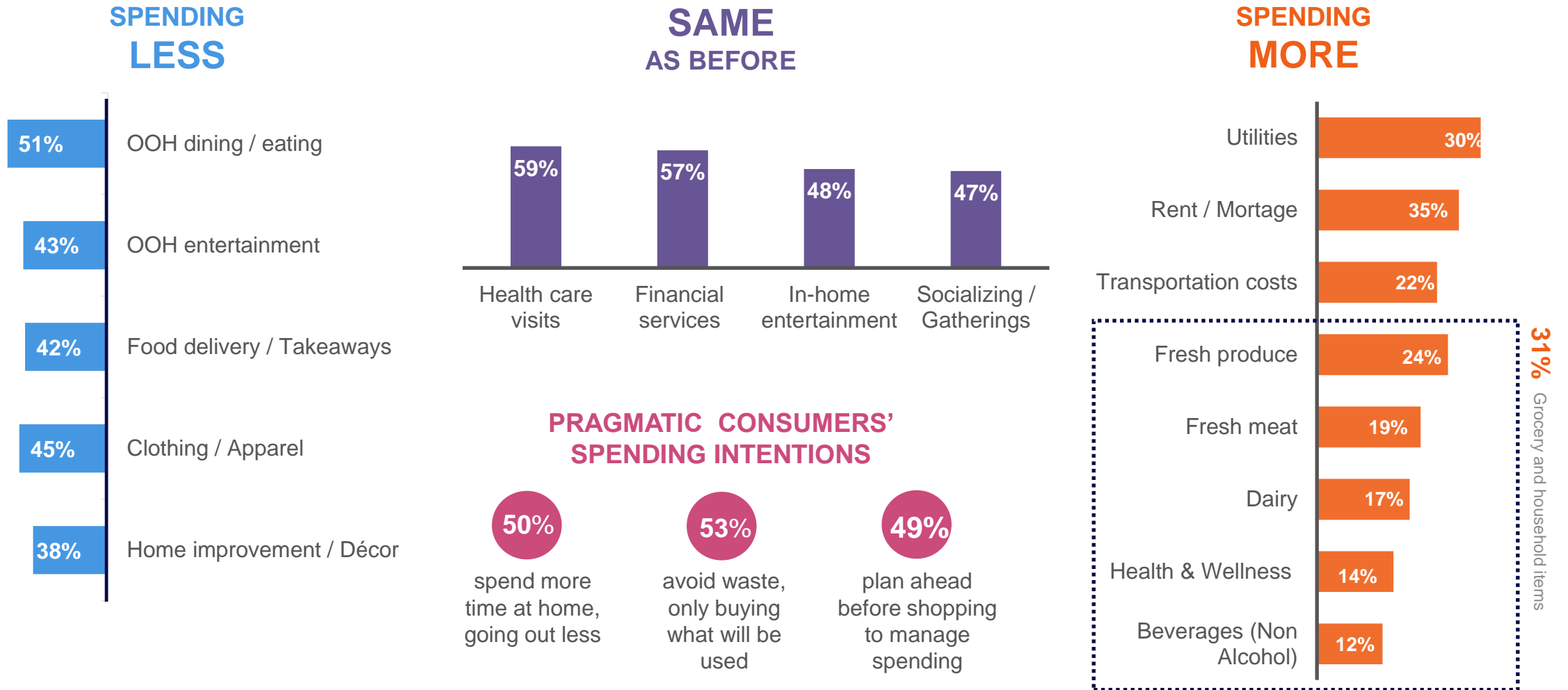
- Thrivers**  
Saved money and feel more financially secure.
- Unchanged**  
Not impacted and continue to spend the same.
- Cautious**  
Not impacted financially but are cautious with spending.
- Rebounders**  
Experienced income or job loss but now feel they are back on track.
- Strugglers**  
Have suffered financial insecurity and continue to do so today.



17% of consumers surveyed are either unimpacted financially or thriving in 2024 vs. 22% in 2023

# 2025 wallet intentions reinforce the shift from a cautious to purpose-driven spending mindset

Intentional consumers prioritize at-home, planned, and waste-avoidant spending.

