Cost of Living Report
Canada

October 2022

contents

Key research questions & methodology

- What do consumers enjoy most about their visits to the On Premise
- How important eating and drinking out is compared to other leisure activities, and what are the reasons behind spending less or more in venues presently vs moving forward
- How much extra would consumers be willing to pay for visits to their favourite restaurant
- Current and future frequency of FSR and QSR visits and the reasons for this
- What occasions are being prioritized for On Premise visits, and where are these venues located (as well as how people are travelling to and from them)
- What drink categories are being consumed and the factors influencing this
- Seasonal behaviours – how do preferences and choices change between Fall and Winter vs. Spring and Summer
- Premiumization opportunities for most popular BevAl categories and channels these are best leveraged in

Fieldwork conducted between
30th Sept – 10th Oct 2022
via a quantitative online survey

Nationally representative group of 2,511 Canadian consumers:

- 2,007 active On Premise visitors
  (have visited the On Premise in the last 3 months)
- 504 lapsed On Premise visitors
  (last visited the On Premise between 3 and 6 months ago)

Key: ACTIVE VISITOR
LAPSED VISITOR

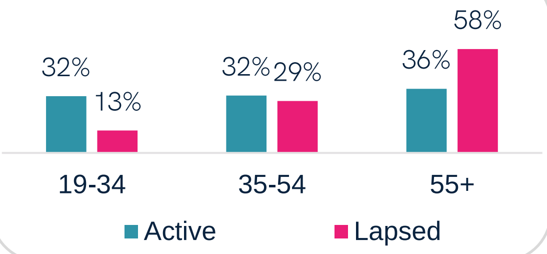
CGA Powered by NielsenIQ

Demographics: Lapsed vs Active consumers

Gender

50%	♀	57%
50%	♂	43%

Age



Average household income

$85K	$67K

Active On Premise visitor

vs

Lapsed On Premise visitor

Visiting On Premise Weekly

44%	N/A

Where they live

City centre	42%	25%
City outskirts	20%	22%
Rural	13%	20%
Suburban	25%	33%

Top 4 Provinces

Ontario	41%	39%
Quebec	26%	22%
British Columbia	10%	9%
Alberta	9%	11%

Definitions: Active - visited the On Premise in the last 3 months. Lapsed - visited the On Premise between 3 and 6 months ago.

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2003

CGA Powered by NielsenIQ

Key takeaways: positives & considerations

The positives

- The On Premise is a core part of consumers' lives and visited for many reasons; a means of socialising, a sense of escapism and a treat.
- Trips to venues are something the vast majority are not willing to give up despite cost of living increases.
- There is a positive outlook for the rest of the year, with 8 in 10 planning to visit the same or more often during the remainder of 2022 and tangible evidence that consumers are prioritizing their visits to the On Premise, the importance of which is seen as second only to "life essentials".

Considerations

- Despite this broadly positive outlook, the cost of living is forcing around 1 in 5 consumers to have to take a step back from their visits to venues.
- It is likely that restaurants can pass on modest price increases to consumers. Half would be willing to spend at least $20 more than they typically do now on their total bill at their favourite restaurant and continue to visit it. However, 1 in 5 would not accept a price increase above $5.

Key takeaways: what suppliers can do

- There are a variety of avenues brands can look to market themselves to appeal to On Premise visitors in spite of cost of living challenges for some:

Brand positioning

- Established brands can leverage their trust and look to ensure they offer value to consumers.
- More premium brands can look to appeal to experimental On Premise visitors looking to treat themselves or have something new and brands in other categories can look to capitalize on their local credentials.
- While being price competitive is important, brands should frame themselves as offering good value for money as opposed to being "cheap", with a notable proportion of consumers unwilling to compromise on quality even with cost of living concerns.

Consumer profiling & targeting

- Consider how your brands and venues can appeal to younger consumers. Those aged under 35 are consistently intending to remain active in the On Premise and will prove to be a valuable group to target.
- Understanding how to leverage the needs of consumers in Fall/Winter is important for success during these months, when On Premise visitation is less frequent. Positively, looking to the medium term, intentions to visit venues in Spring/Summer increases across all groups as longer days and warmer weather come into play.

Visibility

- Being visible on menus is vital for all drink categories, as these are a key factor for many consumers when making drink decisions in the On Premise.

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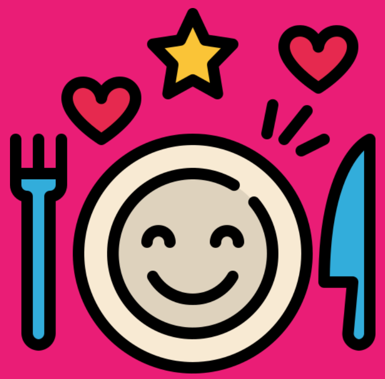
Cost of living and the On Premise



52%

of Canadian consumers agree that eating and drinking out is an essential or important activity in their lives

versus 9% who state they could very easily stop eating/drinking out

Source: CGA by NielsenIQ - Canada Cost of Living Survey 2022 - Sample Size: 2507

Two thirds of On Premise visitors agree eating/drinking out is the treat they most look forward to, while almost half agree it is a fundamental activity. This underlines the importance many place in visits to the On Premise and the value of the channel to peoples' lives

% Strongly agree/agree

Agreement levels with eating and drinking out statements

65%

Eating and drinking out is the treat that I most look forward to

Active visitor	Lapsed visitor
69%	49%

57%

Eating and drinking out is the main way I socialize with family / friends / colleagues

Active visitor	Lapsed visitor
62%	35%

56%

Eating and drinking out is an affordable treat for me

Active visitor	Lapsed visitor
61%	39%

48%

Eating and drinking out is a fundamental activity of mine

Active visitor	Lapsed visitor
55%	20%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2507

For the average consumer, 8 in 10 agree that visiting the On Premise is important to them. Active visitors are significantly more passionate about the On Premise than lapsed visitors, which is logical given they are more frequent and valuable consumers

Which statement describes how much of a priority eating and drinking out in bars/restaurants and other similar venues is to you?

	Average consumer	Active visitor	Lapsed visitor
I absolutely love eating/drinking out. It is an essential activity of mine	17%	20%	4%
I enjoy eating/drinking out. It is an important activity of mine	35%	39%	17%
I like eating/drinking out but it isn't an essential activity of mine	39%	35%	55%
I could very easily stop eating/ drinking out	9%	6%	24%

Source: CGA by NielsenIQ - Canada Cost of Living Survey 2022 - Sample Size: 504 - 2507

Three quarters of Canadian consumers plan to visit the On Premise for the rest of 2022 more often or as often as usual. This is positive for the sector overall, although 1 in 5 anticipate less frequent visits

Expected frequency of visits to the On Premise for rest of 2022

32% more often

22% less often

11%	21%	46%	15%	7%
plan to go out much more often than usual	plan to go out slightly more often than usual	plan to go out the same as usual	plan to go out slightly less often than usual	plan to go out much less often than usual

+23pp for 19-34s
+12pp for city centre residents
+9pp for Quebec residents

+14pp for lapsed visitors

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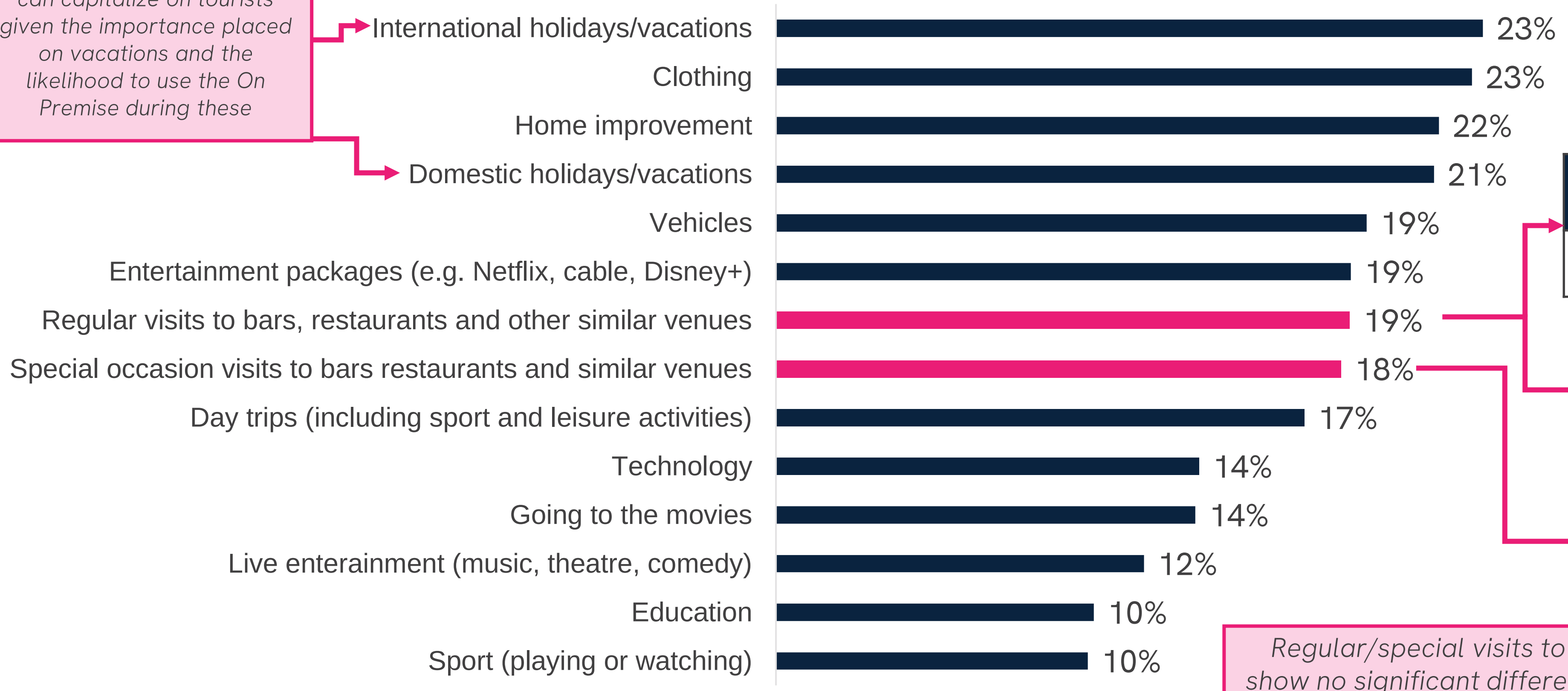
Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2507

Around 1 in 5 consumers will prioritize visits to bars/restaurants if disposable income reduces, with active visitors significantly more likely to do so than lapsed visitors. This reiterates the importance of the On Premise to many people despite current cost of living increases

If your disposable income is reduced as a result of rising costs, which of the following do you plan to prioritize for spending over the next 12 months?
(Select up to 5)

Consider how your brands can capitalize on tourists given the importance placed on vacations and the likelihood to use the On Premise during these



City centre	City outskirts	Rural	Suburban
24%	16%	12%	16%

Active visitor	Lapsed visitor
21%	9%

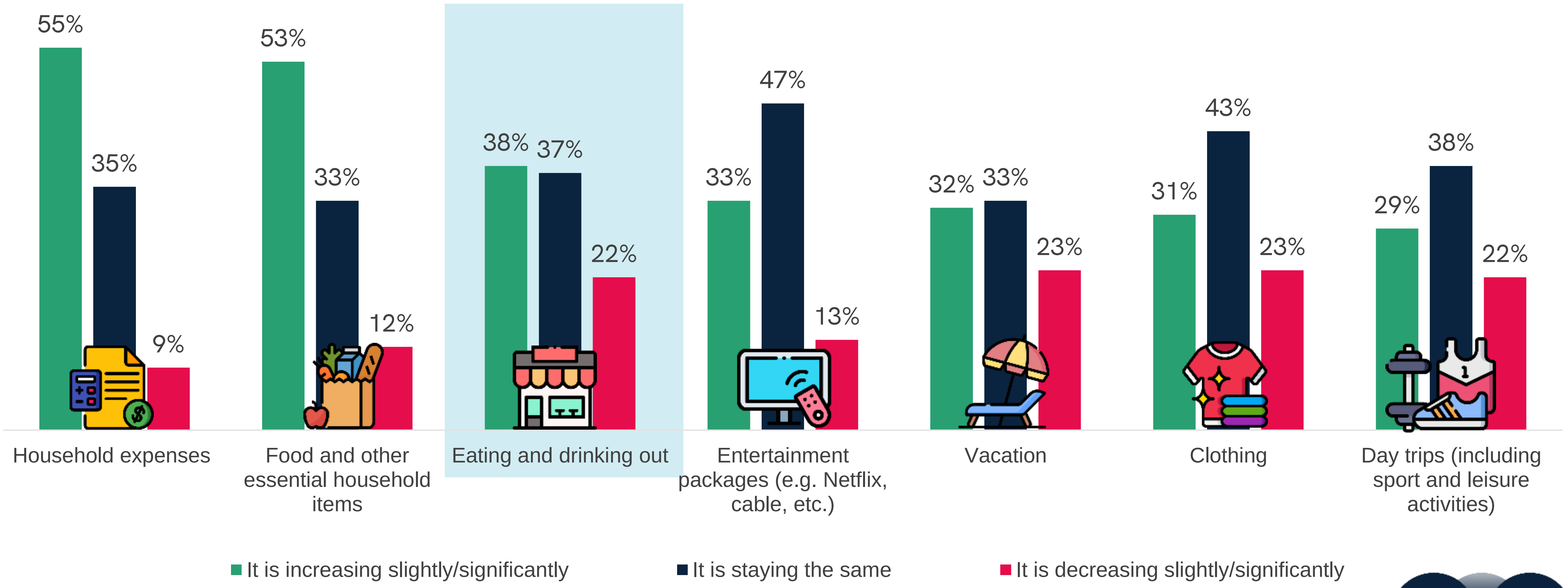
Active visitor	Lapsed visitor
20%	12%

Regular/special visits to On Premise show no significant differences between age groups, suggesting a broad range of people value visits to venues

