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SHOPPING HABITS

Main Household Shop

Current shopping trends are shifting across the country, partly because of immigration, with a shift towards healthier choices, and convenience. Consumers are now buying groceries across different channels and are no longer going to a single store. A 2014 article in Food in Canada magazine revealed that 17% of households shopped at ethnic stores.

Consumers are also changing their purchasing habits as a result of current economic conditions, with 73% of Canadians trying to reduce their grocery spending bill. Cost-cutting tactics include stocking up on purchases during promotions and price cuts, using more coupons found online or in magazines and newspapers, price matching between retailers and ultimately switching to the lower-priced store. Evidence of this has been seen as more consumers are shopping in dollar stores as well as discount stores which account for C$19 billion of total grocery sales in 2014.

Although Canadians are looking for deals to help keep money in their pockets, they are still willing to spend more money on locally made goods, with 97% of Canadians doing so to support the local economy and 96% to support local farmers, according to a 2013 BDC study. Canadians believe that it is easier to know what's in the food that they eat and where it comes from, when they buy items produced closer to home. A 2015 Loyalty One study showed that, because local product offerings are not readily available in large grocery chains, consumers are looking to their corner grocery stores, local and farmers' markets and independent grocers to meet their demand, with fruit and vegetables topping the list of most important locally-sourced products, followed by meat.

Shopping for Big-Ticket Items and Personal Goods

A BDC report shows that an increasing amount of research about products is first done online, before purchases are made. Although some products such as cars are not suitable for buying online, 47% of Canadians tend to use the internet to research the product and find out where to buy it, what the cost will be and other details, while 41% actually buy products or services online. Online reviews also play a huge role in consumer purchase decisions, as 70% of those surveyed reported that they "trust consumer opinions posted online".

Regardless of where the product is actually purchased, online or in-store, internet users across Canada are relying on online searches. Results of the BDC survey also showed that Canadian consumers "are most likely to seek online information about technological devices, travel and tourism, and vehicles before buying". As to what they actually feel comfortable purchasing online, 52% of internet users purchased clothing, jewellery, accessories and tickets to shows, 50% purchased items related to travel and tourism, 49% purchased cultural goods, and 47% purchased technological devices. Consumers were less likely to purchase cars online with only 6% doing so; however, 53% of consumers used the internet to research information about vehicles before buying.

Consumers frequenting drugstores that are emerging as the "new convenience store"

According to a 2014 article in Food in Canada magazine, drug stores are emerging as the "new convenience store". Food purchases from drugstores rose to 19.6% of sales, an increase of 6% in 2014. The top four most frequently bought items were chocolate, milk, soft drinks and snack food. A 2015 Financial Post article shows how the "addition of fresh food [has blurred] the line between convenience and grocery stores". For many consumers, especially those in dense urban centres, this new addition has helped in "topping up" their weekly shopping, as they are able to make a quick stop to pick up selected items throughout the week and can even find week-night dinner options. A 52-year-old business analyst based in Toronto said in a Financial Post article: "I've popped in here for dinner a bunch since they added all this food." Although she lives a kilometre away from a Valu-mart, Shoppers was "even closer to [her] house".

Online grocery shopping gaining momentum

Online shopping has been prevalent across the country for years, with 71% of consumers having shopped online. A Statistics Canada report showed that Canadians are increasingly interested in buying groceries online, with 18% saying they ordered food, beverages or groceries online in 2013.

Busy consumers are also partaking in "click-and-collect" options available at big store chains such as Walmart and Loblaw where the consumer orders their food online and enjoys kerb-side pickup. With many consumers not having enough time in a day to allot to shopping for groceries, this service offers flexibility, especially when faced with rising commute times and jam-packed sports and activity schedules for their kids. Payments can be handled online or in-store.

COMPETITIVE LANDSCAPE

Procter & Gamble led men's grooming in 2016 with a value share of 31%. The company's strong position in the category is down to its best-selling men's shaving brands, including Gillette Fusion and Gillette Mach3. Together, the Gillette family of products held a 59% value share in men's shaving in 2016, accruing sales of CAD258 million. As category leader, Procter & Gamble is focused on continuing to innovate and protect its share. With new shaving technology including the Flexball™ rotating razor head, the company is well positioned to retain its leading position.

Unilever ranked second in 2016 with value sales of CAD142 million. To date, the company's activity in men's grooming has been focused on its Dove Men + Care brand. However, through the purchase of Dollar Shave Club in 2016, the company was able to increase its sales by CAD44 million, in turn boosting its share from 10% in 2015 to 14% in 2016. In addition to boosting Unilever's presence in men's grooming, the acquisition of Dollar Shave Club has given the company an immediate presence in men's razors and blades, with it commanding the second highest value share behind Procter & Gamble. Going forward, Unilever is expected to invest heavily in further developing the brand in order to take share from Gillette.

Men's grooming in Canada is dominated by international companies and brands. With a highly consolidated retail environment, it is extremely difficult for new brands to enter the fray and compete against existing large players. As such, well-established companies such as Procter & Gamble, Unilever and Coty enjoy strong positions in the country.

While the availability of premium men's skin care and bath and shower products has been growing, premium fragrances remained by far the biggest premium category in 2016. With sales of CAD217 million, it accounted for a 73% share of overall men's fragrance sales. The success of premium fragrances is largely a result of strong marketing campaigns.