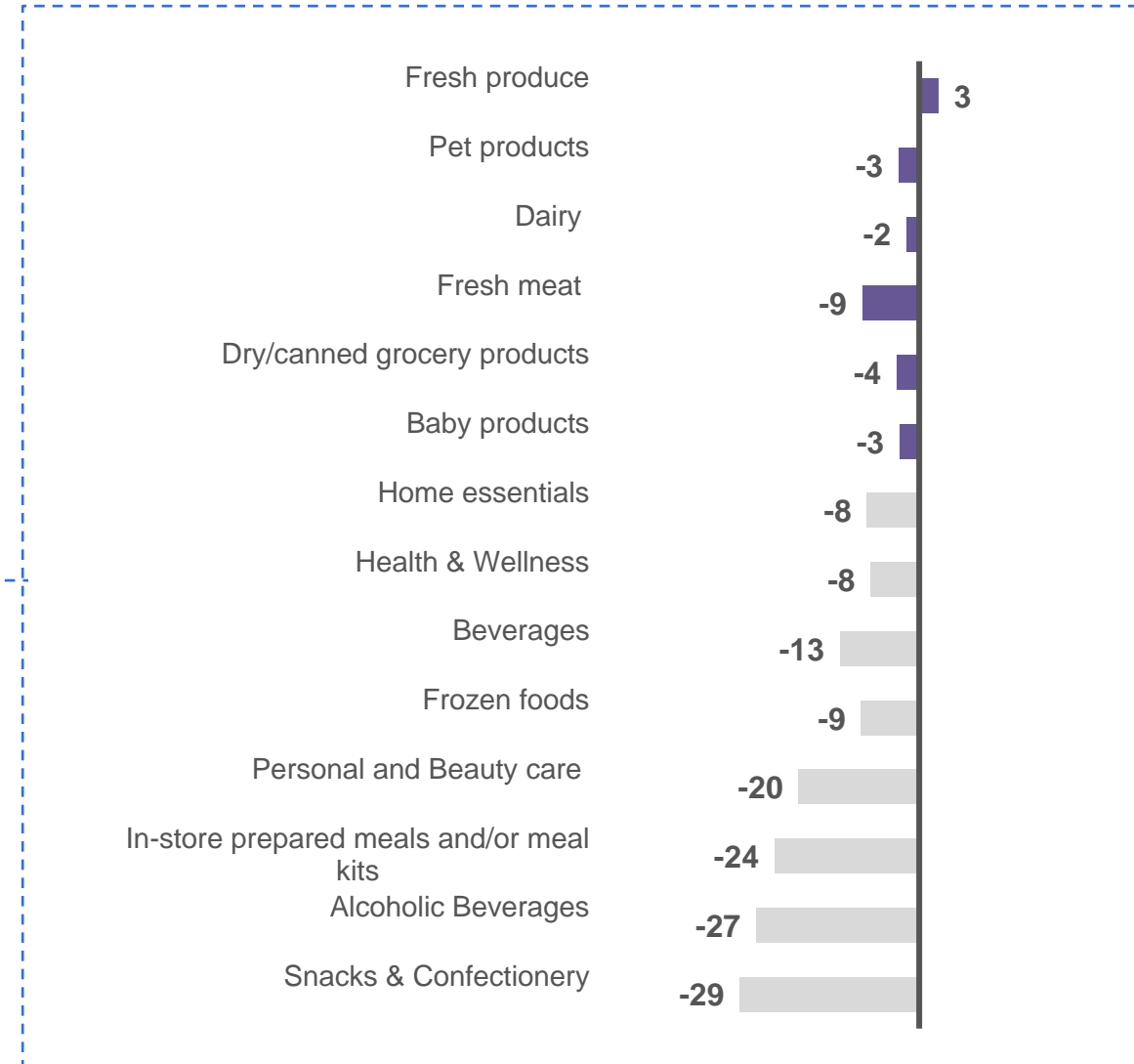