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 356 - 2507

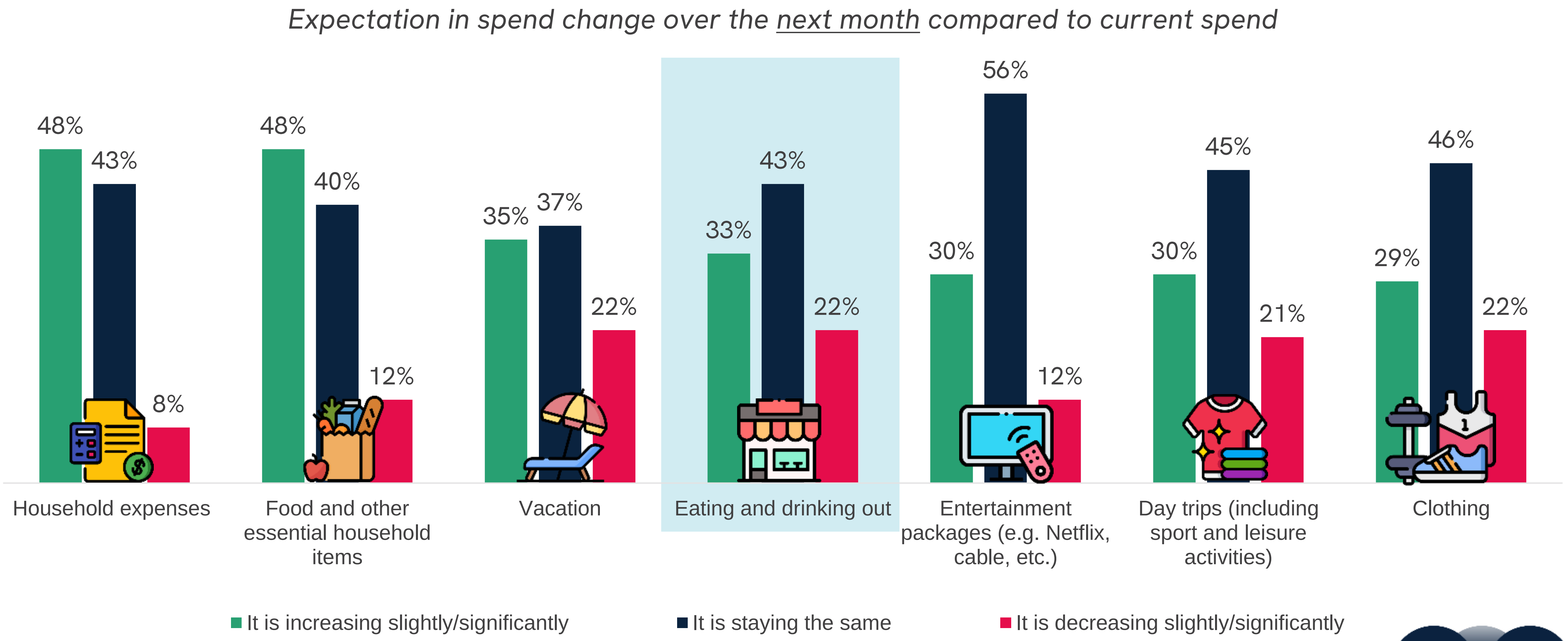
Almost 2 in 5 consumers are spending more on eating/drinking out in the past month. This suggests notable proportions of consumers see visits to venues as important and not something they will sacrifice despite price rises

Change in current monthly spend compared to last month across the following areas



Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 2507

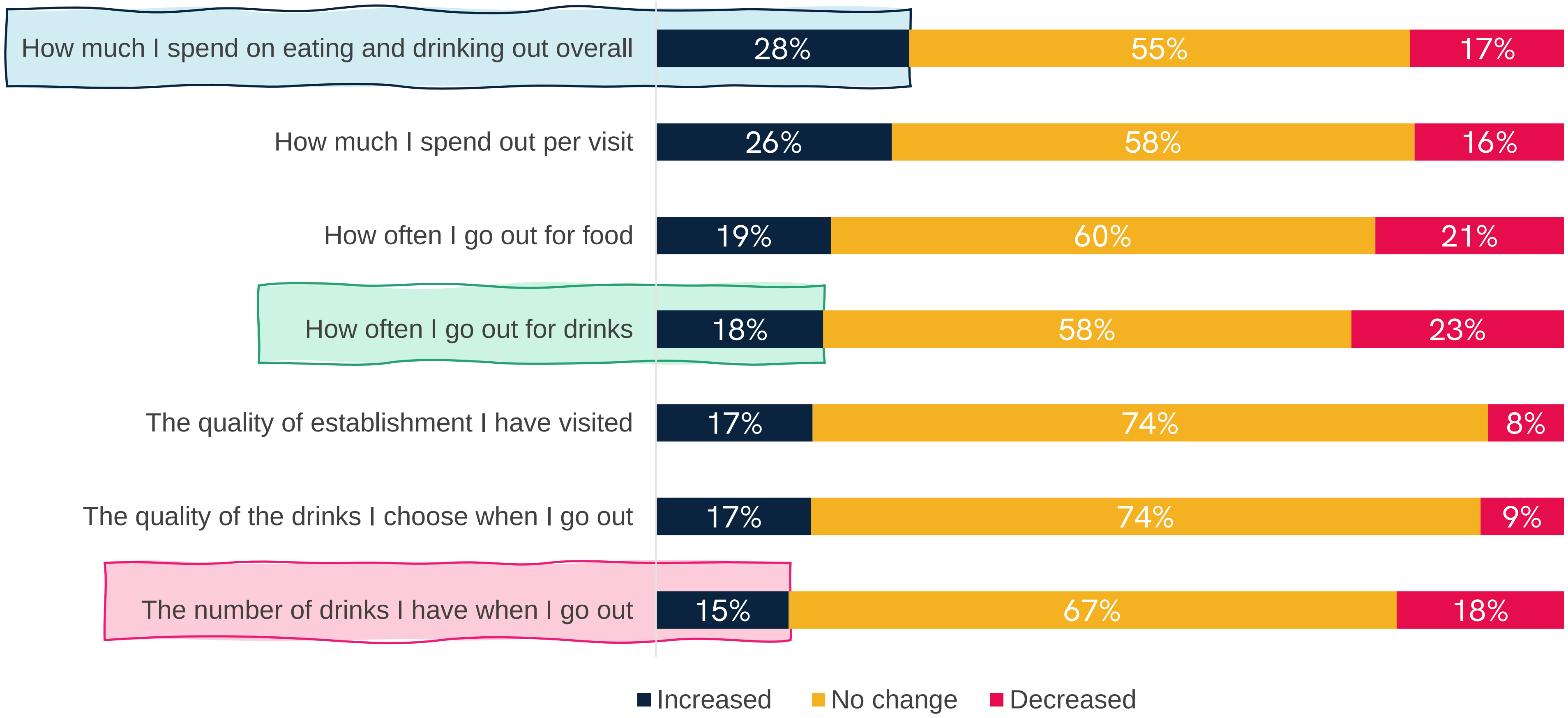
A third of consumers are expecting their spend on eating and drinking out to increase over the next month compared to their current spend. Again, this suggests notable proportions are prioritizing trips to On Premise venues despite higher prices



Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 2504

While 1 in 5 consumers have gone out to eat or drink more often in the past month than usual, marginally higher proportions have gone out less often. This underlines cost of living pressures for many. Appealing to under 35s is key as the segment still eager for visits to venues

Changes in behaviour over the past month compared to usual when visiting On Premise



*Eating/drinking out spend **increased**:*

19-34	35-54	55+
39%	24%	20%

*Frequency drinking out **increased**:*

19-34	35-54	55+
34%	17%	4%

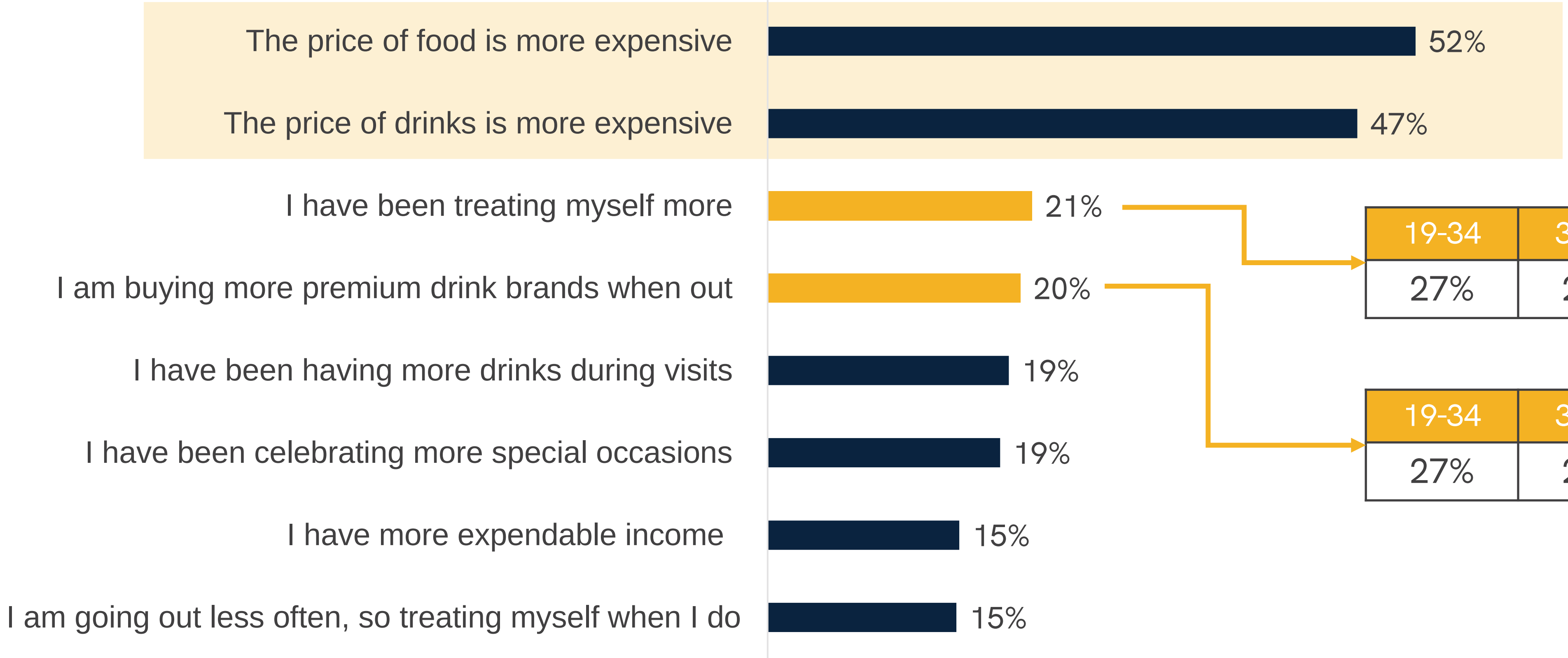
*Number of drinks when out **increased**:*

19-34	35-54	55+
28%	13%	2%

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 523 - 665

Reasons for spending more per visit are largely due to the increased price of food and drinks. Nevertheless, around a quarter of under 55s have been buying more premium drinks when out, underlining the opportunity for high quality brands in the On Premise

Reasons for spending more now per visit in On Premise
(asked to those who's spend per visit has increased)



I have been treating myself more:

