CANADIANS ARE BUYING LESS FOOD. NOW WHAT?

By Sylvain Charlebois

Canadian food retail sales on a downward trajectory

The release of retail data by Statistics Canada last week has provided valuable insights into the dynamic nature of food retailing in Canada.

Contrary to initial assumptions, the data reveals intriguing fluctuations in Canadian food and beverage retail sales per capita since 2017, challenging prevailing expectations and necessitating a closer examination of the underlying factors at play.

The figures indicate that in March 2017, sales per capita stood at $258.41, experiencing a marginal decline to $257.05 in March 2018 and a further decrease to $256.61 in March 2019. However, a notable shift occurred in March 2020, with sales per capita surging to $309.19.

This significant increase can be attributed to the emergence of the COVID-19 pandemic and associated lockdown measures, which led to changes in consumer behaviour and a reversal of the preceding downward trend in food retail sales.

Food policy too important to leave in the hands of the procarbon tax mob

Canada Revenue Agency raking in more taxes due to shrinkflation

Post-2020, the data shows a resumption of the downward trajectory in food retail sales. In March 2021, sales per capita dropped to $277.03, indicating a decline from the previous year. This decline can be attributed to the lingering impact of the pandemic, which disrupted various industries, including the retail sector.

Furthermore, in March 2022, sales per capita experienced a further decrease to $257.55, signifying a continuation of the downward trend. The most recent available data from March 2023 reveals a further decline to $237.20, marking the lowest point in recent history. These figures suggest that Canadians are spending less on food at grocery stores, despite facing higher food prices.

But here is another piece of valuable data. Recent NIQ data indicates a two per cent decline in food sales by volume in Canada in the last year, further emphasizing the reduction in food expenditures among Canadians.

This trend raises several considerations. One possibility is that Canadians are increasingly relying on alternative food sources, such as ordering meals from restaurants or utilizing unconventional channels to fulfil their food needs. However, given recent menu prices, this explanation seems unlikely.

Another possibility is that individuals are opting for lower-cost alternatives and seeking out independent stores that cater specifically to the needs and preferences of immigrant communities. Private labels or store brands are and will increasingly become more popular. This observation suggests a potential increase in the number of food businesses serving these communities compared to previous periods, indicating a shift away from mainstream food sources.

The data also suggests that Canadians may be wasting less food, particularly with the rise in remote work arrangements. The consumption of leftovers and repurposing of food could be contributing to reduced food waste, although this is purely speculative. The occurrence of "shrinkflation," whereby product sizes are reduced without a corresponding decrease in prices, may also play a role in reducing waste. However, the impact of these factors on the overall decline in food retail sales requires further investigation.

Another possibility of concern raised by the data is that Canadians may be consuming less food or relying on food banks more frequently. Reports of long lines at food banks and increased usage across the country indicate a potential rise in food insecurity.

While it is unlikely that increased gardening activities alone could explain such a significant shift in the data, the underlying reasons for the increased reliance on food banks are troubling nonetheless.

Bottom line, if people think grocers are riding the inflation wave with their food sales, they should think again. It's just not happening. Loblaw, for example, saw its food sales go up 3.1 per cent in the first quarter, which is significantly below our food inflation rate. Grocers are treading water with food sales, at best. Record profits are being recorded, but it's not because of food sales.

Canadians are buying less food, and, chances are, that trend is likely to continue for a while. Just like in the early 80s, consumers are programmed to seek deals all the time. This is what the market is doing to all of us right now. We are all becoming better bargain hunters, for those of us lucky enough to afford the food we need to eat.

ONTARIO INVESTING IN PROVINCEWIDE HOMELESSNESS PREVENTION

The Ontario government is investing nearly $770,000 to help the Canadian Alliance to End Homelessness (CAEH) work with communities to connect people experiencing or at risk of homelessness with the local services and supports they need.

The CAEH will use the funding to provide ongoing support to Ontario's 47 service managers – who deliver support services and homelessness prevention programs in local communities – so they can maintain and improve local by-name lists. These are real-time lists of people experiencing homelessness that identify their needs. The by-name lists help service managers understand the extent of homelessness in their communities and improve access to resources as soon as they are available. This includes housing assistance, such as supportive housing or rent supplements, and services like Ontario Works or health care.

"The by-name list is a life-changing innovation that ensures those experiencing homelessness have access to the supports and services they need," said Steve Clark, Minister of Municipal Affairs and Housing. "We're proud to continue our partnership with the Canadian Alliance to End Homelessness into 2024 to help service managers access the necessary tools, identify bottlenecks in the system, and in turn, better help their communities."

Since 2021, Ontario has provided funding to CAEH, which offers support through coaching, tools and webinars so that service managers can spend more time working with their clients than on paperwork. This funding would extend CAEH's support for another year. "Our ongoing collaboration with the Province of Ontario is helping service managers across the province build coordinated and efficient local homeless systems," said Tim Richter, President & CEO of the Canadian Alliance to End Homelessness. "This important work has helped London and St. Thomas-Elgin end homelessness for veterans and helped five other service managers achieve measurable and verifiable reductions in chronic homelessness – despite a wave of new homelessness happening across the country."

"We are committed to addressing the needs of our province's most vulnerable by investing in long-term solutions that connect people directly to services in their communities," said Nina Tangri, Associate Minister of Housing. "That's why we've invested over 40 per cent more in our homelessness prevention programs – so more people can access the help they need to get back on their feet."

As announced in the 2023 Budget, the province added an additional $202 million each year to the Homelessness Prevention Program and Indigenous Supportive Housing Program. This builds on the government's investment of nearly $4.4 billion over the past three years to grow and enhance community and supportive housing, address homelessness and respond to COVID19. In March 2021, each service manager was asked to put in place a local by-name list. As of January 2022, by-name lists are in use across the province. On April 1, 2022, Ontario launched the Homelessness Prevention Program, which works to prevent, address and reduce chronic homelessness. The new program requires service managers to meet updated provincial by-name list requirements. Clients are only added to by-name lists with their consent. These lists reduce the need for the client to repeat their story or situation and helps the community remain accountable to ending homelessness.