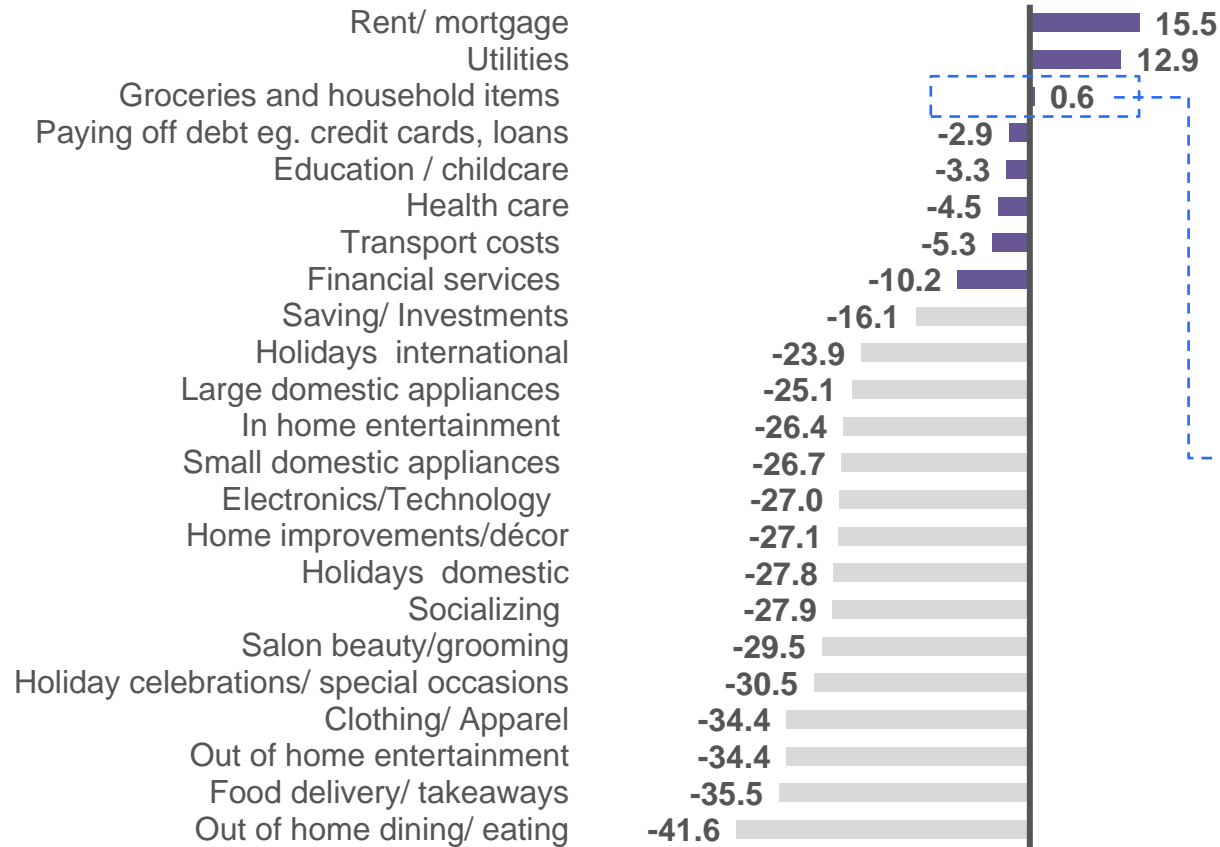