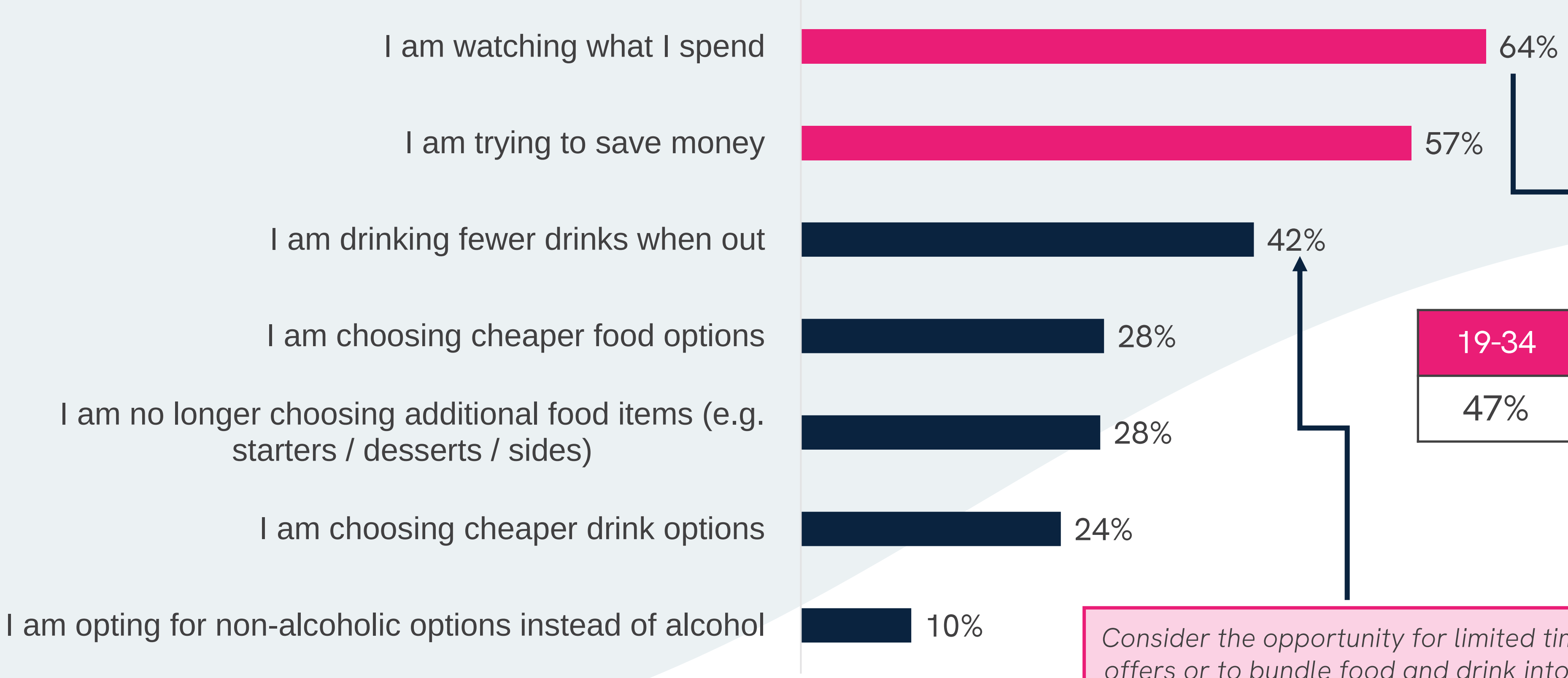
19-34	35-54	55+
27%	22%	10%

I am buying more premium drink brands when out:

19-34	35-54	55+
27%	24%	4%

Among the minority of consumers spending less per visit, the main reasons are because they are watching what they spend and they are trying to save money. The former is being largely driven by older consumers

Reasons for spending less now per visit in On Premise
(asked to those who's spend per visit has decreased)



19-34	35-54	55+
47%	68%	75%

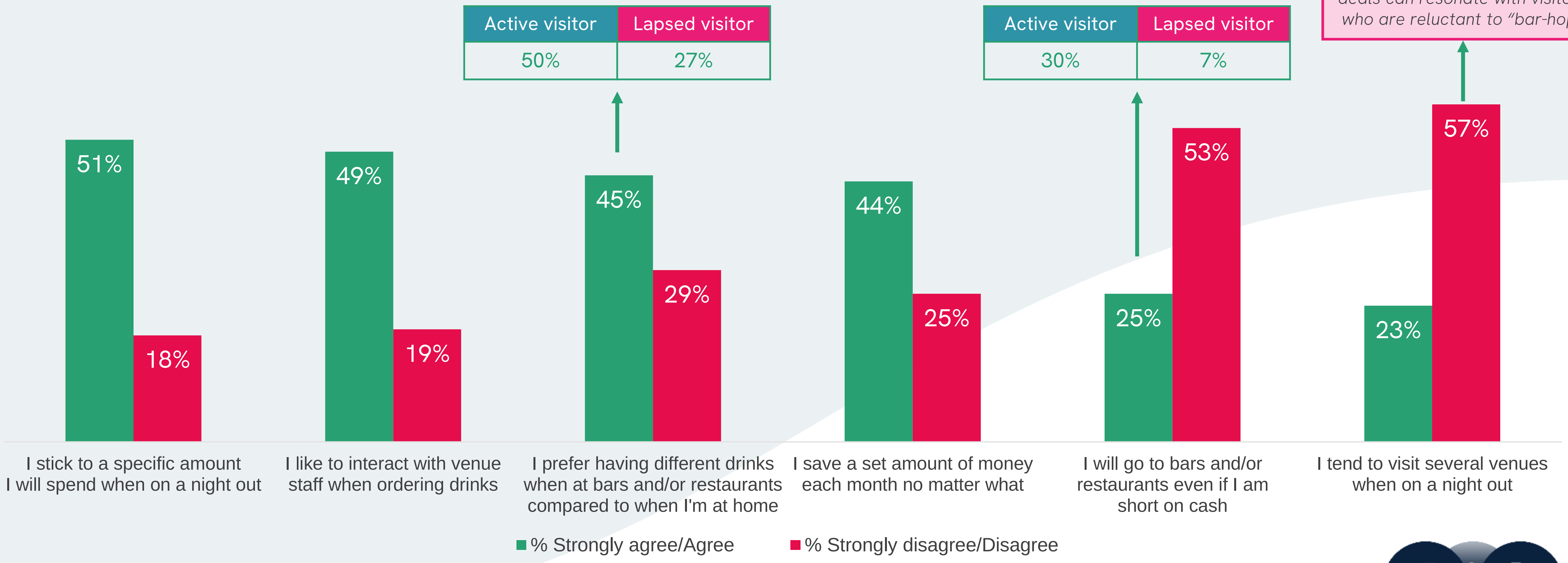
Consider the opportunity for limited time offers or to bundle food and drink into a deal to increase perceived value and capture a drink sale that might otherwise have been skipped

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 89 - 274

Almost half of consumers agree they prefer to have different drinks when visiting the On Premise compared to at home, highlighting the uniqueness bars/restaurants offer. 3 in 10 active visitors are likely to visit the On Premise even when short on cash, emphasizing its importance to them

Agreement levels with eating and drinking out statements

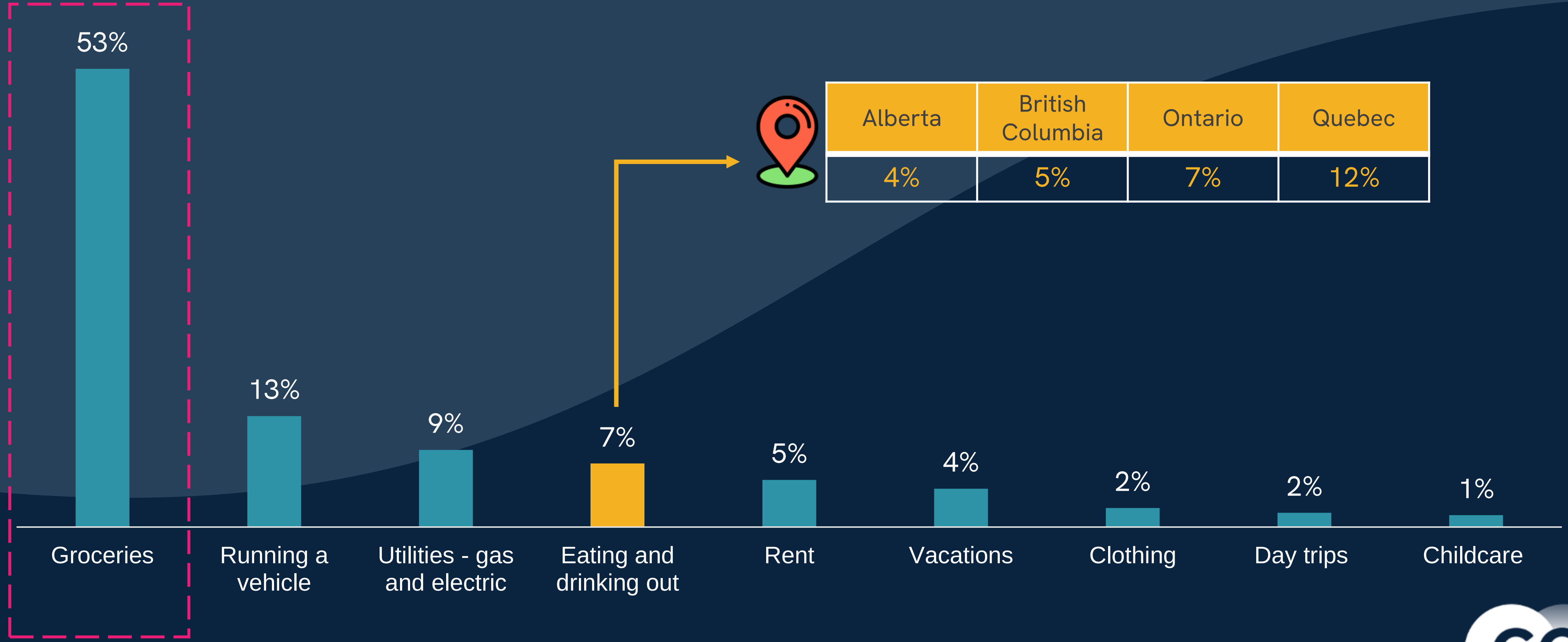
Clear opportunity for venues to keep customers around for another drink if marketing and deals can resonate with visitors who are reluctant to "bar-hop"



Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 504 - 2507

Groceries are the standout area for the biggest price increase over the past 3 months. Less than 1 in 10 believe the biggest price increases have been in the On Premise, peaking at 12% among residents of Quebec

Biggest increase in price over the past 3 months
(select one)



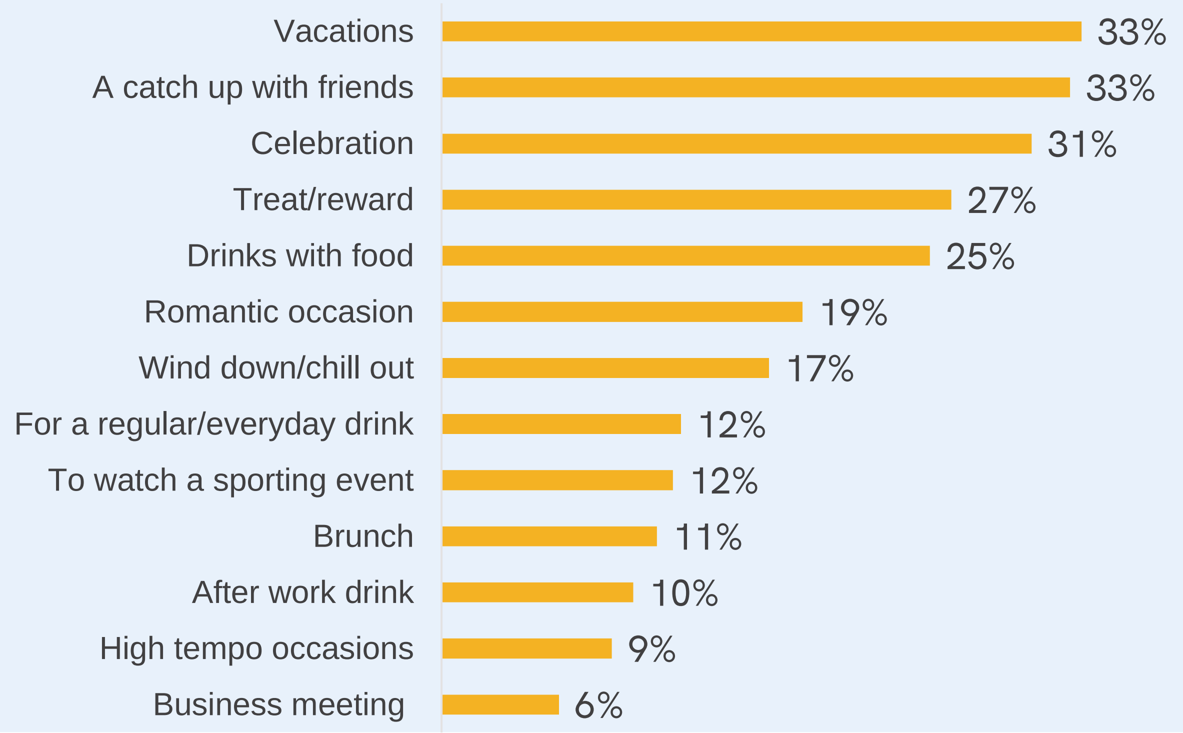
Alberta	British Columbia	Ontario	Quebec
4%	5%	7%	12%

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 232 - 2507

There are multiple opportunities for venues and drinks brands to capitalize on the areas people are planning to prioritize spending across the remainder of 2022. Brands should look to align with communal occasions, including celebrations and treats/rewards, both of which are key to engaging with lapsed visitors

Occasions which are most likely to be prioritized with spending over the rest of 2022
(Select up to 5)