# Consumers still have “fixed” life costs to consider, so discretionary spending is still scrutinized

Grocery / Household essentials—especially fresh produce—are top of mind.

## Spending intentions for the next 12 months

Net change in spending (pt. change)





# Redefining Discount

**Sizing how consumers are shopping to stay ahead**

## *In this chapter:*

- A new era of “discount”
- Value-driven premiumization
- Evolution of private label

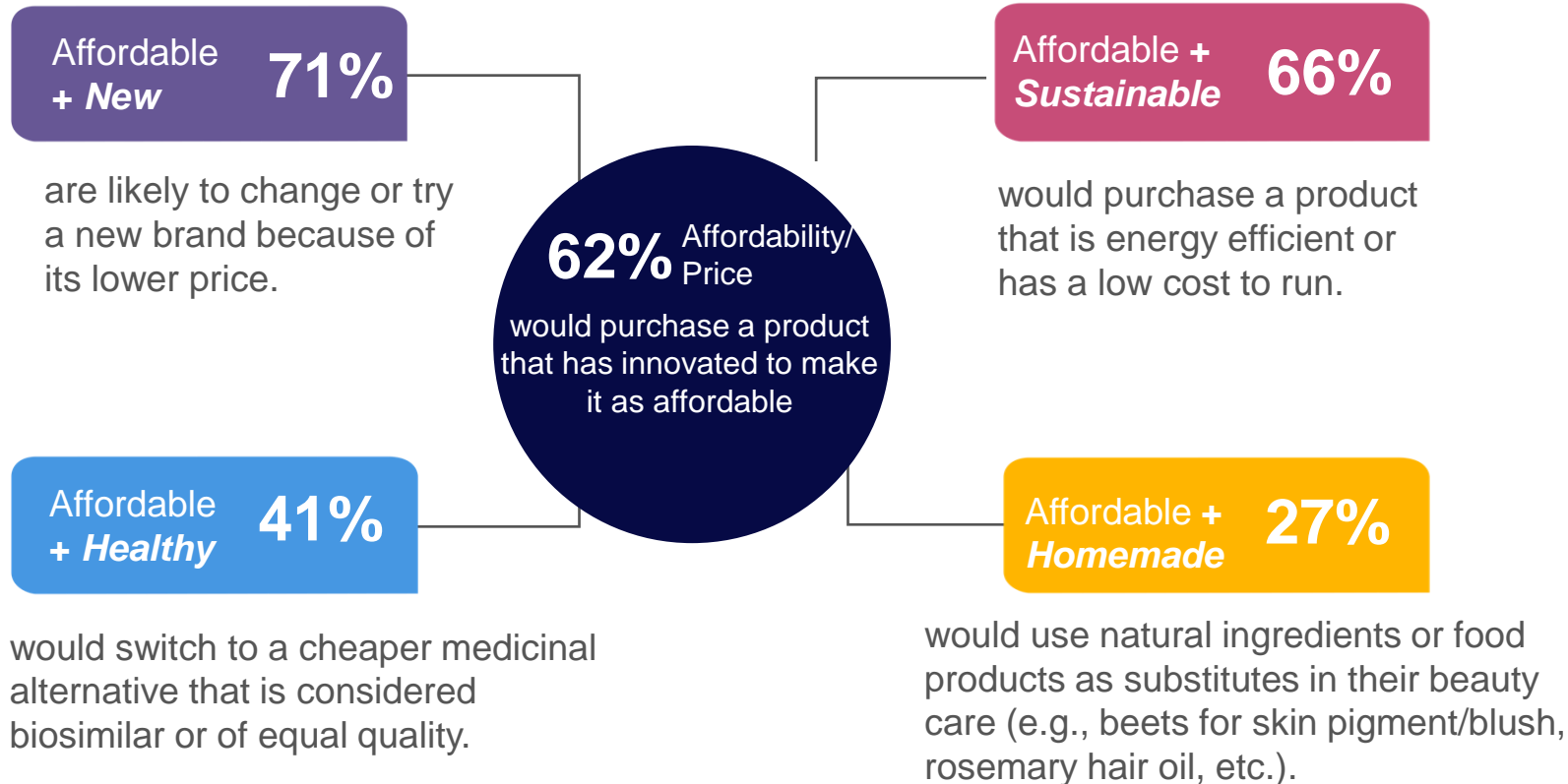




## Consumers have embraced (and expect) a broader value from the concept of “discount”

Affordability and price are the foundation, but innovation purchase decisions are swayed by other forms of value.

“Discount” means more than just price



# Promotional support tops list as a primary driver of consumer decisions

And when asked about their value-seeking preferences, more consumers are likely to opt for lower-cost-per-use “bulk” savings.

## Top 10 consumer saving strategies for CPG / FMCG – Canada



## Assortment can influence pure pricing decisioning



Lower cost / use say they're switching to **buy more large, bulk pack sizes**

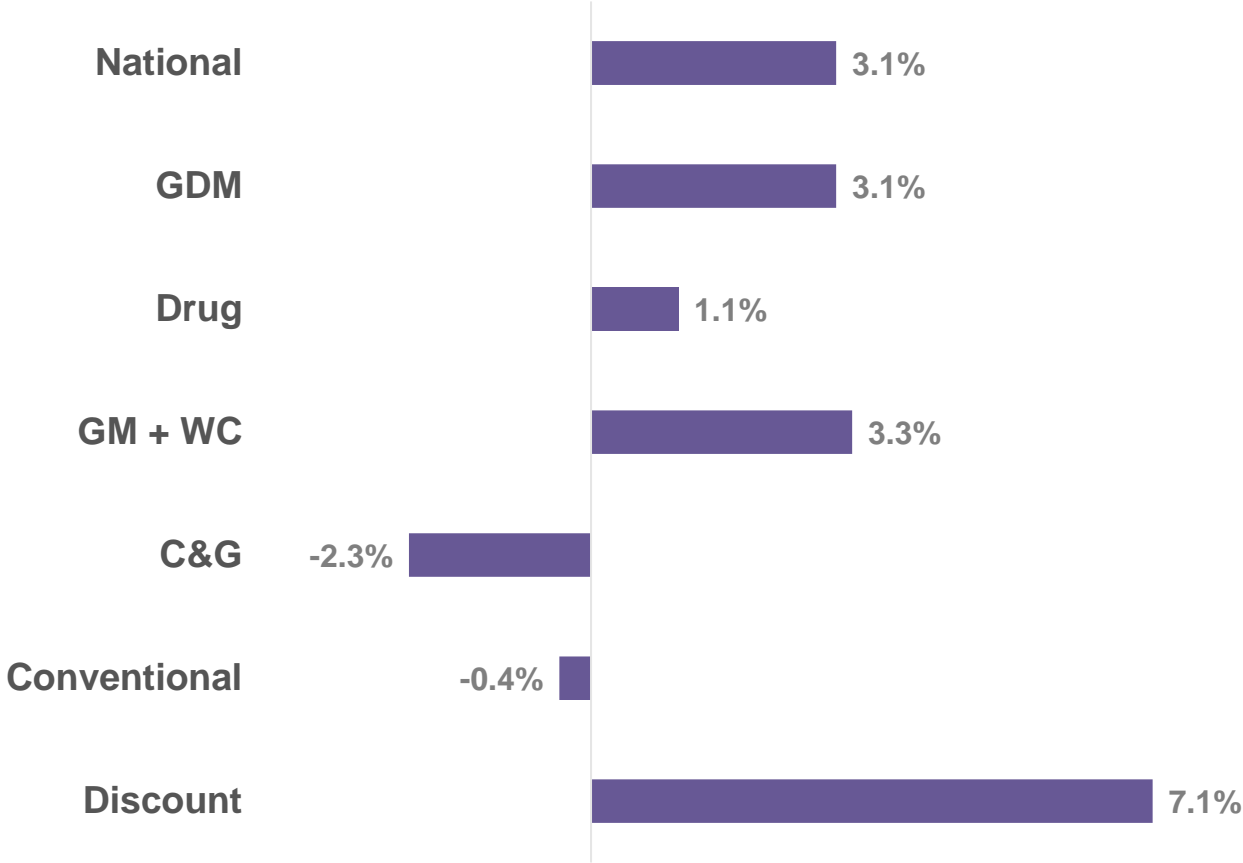
**65%**

Lower cost to buy say they're switching to buy more of the **smaller pack sizes**

**43%**

# Consumers gravitating to discount channel to combat inflation

Canada CPG channel performance % sales growth vs. previous year



Source: NIQ RMS; NDH Cross Category - Markets; % \$ change vs YA - Latest 52 weeks PE 6/29/24

# Private labels further prove evolution beyond “traditional” perceptions of discount

Consumer sentiment and measured sales momentum confirm this transition from the perception as a “cheaper alternative.”

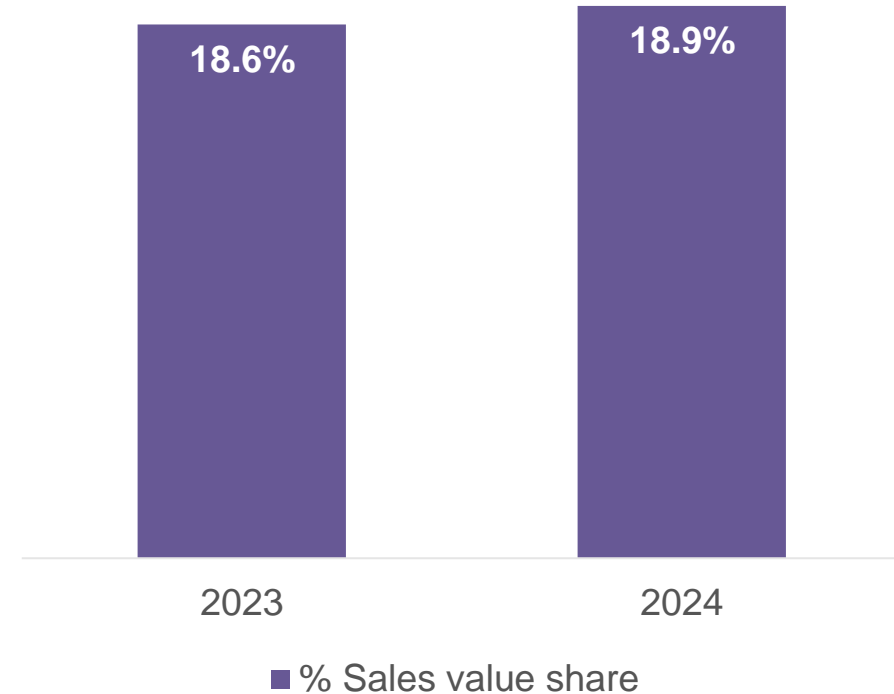
*Private labels a preferred choice by many*

*Charting growth:  
Canada Private Label share of sales over time*



**25%** would switch to buy a private label product they enjoy, **even if it costs more**

**48%** say they're likely **buying more private label products than ever before**



5



*In this chapter:*

- GLP-1 effect: Seismic lifestyle shifts
- Social commerce & the changing face of omni retail
- AI: Evolving around new consumer expectations
- Combatting commodity price uncertainty

## Trends to Watch

**Anticipating catalysts to change in 2025**



# Catalysts to 2025 change

Emerging factors faced by key verticals across industries.

## Trends to Watch



### GLP-1 Ripple Effect

Assessing the expansive lifestyle and socioeconomic impacts of these popular medications.



### Hot Commodity Costs

Analyzing the latest hot and cool commodity prices against measured consumer impact.



### The New Face of Omni

From the explosive social commerce revolution to the evolution of omni trip types.



### Readiness for AI

Assessing consumer expectations around AI and ideal areas for consumer innovation.