Average consumer



Active vs Lapsed visitor

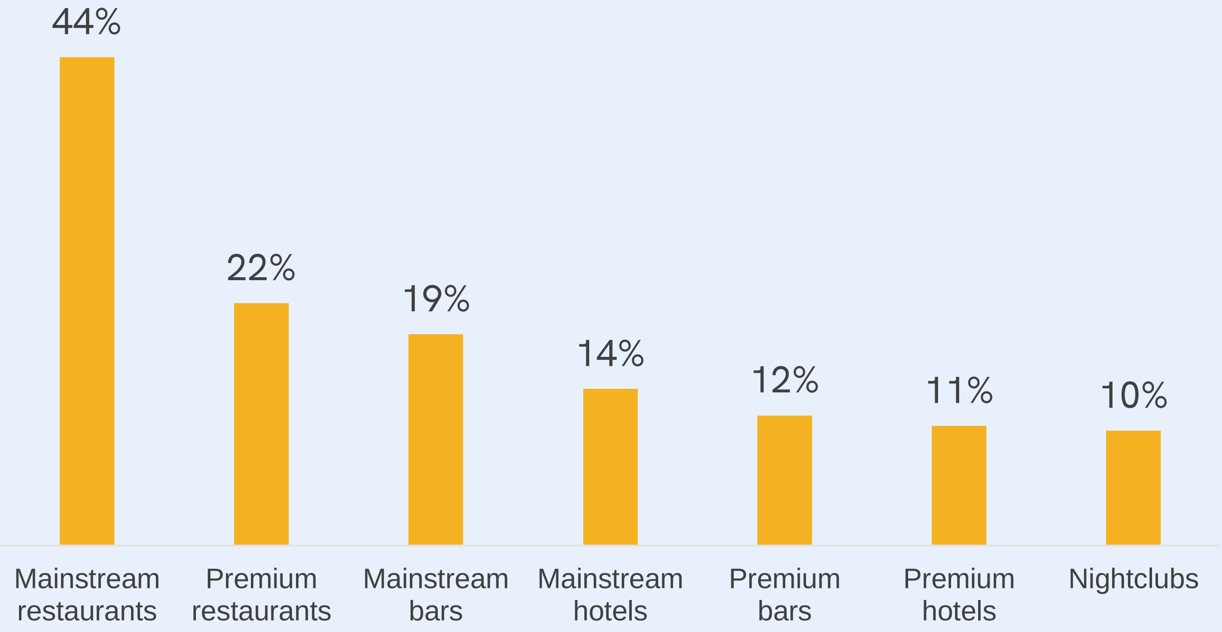
	Active	Lapsed
Vacations	34%	29%
A catch up with friends	34%	27%
Celebration	30%	33%
Drinks with food	28%	15%
Treat/reward	27%	25%
Romantic occasion	20%	14%
Wind down/chill out	18%	12%
For a regular/everyday drink	14%	6%
To watch a sporting event	13%	6%
Brunch	12%	7%
After work drink	12%	2%
High tempo occasions	10%	4%
Business meeting	7%	2%

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 504 - 2507

Mainstream restaurants are the channel most likely to be prioritized over the rest of 2022. Premium restaurants also have notable intended visitation levels highlighting the continued opportunities for high quality brands despite cost of living challenges for some

Venue types which are most likely to prioritized with spending over the rest of 2022
(Select up to 3)

Average consumer



Active vs Lapsed visitor

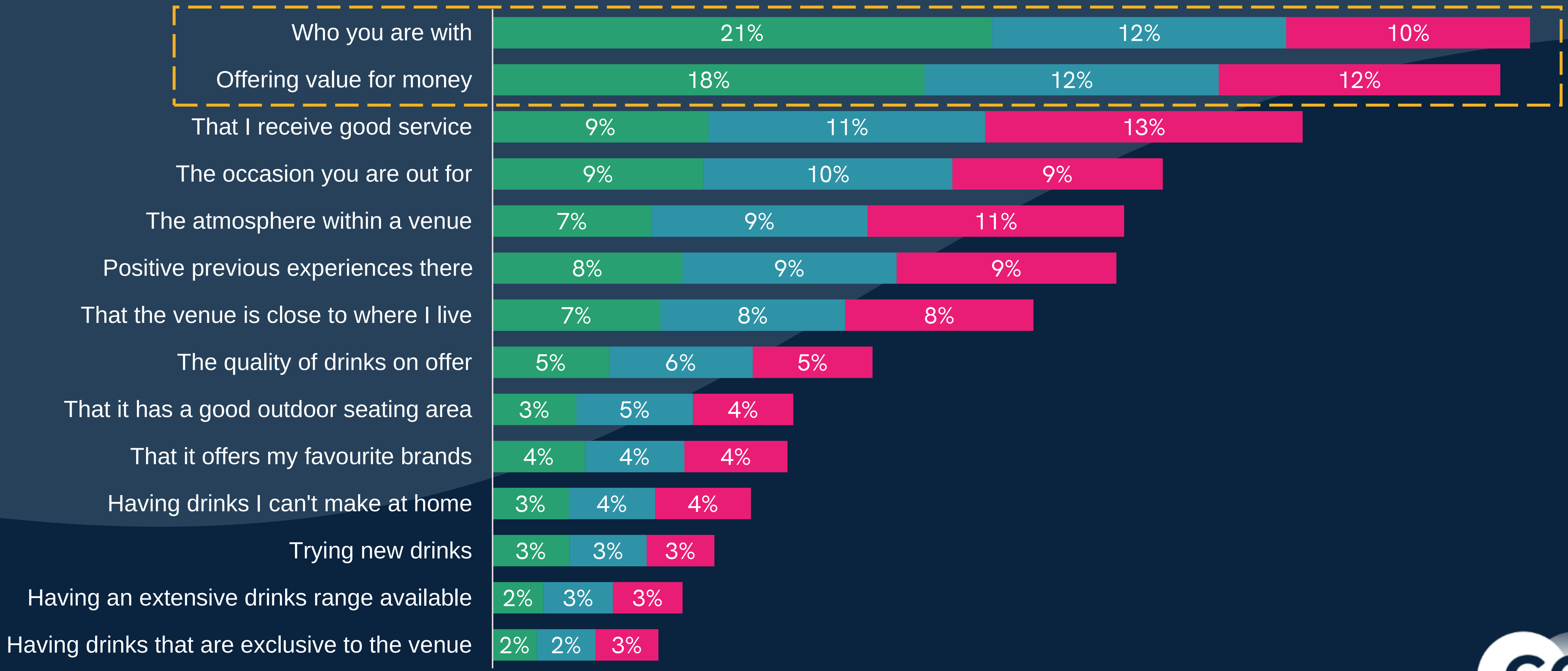
	Active	Lapsed
Mainstream restaurants	46%	40%
Premium restaurants	25%	11%
Mainstream bars	22%	9%
Mainstream hotels	16%	6%
Premium bars	15%	1%
Nightclubs	12%	2%
Premium hotels	12%	6%

Premium channels

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 504 - 2507

The most important factors when visiting the On Premise are who consumers are with and value for money. Outlets/suppliers need to consider the occasion type and who consumers are likely to visit with to help encourage engagement with brands

Most important factors when visiting bars and restaurants (ranked 1st, 2nd and 3rd)

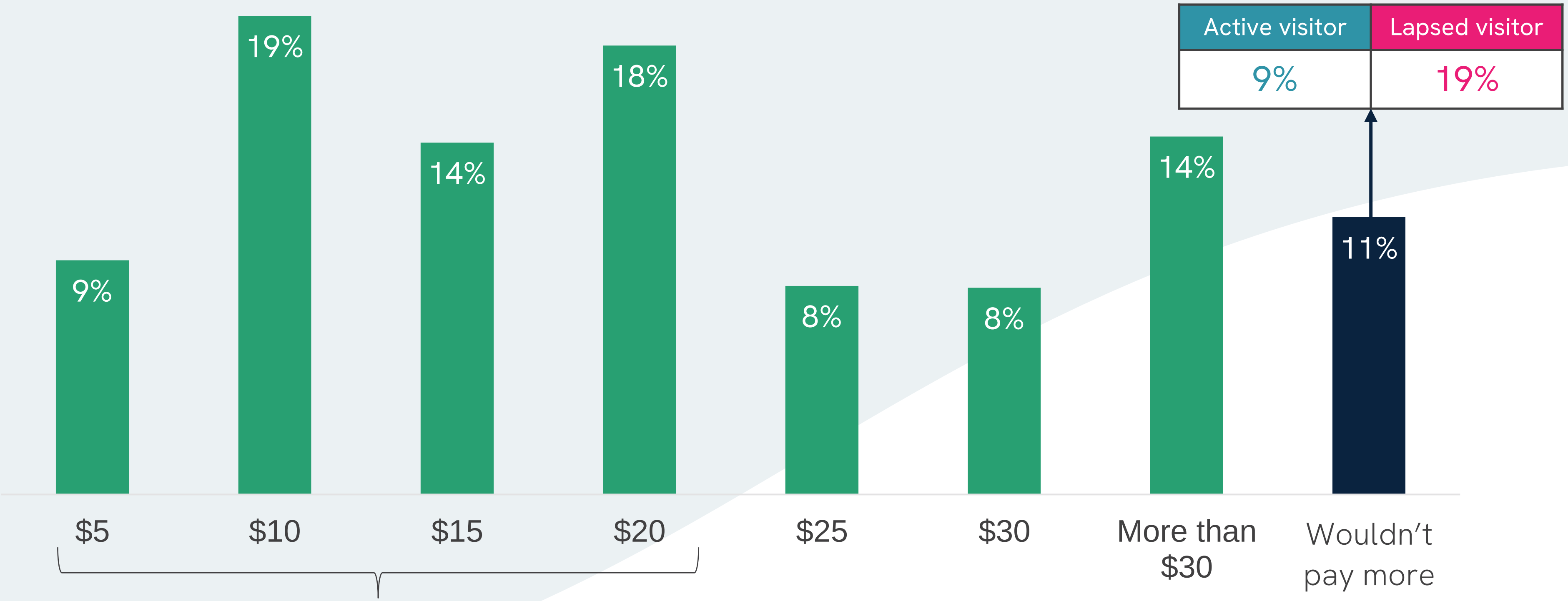


Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 2507

CGA Powered by NielsenIQ

Despite the current economic climate, almost 9 in 10 Canadian consumers would be willing to add extra to their total bill. This suggests some price increases for venues can be reflected in slightly higher prices without alienating huge proportions of consumers

Thinking about your favourite restaurant and how much you typically spend there on a visit, how much extra would you be willing to pay on the total bill before you would no longer consider visiting there?



60% of consumers are likely to spend **up to $20 more** at their favourite restaurants

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 504 - 2507

Importance of the On Premise

Over half of Canadian consumers agree that eating and drinking out is an essential or important activity in their lives. Only 9% say they could easily stop this

- The On Premise plays a notable part in many peoples' lives, with two thirds of consumers agreeing eating/drinking out is the treat they look forward to most and almost 3 in 5 agreeing that the On Premise is their main way to socialise with others.
- There is clear evidence that trips to the On Premise are being prioritized by notable proportions of consumers despite price increases, with visitation intentions for the rest of 2022 positive overall. Three quarters of Canadian consumers plan to visit the OP more often/as often compared to how frequently they have visited so far this year compared to 1 in 5 expecting to visit less often.

Cost of living and influence on behaviour

Challenges have emerged for some with cost of living increases. Despite this, many consumers continue to visit the On Premise and have been prepared to accept some price increases in venues

- If disposable income reduces for a consumer, around 1 in 5 would prioritize regular trips and the same proportion would prioritize trips for special occasions to the On Premise. This clearly demonstrates the importance of visits to venues for many even when under additional financial strain.
- Under 35s are a particularly important demographic group for operators and brands to appeal to. They are significantly more likely to be spending more overall during On Premise visits; going out for drinks more often and buying more drinks per visit than those aged over 35.
- There are a range of different occasion types that will be prioritized by On Premise visitors so consider how to capitalize on group visits and venue trips for a treat/reward. Opportunities for both value and more premium brands exist to meet the differing needs of consumers, with "offering value for money" the second most important factor to someone's On Premise visit, but also a clear appetite for some to have high quality serves on trips out.

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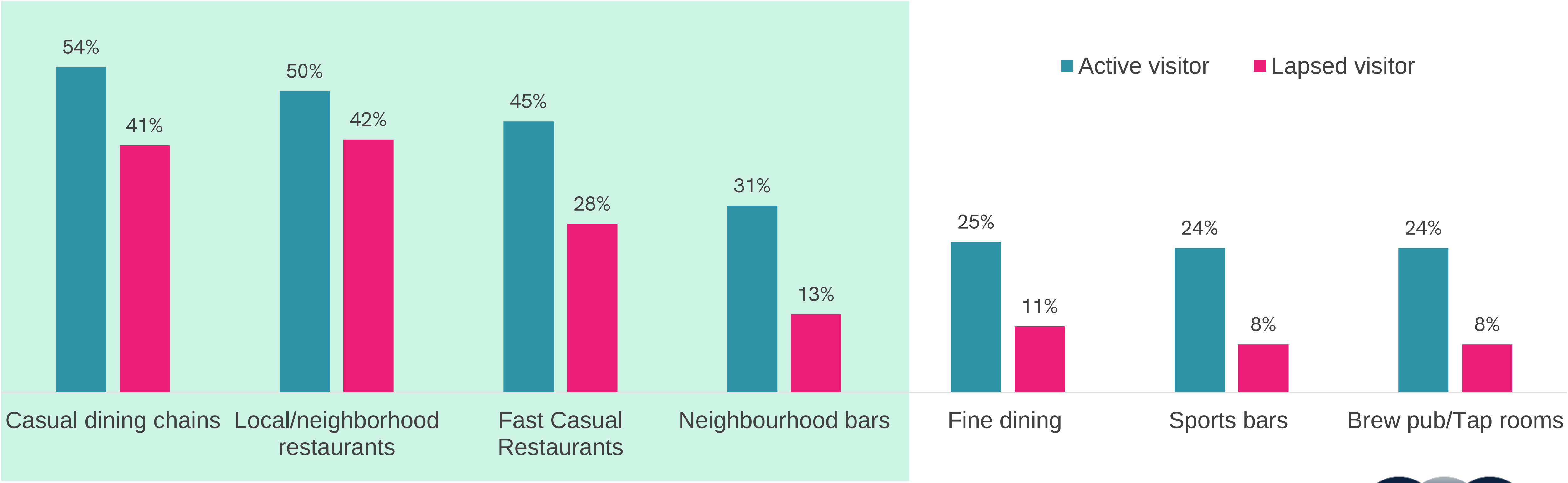
Current visitation landscape