# The ripple effect surrounding the rise and impact of GLP-1 drugs

Canadian Consumer Preferences: Emphasis on Health Supplements and Stress Relief



48%

of CA consumers say they're likely to **start or increase vitamin and supplement intake** for health support



38%

of CA consumers say they're likely to **spend more on relaxation and anti-stress**



22%

of Canada consumers say they're **likely to use a medication or drug** to support their weight loss

# Evidence of the widened scope of today's social commerce revolution

Canadian Caution in Digital Commerce: Concerns Over Cybersecurity and Ad Fatigue on Social Media

## Purchase intent



**17%**

are likely to purchase via social media.

**But ...**

**61%** don't trust security of paying via social media.

**66%** ignore or skip ads on social media.

## Learning and discovery



**20%**

would search social media (e.g., TikTok) for product information before a traditional search engine (e.g., Google).

**25%**

would use social media as their primary source to learn about new products and services.

## Influence on choice



**19%**

would change brands based upon the recommendation of a social influencer.

**29%**

would seek a new product in-store or online because of something seen on social media.

## Gamification



**21%**

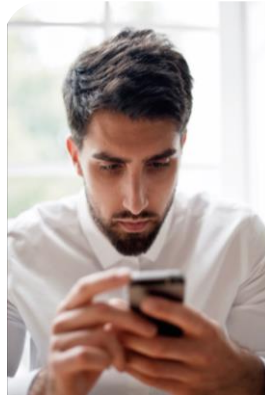
would spend more on a purchase because of an in-app challenge, point system, or reward experience.

**16%**

would purchase a product that has been in a video game / online game.

# The AI revolution is here

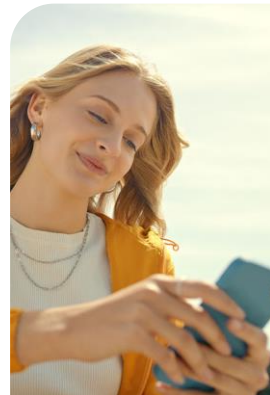
A greater level of skepticism and concern among Canadians regarding data privacy and the reliability of AI technologies vs global avg.



**61%** would avoid sharing personal details virtually because they **do not trust data privacy with AI technologies**

+5% vs global avg.

vs. 16% who wouldn't



**54%** would wait longer for support from a human, to avoid interacting with AI generated support

+5% vs global avg.

vs. 20% who wouldn't

Understand which AI advancements are going to endear you to your consumers and which are going to frustrate them.

## Embrace & adapt to AI learning curves:

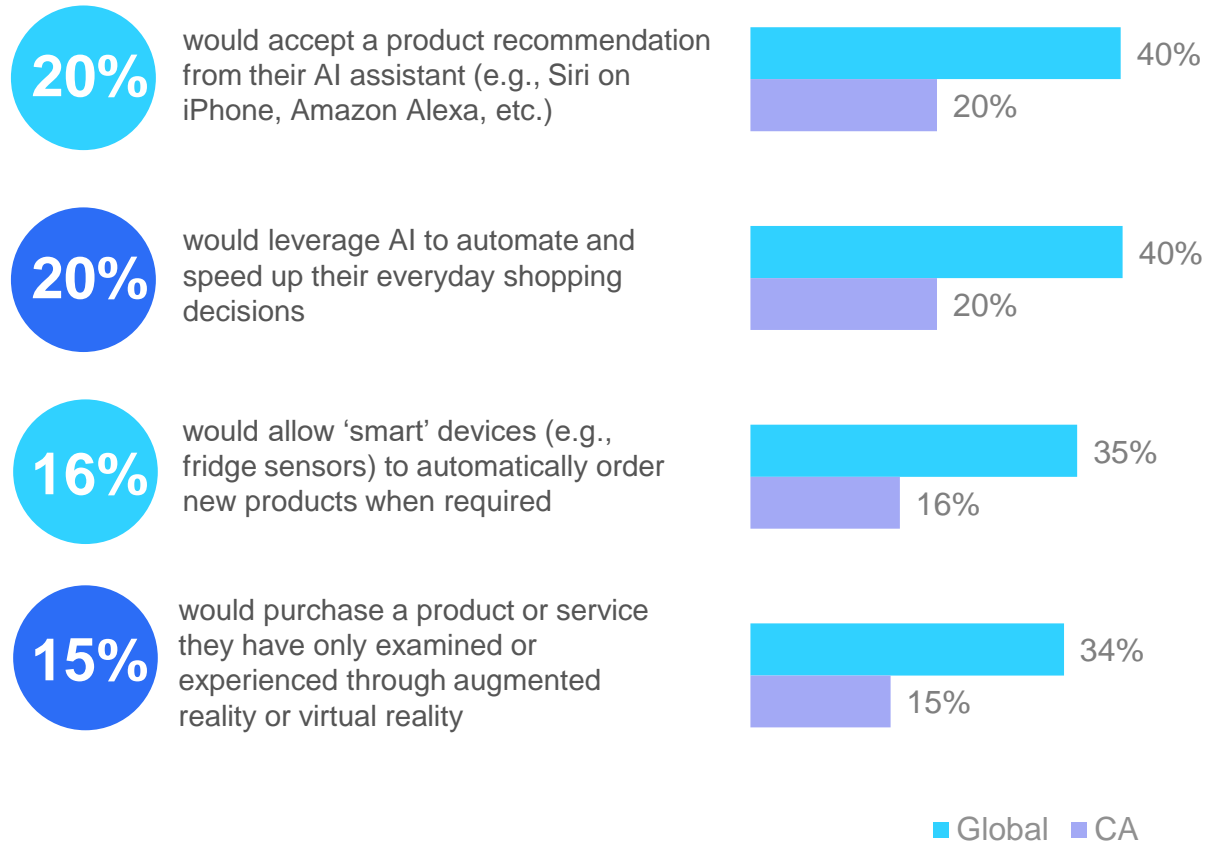
➡ Businesses who take steps to implement proper guardrails should not be afraid to embrace AI as part of their toolkit—even with its often-publicized challenges and pitfalls.

[Read more>](#)



## Consumers are open to AI involvement in their shopping decisions

But the Canadian are more hesitant than global consumers to trust AI.



There **are** many ways consumers have embraced AI in their shopping decisions. Consider these options alongside back-end integrations (innovation, research, etc.), to ease consumers through AI transformation.

### Leveraging the right data, makes a big difference.

➔ When Artificial Intelligence models are carefully prompted with the types of comprehensive, granular, and up-to-date data that only NIQ has, they can offer remarkably human responses.

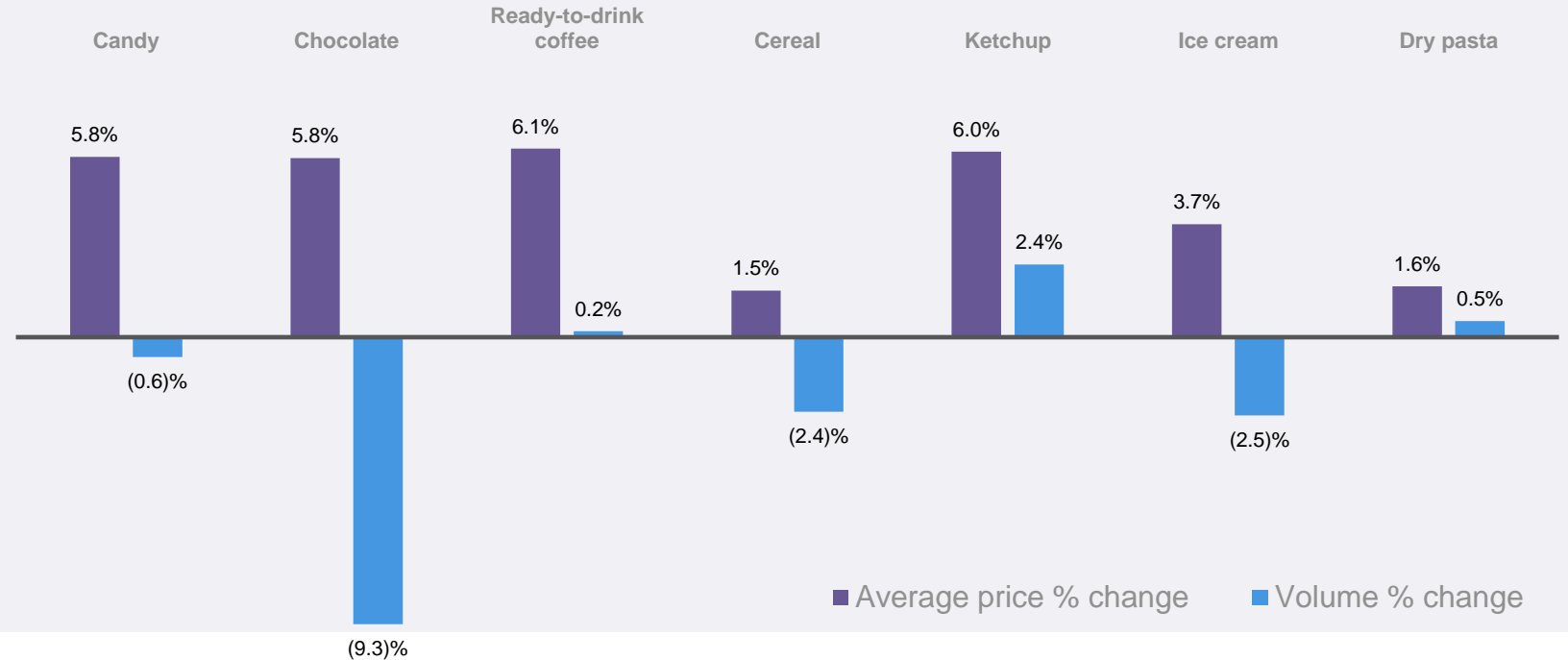
[Read more>](#)

# A looming commodity crisis?

Consumers and manufacturers need to monitor shifting commodities prices to anticipate and react to peaks and valleys.