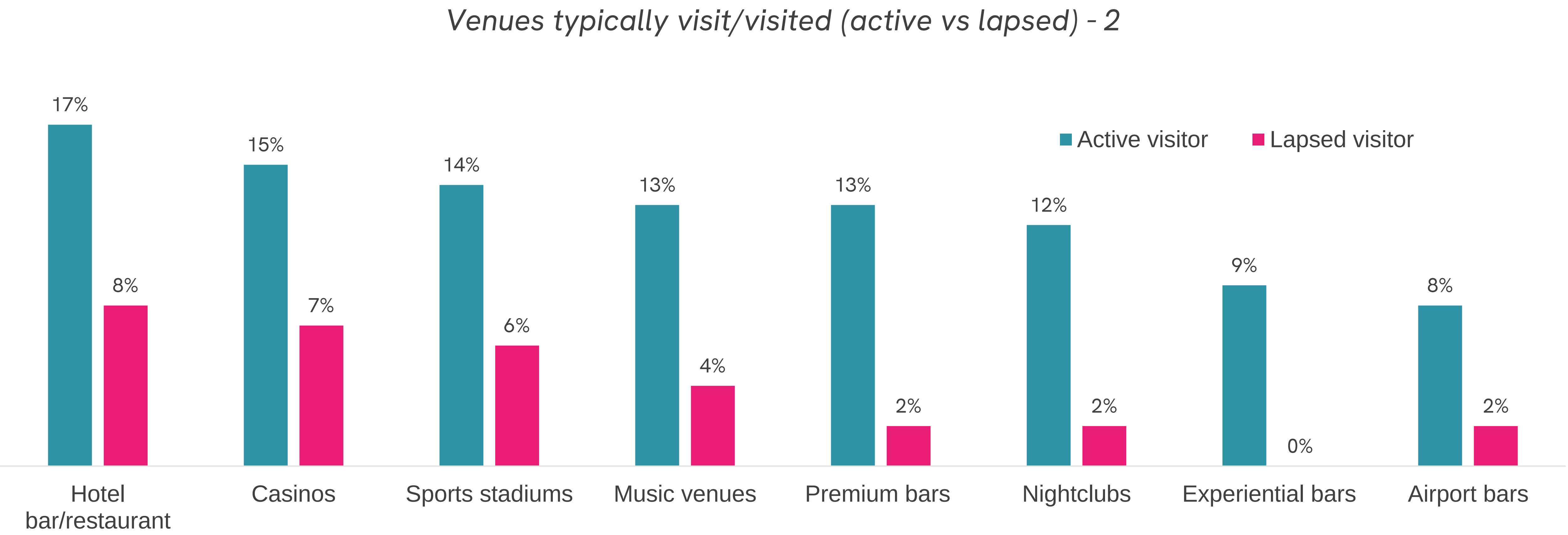
The most popular channels visited tend to be casual, low cost and local for both active and lapsed consumers. Active consumers are more engaged across all venue types, showcasing their value and the importance of focusing strategy on those already engaged with the On Premise

Venues typically visit/visited (active vs lapsed) - 1



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2003

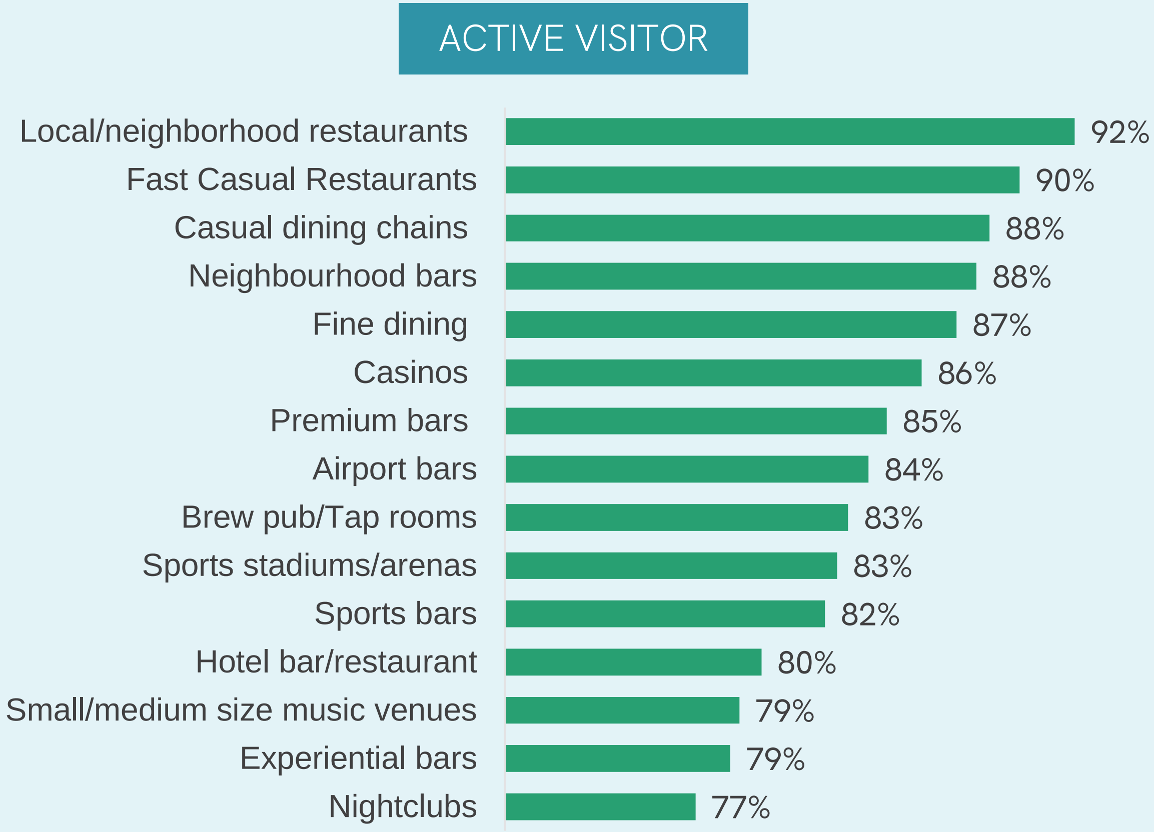
The higher engagement among lapsed visitors is also evident for venues with lower visitation levels overall

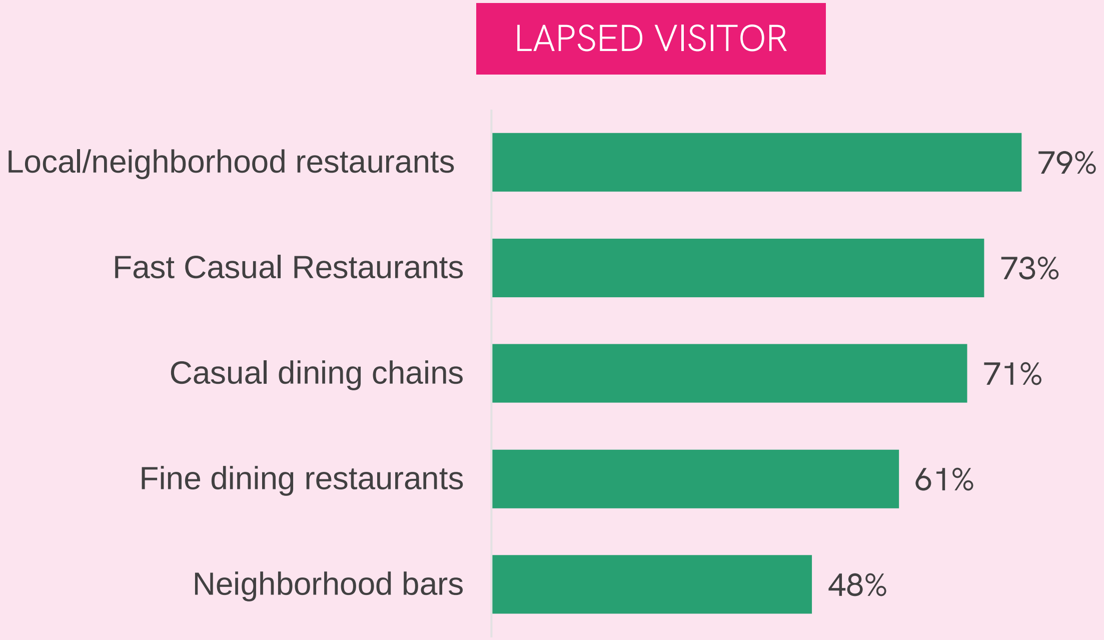


Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2003

Looking forward, active consumers predicted habits are looking similar to their current behaviour, with engagement across a wide range of channels. For lapsed consumers, when they visit the On Premise, they are looking to stay local and low cost for the most part

Likelihood to visit venues in the next 6 months (active vs lapsed)



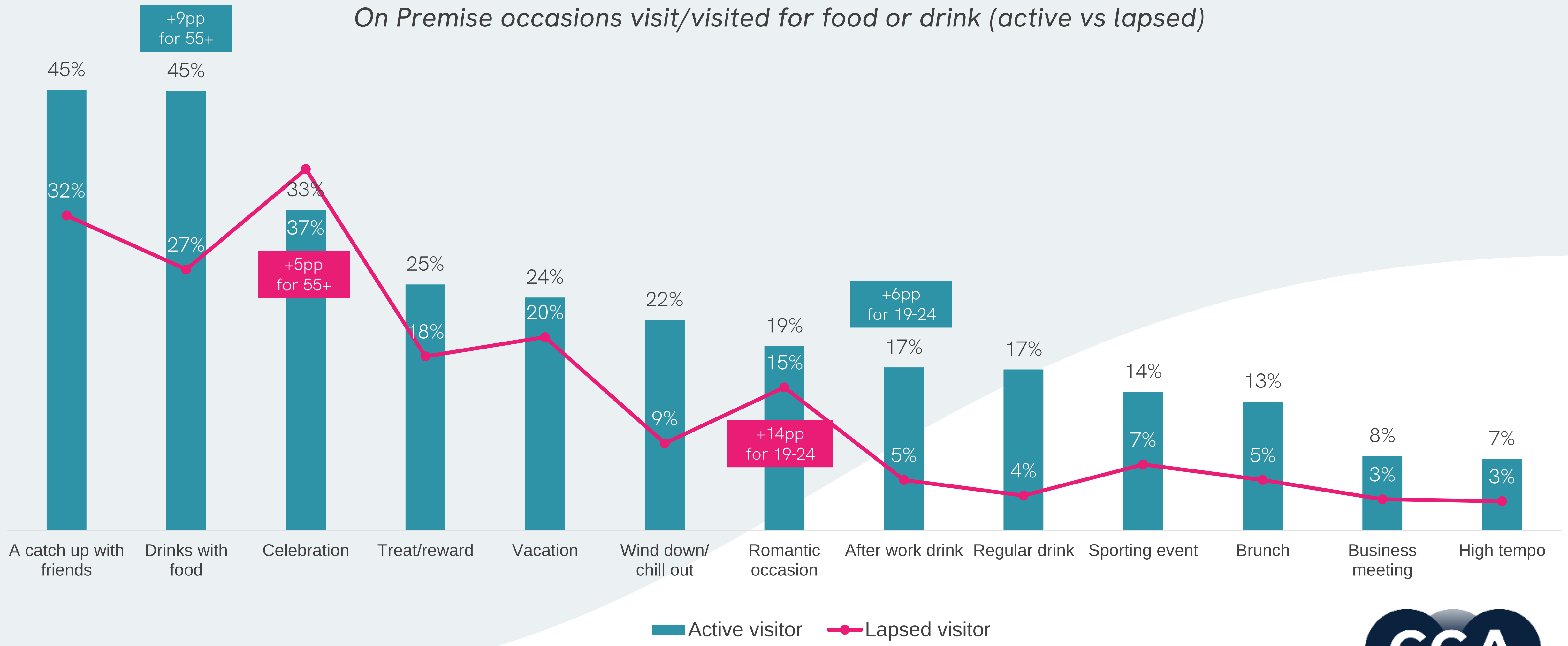


Very likely / likely

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2003

As active consumers are more engaged with the On Premise they are more likely to visit for casual, everyday occasions. Lapsed consumers are driven to venues by more special/specific occasions such as celebrations and romantic outings

On Premise occasions visit/visited for food or drink (active vs lapsed)



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 63 - 2003

Beer and table wine are the top drink categories consumed in the On Premise overall. Cocktails also offer good opportunities for brands with consumption among 27% of active visitors

Drink categories consumed in the On Premise

All BevAl categories are more popular with active than lapsed visitors

Active vs Lapsed visitors

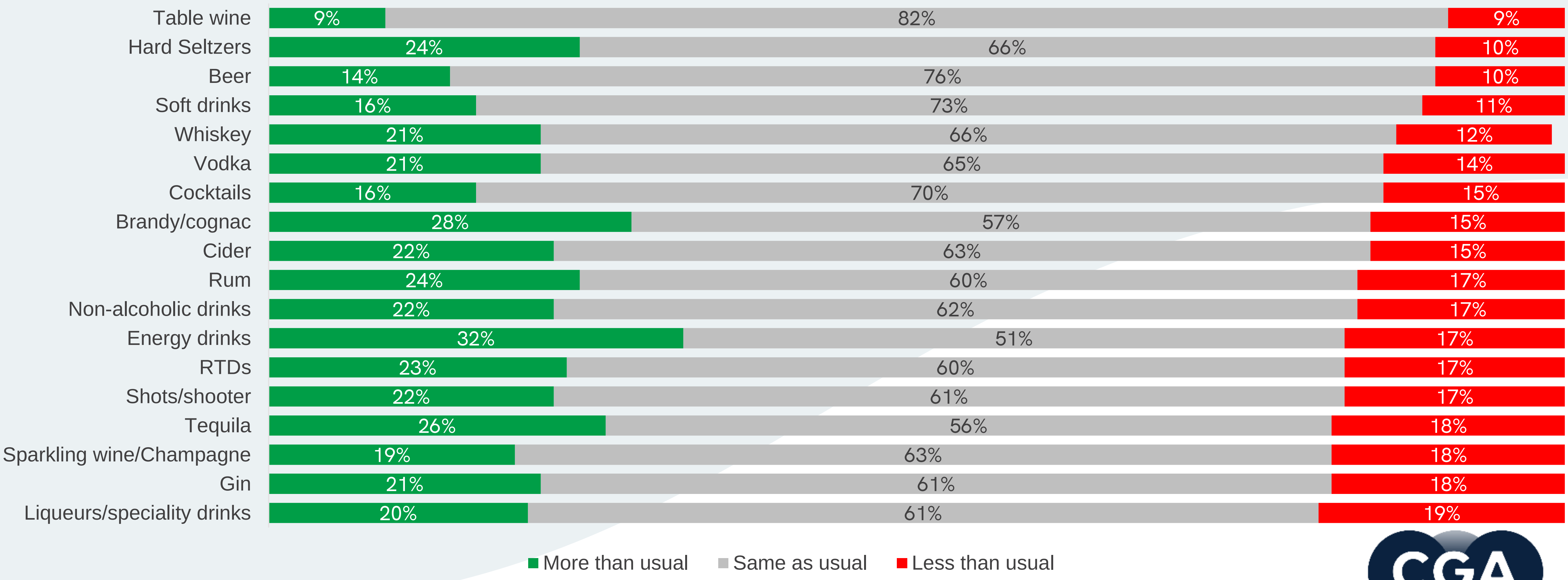
	Active	Lapsed
Beer	58%	39%
Table wine	36%	27%
Coffee	35%	28%
Soft drinks	29%	23%
Cocktails	27%	14%
Vodka	21%	5%
Whiskey	17%	6%
Rum	16%	5%
Ready-to-drink alcohol	13%	5%
Non-alcoholic drinks	11%	14%
Liqueurs/speciality drinks	12%	6%
Gin	12%	2%
Cider	12%	4%
Hard seltzers	12%	3%
Sparkling wine or Champagne	11%	5%
Tequila	11%	2%
Shots/shooters	10%	1%
Energy drinks	9%	2%
Brandy/Cognac	7%	1%

Compelling beer and wine offers are most likely to attract lapsed visitors back to venues

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2004

Positively, the majority of category drinkers are looking to keep their drinking habits the same over the next 6 months. Categories with notable levels of drinkers expecting to have it "more than usual" often align with high tempo occasions, something for relevant brands to capitalize on

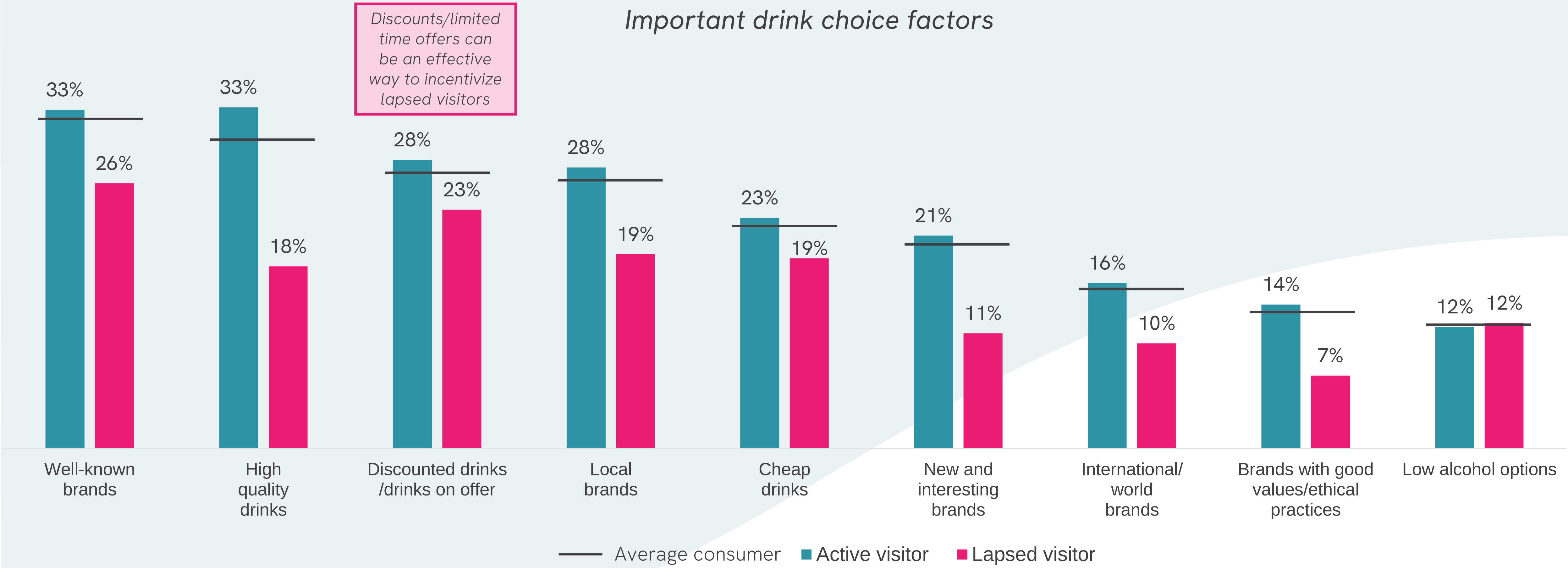
Expected frequency of consumption in the next 6 months (by category drinker)



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 136 - 1354

CGA Powered by NielsenIQ

Although many are looking for discounted drinks and offers, well-known brands and high quality drinks remain a priority for consumers, especially those active in the On Premise. Combining quality credentials with offers that underline value will increase engagement



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2507

Well-known brands and high quality drinks are top of mind for consumers across the majority of categories. Locality can also be leveraged to appeal to drinkers in some categories

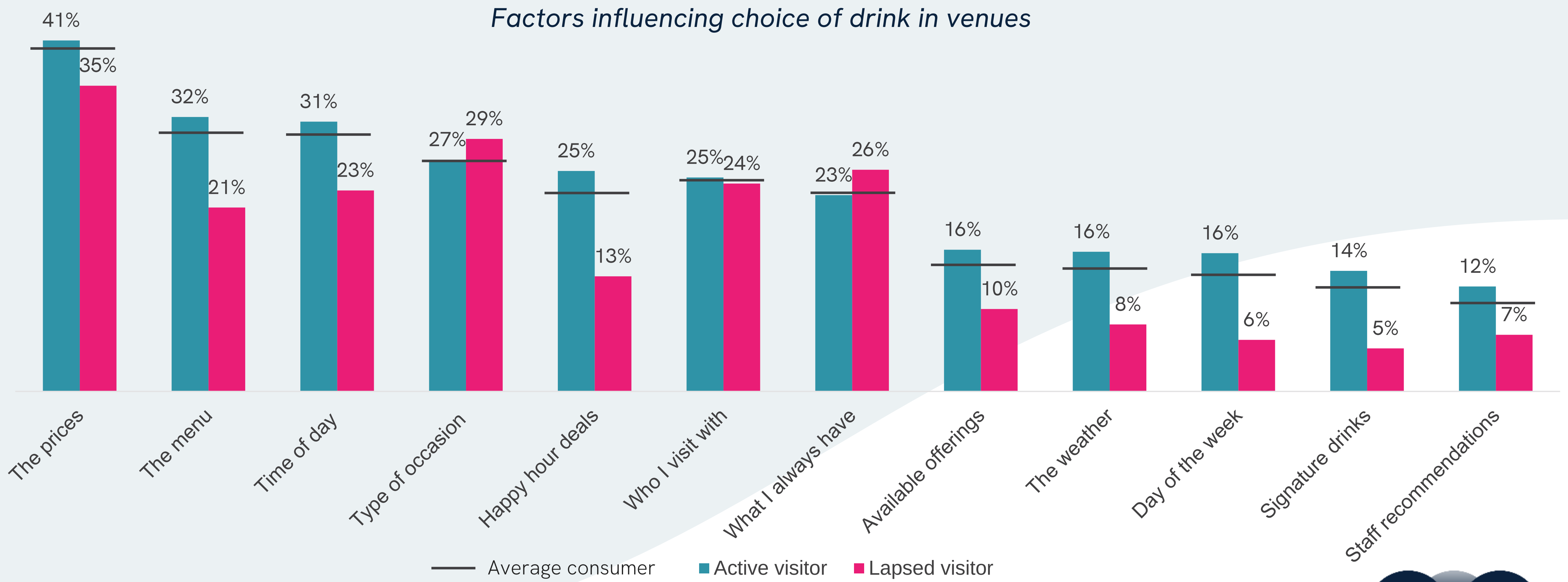
Important drink choice factors for category drinkers

Beer		Table wine		Cocktails		Vodka		Whiskey		Rum	
Well-known brands	36%	Well-known brands	35%	High quality drinks	40%	High quality drinks	41%	High quality drinks	49%	High quality drinks	42%
High quality drinks	34%	Discounted drinks /offers		Discounted drinks / offers	38%	Well-known brands	40%	Well-known brands	40%	Well-known brands	41%
Local brands	32%	Local brands	32%	Well-known brands	33%	Discounted drinks / offers	36%	Local brands	33%	Local brands	30%
		High quality brands									

RTDs		Non-alc drinks		Gin		Hard seltzers		Soft drinks		Tequila	
Well-known brands	43%	Well-known brands	37%	High quality drinks	42%	High quality drinks	40%	Well-known brands	37%	High quality drinks	42%
High quality drinks	39%	High quality drinks	36%	Local brands	38%	Well-known brands	39%	High quality drinks	37%	Well-known brands	41%
Discounted drinks / offers	37%	Discounted drinks / offers	32%	Well-known brands	34%	Discounted drinks / offers	35%	Discounted drinks / offers	35%	Discounted drinks / offers	33%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: All consumers: 138 - 1361

With cost of living top of mind for many, price is a key influencer when it comes to drink choice, so ensuring a range of reasonably priced options is key. Menus also have an important role to play so work with venues to ensure your brands are prominently displayed



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 304 - 2507

Unsurprisingly, price plays a large factor in drink choice across all channels. Menus are of particular importance in fine dining venues, so ensure your brands are listed appropriately

Factors influencing choice of drink in the On Premise

Casual dining chains		Local/neighbourhood restaurants		Fast casual restaurants		Neighbourhood bars	
The prices	46%	The prices	45%	The prices	47%	The prices	48%
Time of day	37%	The menu	38%	Time of day	38%	Time of day	37%
The menu	36%	Time of day	37%	The menu	37%	The menu	36%

Fine dining		Sports bars		Hotel bar/restaurant		Casinos	
The menu	41%	The prices	43%	The prices	40%	The prices	43%
The prices	40%	Happy Hour deals	36%	The menu	39%	The menu	37%
Time of day	37%	The menu	36%	Time of day	35%	Time of day	36%
		Time of day	36%				

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 304 - 1089

Visiting the On Premise is most popular with friends and with a partner/spouse, however there are heightened opportunities to target active On Premise visitors visiting alone or with work colleagues. This presents various avenues to market to, and attract, different visitor types

Who consumers typically visit the On Premise with (active vs lapsed)

	Friends	Partner/ spouse	By myself	Family without kids	Family with kids	Work colleagues
Active visitor:	58%	51%	18%	18%	17%	16%
Lapsed visitor:	51%	50%	9%	20%	18%	7%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2003

Most frequently visited bars/restaurants are most likely to be in city centre locations, particularly among active consumers, however there is a key role to play for venues in a range of different location types

Location of bars/restaurants visit/visited regularly (active vs lapsed)