	Commodity	Price % change L26W vs. previous year
<b>HOT</b>	Cocoa	+4.9%
	Milk	+3.5%
	Coffee	+1.3%
<b>COLD</b>	Beer	+1.8%
	Soybeans	+1.6%
	Sugar	+5.9%

CPG categories adjacent to recent commodity price shifts Price & volume trend – Latest 26 weeks vs. previous year





# So, what should manufacturers do when an essential commodity crisis looms?

When faced with increased costs, consumers overwhelmingly prefer strategies to lower price per serving and smaller pack sizes, rather than producing lower quality products.

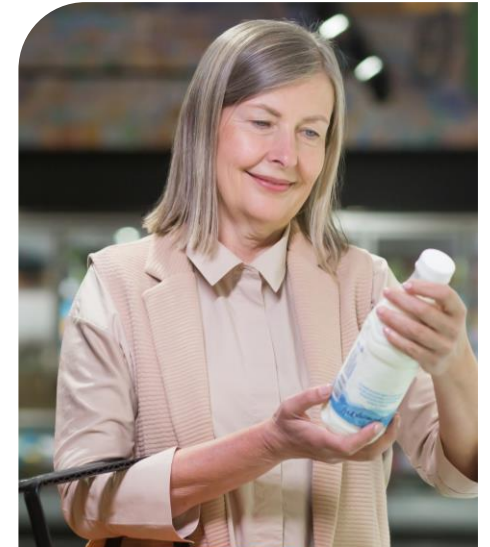
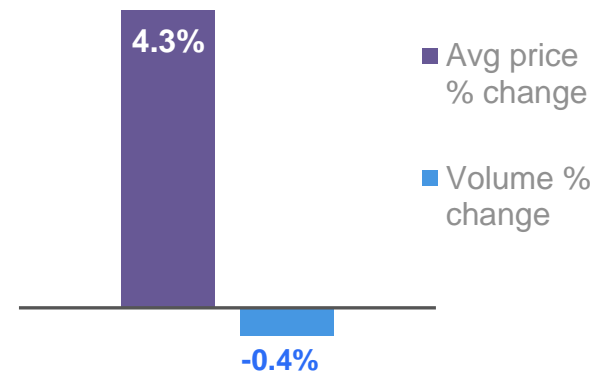
*If prices continue to increase / remain high in the next 3 months ...*  
 What actions would you prefer your brands and retailers take, related to the products you purchase?



52%

of consumers would stop buying snacks and confectionary products if prices continue to rise or remain high for the next three months (highest "dropout" response across all surveyed categories)

## Snacks & Confectionary CANADA price and volume impact



### Key takeaway:

When an essential commodity crisis looms, it's crucial to understand how your consumers want you to react.

# Your 2025 Strategy Roadmap

Key takeaways  
to fuel your growth.

## So What?

## Now What?

With a world of options ahead, what are our key points of guidance and actionable ideas on how to win with intentional consumers in 2025?

## Insights

A slow decline will yield a slower climb.

The widest net will reel 2025 growth.

Expect a smaller pond with bigger fish.

Provide the best value  
in multiple worlds of worth.

Act before they ask—but not before  
they're ready.

## Takeaways

Don't overestimate **the speed  
of consumer recovery.**

**Maximizing penetration** is essential  
in this era of disloyal buyers.

Wealth will accumulate unevenly  
**as growth in consumers peaks.**

The most valued products deliver  
value in **multiple ways.**

From AI to omni, **change needs  
a hint of familiarity to balance the  
allure of innovation.**



We appreciate your  
feedback!

[Survey Link](#)

Scan QR for Survey



**NIQ**

**About NIQ**

NIQ, the world's leading consumer intelligence company, reveals new pathways to growth for retailers and consumer goods manufacturers. With operations in more than 100 countries, NIQ delivers the most complete and clear understanding of consumer buying behavior through an advanced business intelligence platform with integrated predictive analytics. NIQ delivers the Full View.

NIQ was founded in 1923 and is an Advent International portfolio company. For more information, visit [NIQ.com](https://www.niq.com)

© 2024 Nielsen Consumer LLC. All rights reserved.