Active visitor

City centre	Suburban area	City outskirts	Rural area
55%	33%	23%	13%

City centre: +8pp for BC residents; +5pp for Alberta residents

Suburban area: +6pp for 55+

Lapsed visitor

City centre	Suburban area	City outskirts	Rural area
46%	33%	24%	13%

City centre: +6pp for 19-34s

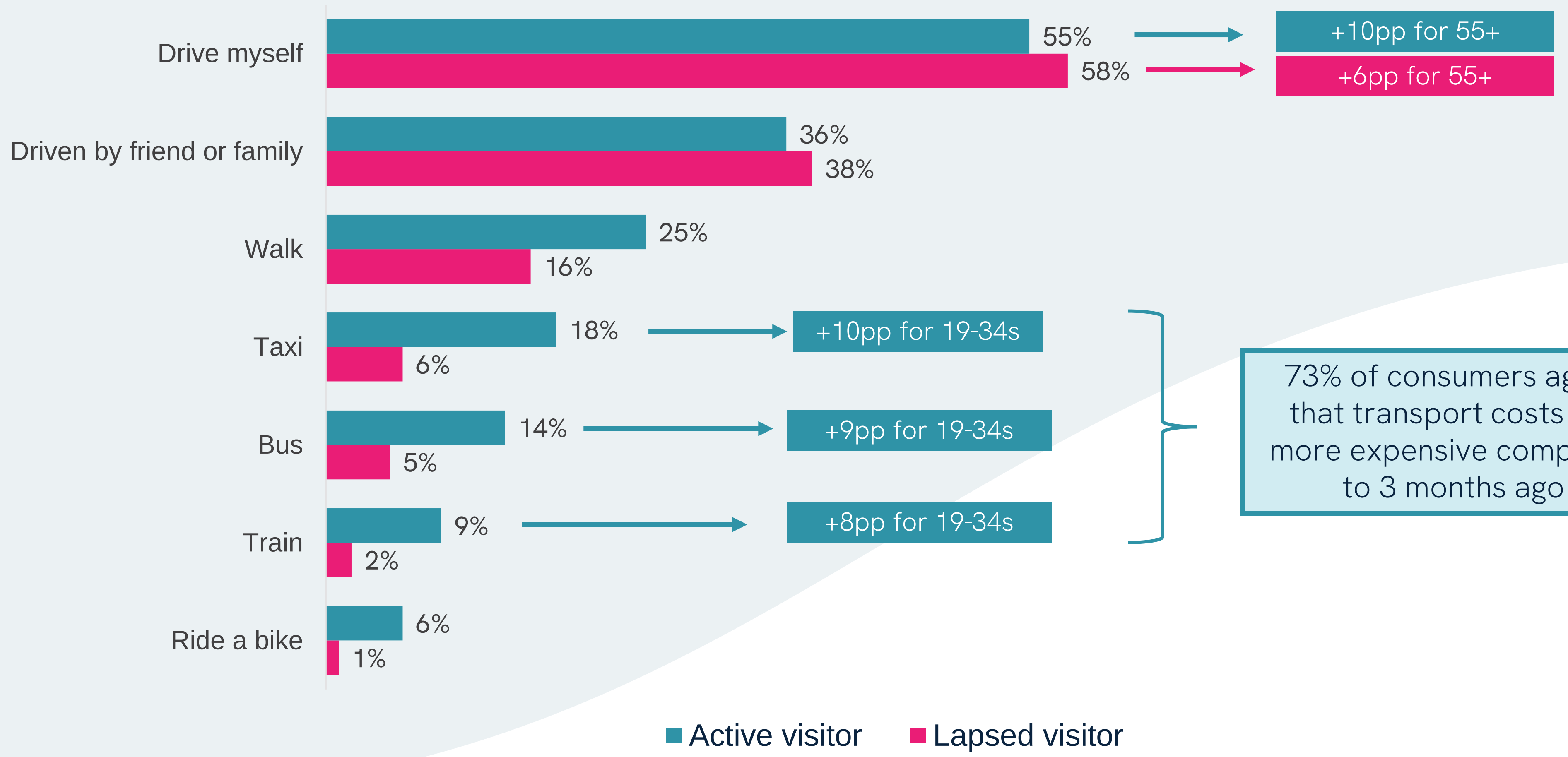
Suburban area: +8pp for Ontario residents

Rural area: +5pp for Alberta residents

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 55 - 504

Overall, the most common mode of transport to venues is driving. Younger consumers, who make up a large portion of active visitors, are more likely to take public transport, consequently making them more likely to have alcoholic drinks and be a key cohort to target

How consumers typically travel/travelled to the On Premise (active vs lapsed)



73% of consumers agree that transport costs are more expensive compared to 3 months ago

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 63 - 2003

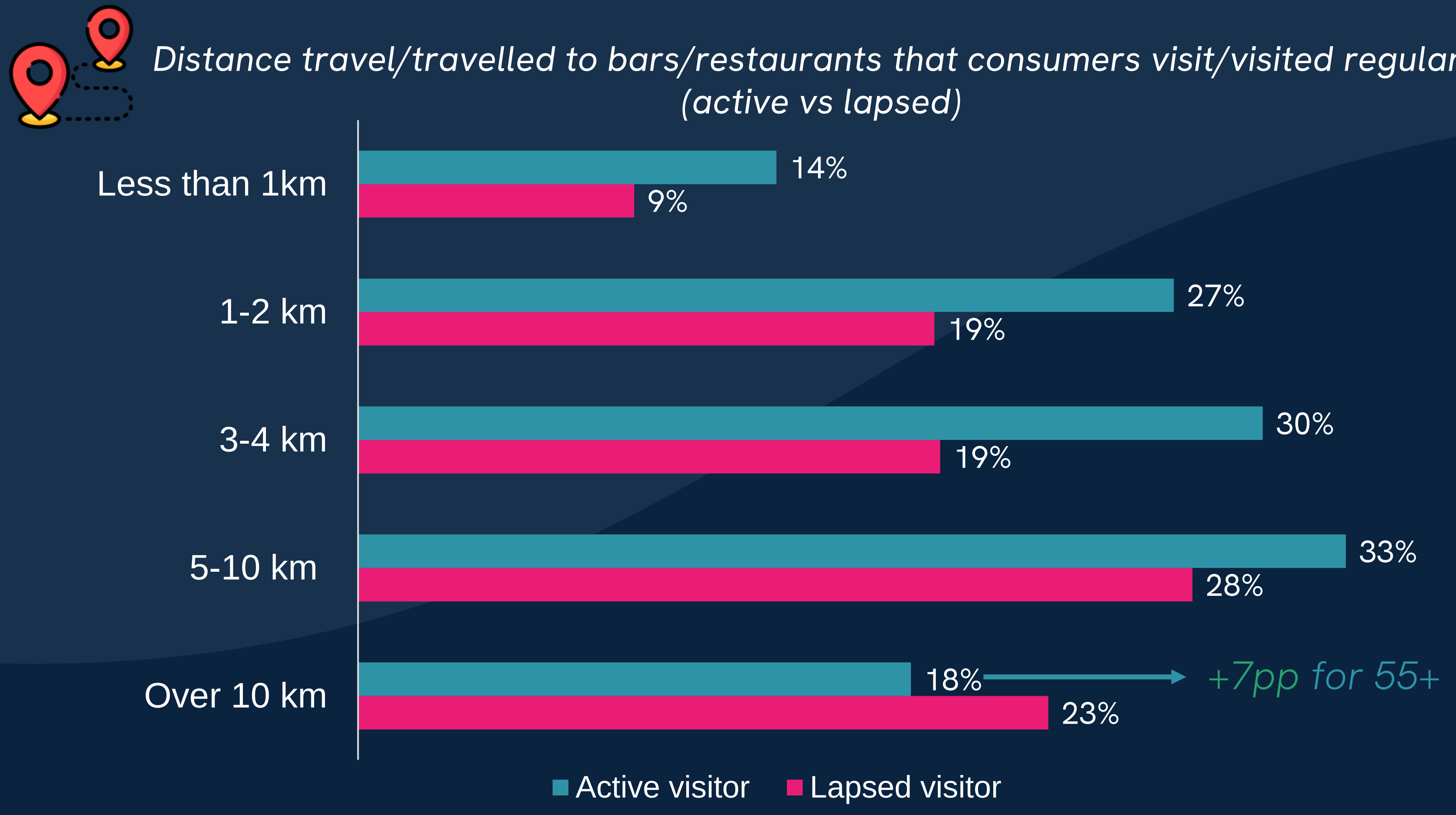
Supplier sponsored ride home programs could be explored to try and re-engage with lapsed visitors in light of increased travel costs

How consumers typically travel/travelled to the On Premise (location lived in)

Travel method	Active visitors				Lapsed visitors			
	City centre	Suburban	City outskirts	Rural	City centre	Suburban	City outskirts	Rural
Drive myself	42%	67%	63%	64%	48%	64%	64%	55%
Driven by friend or family	31%	41%	37%	39%	31%	41%	40%	41%
Walk	33%	18%	22%	18%	24%	13%	10%	19%
Taxi	24%	13%	18%	8%	8%	6%	4%	5%
Bus	18%	11%	15%	6%	13%	2%	5%	1%
Train	11%	7%	8%	4%	6%	2%	1%	0%
Ride a bike	10%	2%	6%	2%	1%	1%	1%	0%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 101 - 846

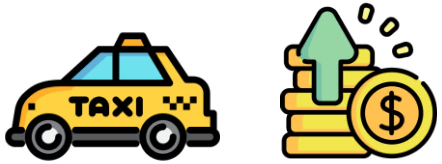
Consumers are willing to travel various distances to visit venues, with active consumers more engaged overall. As lapsed consumers are more likely to visit for a specific occasion, they are more selective with venues and therefore willing to travel further distances



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 294 - 2003

A large proportion of consumers agree transport costs have risen compared to three months ago, with costs considered by many when planning to visit the On Premise

Agreement levels with cost of transport statements (active vs lapsed)



	% Strongly agree/agree			% Strongly disagree/disagree		
	Average consumer	Active visitor	Lapsed visitor	Average consumer	Active visitor	Lapsed visitor
Transport costs are more expensive compared to 3 months ago	73%	73%	69%	6%	6%	6%
I consider the costs of getting to and from bars/restaurants when planning a night out	53%	55%	45%	24%	23%	25%
I look to travel with others when going out to share the cost	46%	49%	35%	23%	22%	27%

% Strongly agree/agree

19-34	35-54	55+
69%	44%	32%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 501 - 2474

Current visitation landscape

Visitation levels are broadly positive, with consumers staying local and looking for value for money

- Looking at current behaviour, the most commonly visited venues tend to be local and low cost. Top channels include casual dining restaurants, local/neighbourhood restaurants, fast casual restaurants and neighbourhood bars. City centre venues are the most commonly visited, so focus strategy here.

- A large proportion of consumers agree that transport costs have risen notably. The most common mode of travel to venues is a consumer driving themselves, however younger consumers are more likely to take public transport. This makes them a key target demographic, as they are more likely to consume higher numbers of alcoholic drinks.

- Occasions being prioritized at the moment are catching up with friends, drinks with food and celebrations. Active consumers are more engaged across a range of occasions, with lapsed consumers visiting for more specific/special occasions such as celebrations and romantic occasions. Aligning your strategy with these occasions will allow for increased engagement across both active and lapsed consumers.

- Beer and table wine are the top drink categories consumed in the On Premise overall, with the majority of category drinkers looking to keep consumption the same over the next 6 months; reassuring in the current economic climate.

- Price is a key influencer in decision making across both drink categories and venue types. Ensuring strong messaging around reasonable pricing and discounts/offers, clearly displayed on menus is key to engaging consumers.

- Although price is a key consideration, consumers are not willing to compromise on quality. Messaging should focus on '***value for money'***, as opposed to ***'cheap drinks'.*** There are also still clear opportunities for premium brands among certain On Premise visitors.

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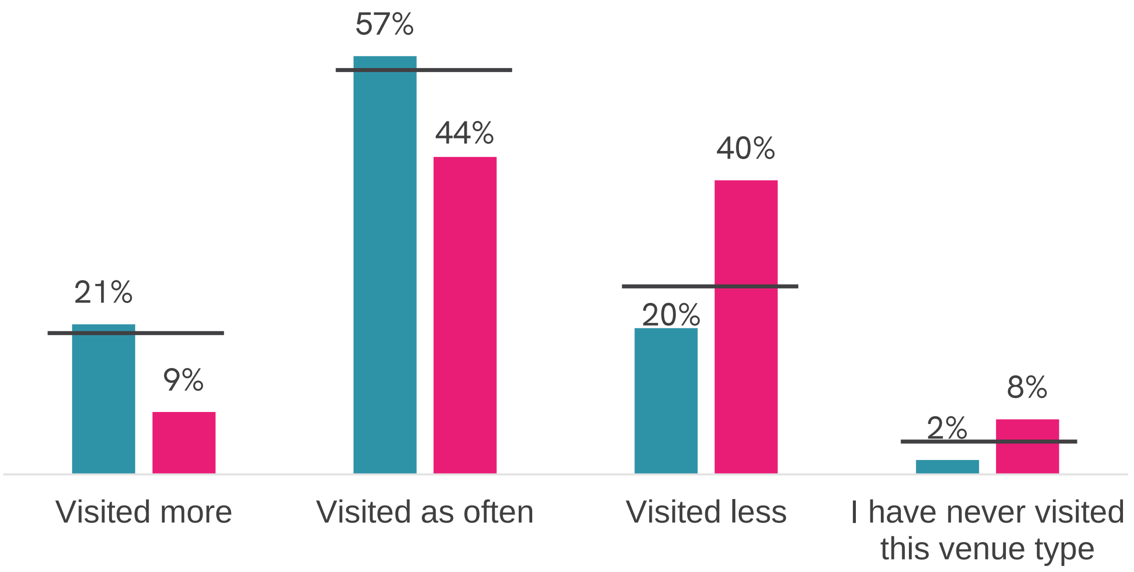
Seasonal behaviours

Active visitors demonstrate that their behaviour has largely remained similar to a typical Summer and Spring, with a huge proportion visiting both types of restaurants more often or as often. Notable proportions of lapsed visitors were less engaged than typically

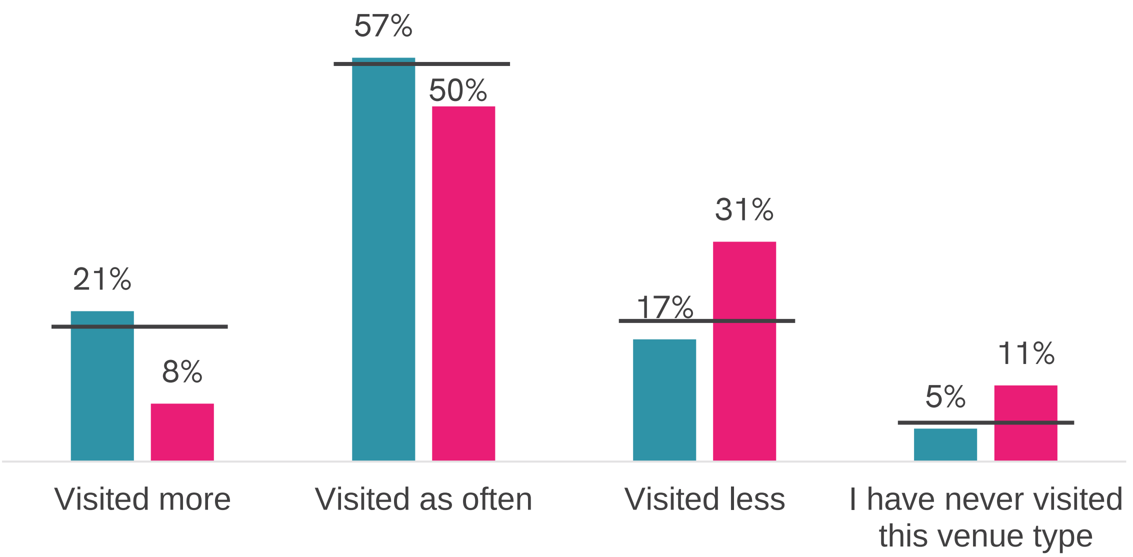
Spring and Summer 2022 restaurant visitation compared to a typical Spring/Summer

Average visitor ■ Active visitor ■ Lapsed visitor

Full service restaurant (i.e. restaurants that offer table service)



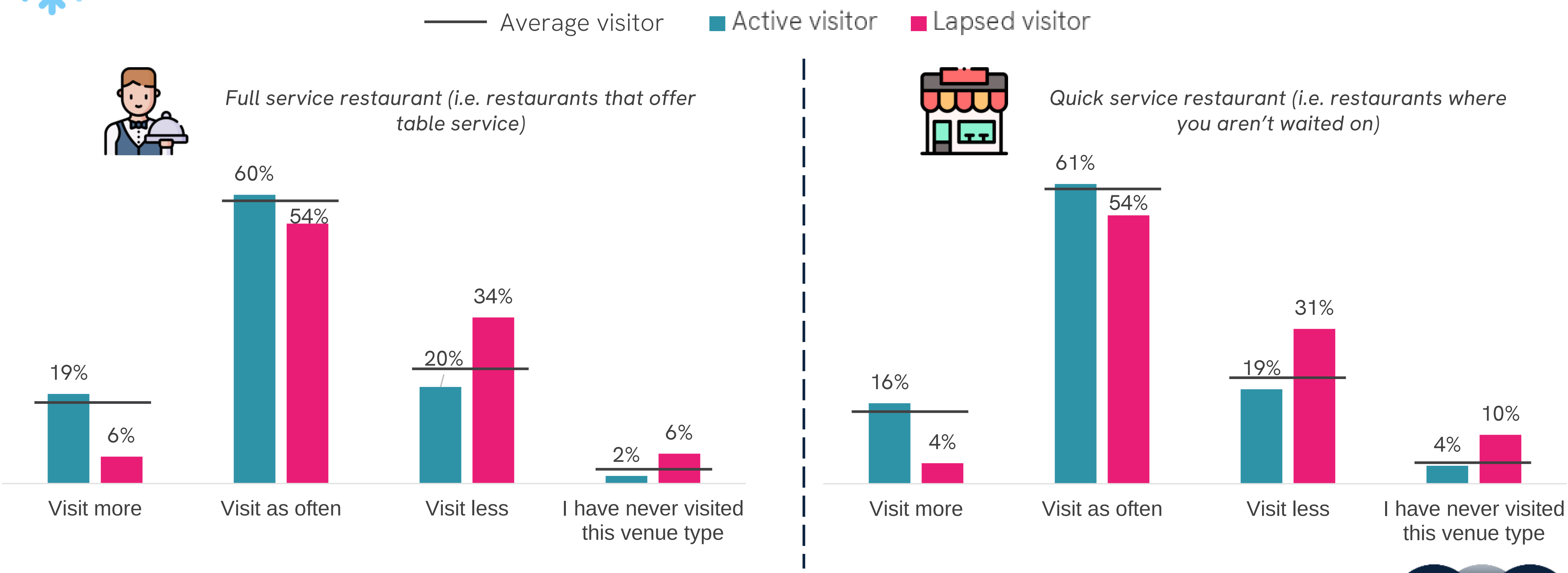
Quick service restaurant (i.e. restaurants where you aren't waited on)



Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 504 - 2506

Expected Fall and Winter visitation looks fairly promising for restaurants, with almost 8 in 10 active visitors likely to visit full service restaurants more/as often than a typical fall and winter. A third of lapsed consumers expect to be visiting less

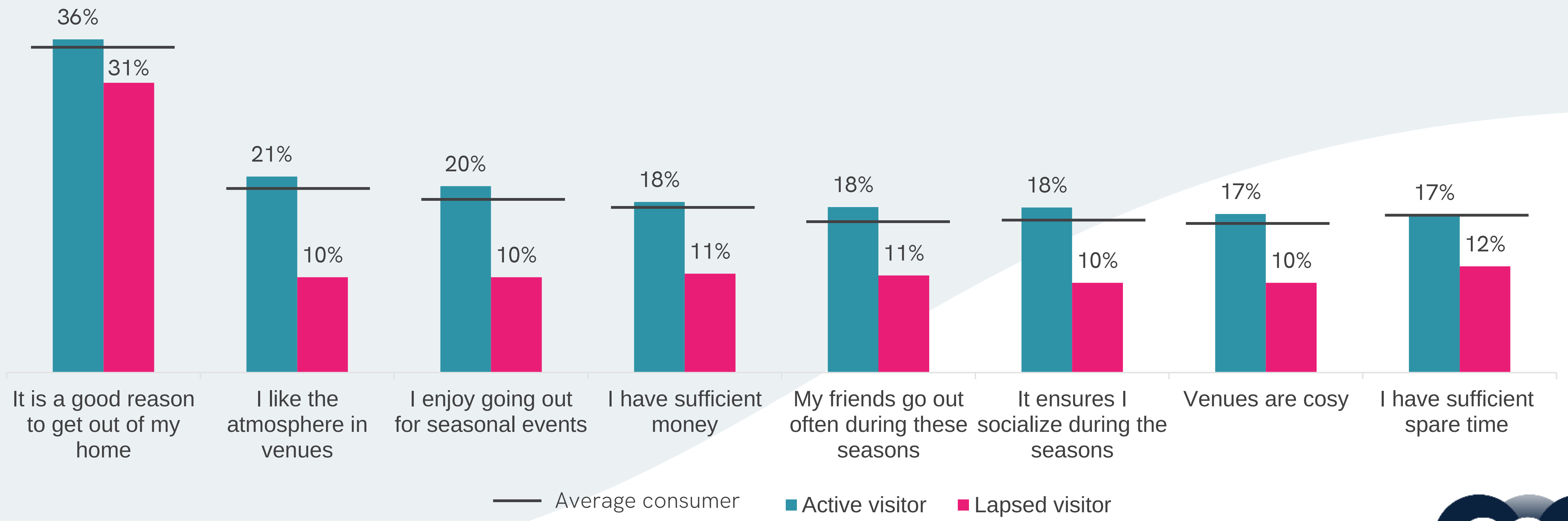
Expected Fall and Winter 2022 restaurant visitation compared to a typical Fall/Winter



Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 504 - 2507

The main reason for consumers visiting the On Premise during Fall/Winter is simply to get out of their home, reinforcing the importance of the On Premise during these months. A great atmosphere and events at venues will also help encourage visitation

Reasons for typically visiting bars/restaurants during Fall/Winter (active vs lapsed)



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2507

Nearly 9 in 10 of consumers plan to visit at least the same as they are currently in Spring/Summer. Unsurprisingly, active consumers are significantly more likely to visit more often. 2 in 5 lapsed visitors are likely to visit more so there is an overall positive outlook in the longer term

Predicted frequency of visits to On Premise in Spring and Summer 2023 compared to Fall and Winter 2022/23 (active vs lapsed)

Much more often		Slightly more often		As often / the same		Slightly less often		Much less often	
12%		25%		50%		9%		4%	
14%	3%	26%	21%	50%	53%	8%	14%	2%	9%

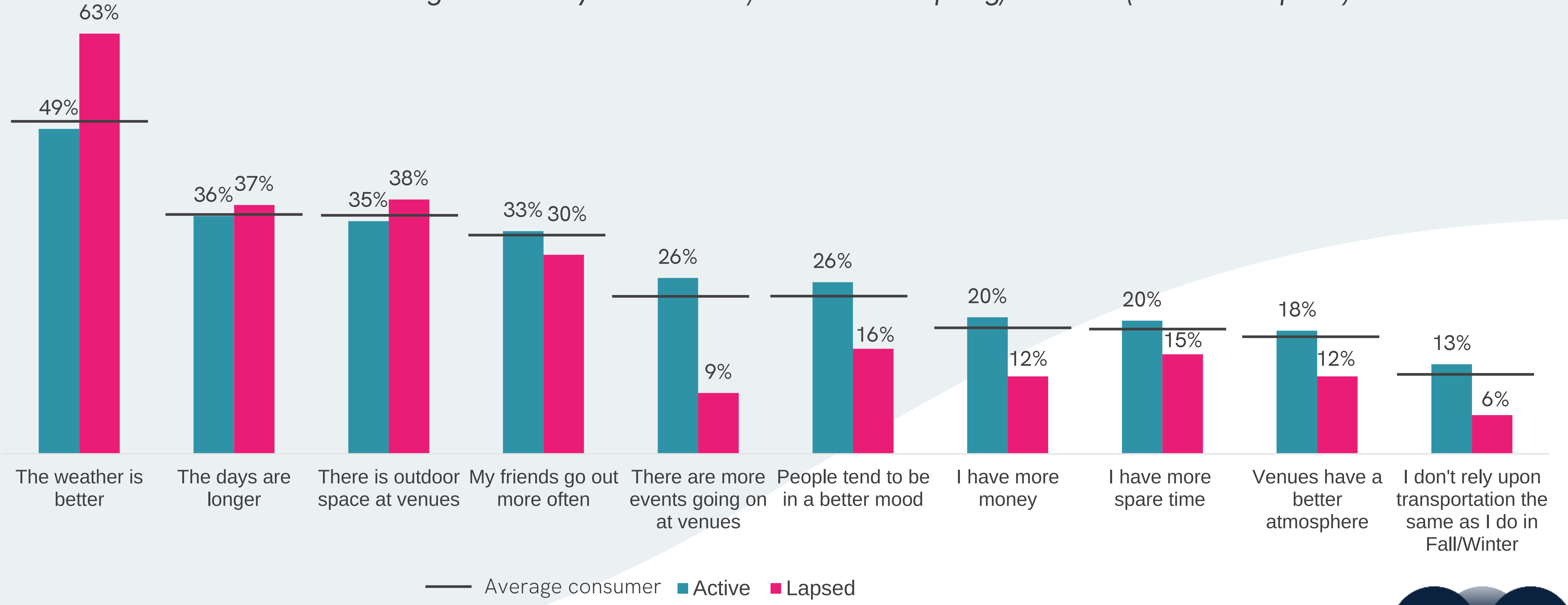
37% of Canadian consumers plan to visit more often in Spring/Summer

Active visitor   Lapsed visitor

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 504 - 2507

The key reasons for increased visitation during Spring/Summer are weather related. Brands and venues need to consider how to capitalize on patio season. There is a clear opportunity in Spring/Summer to pull lapsed visitors back to the On Premise

Reasons for being more likely to visit bars/restaurants Spring/Summer (active vs lapsed)



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 121 - 960

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Seasonal behaviours

Overall, visitation for both seasons is positive, with Spring/Summer visitation expecting to see an uplift due to warmer weather and longer days

- Spring/Summer 2022 visitation largely mirrored a typical year, with the majority of active consumers visiting as often as they usually would. Due to the nature of lapsed consumers, their visitation was either the same as, or less than a typical year.
- As we continue through Fall/Winter in 2022, expected visitation is broadly reassuring, with the majority of both active and lapsed consumers planning to visit the same as a typical year. Visitation levels will, however, fall for some.
- For consumers who plan to visit On Premise venues this Fall/Winter, the main drivers are to get out of the house and experience the atmosphere in venues, cementing the importance of the On Premise during a season with longer nights and colder weather.
- Positioning your brands with seasonal events and creating a sense of escapism will go a long way to encourage both visitation and consumption during these seasons.
- There is an expected uplift in On Premise visitation for Spring/Summer 2023. Although a focus of any strategies for Fall/Winter should be on active consumers, Spring/Summer is the time to also try and draw lapsed visitors back to the On Premise.
- Aligning your brands with patio season and leveraging the opportunities coming from better weather and longer days can be instrumental in encouraging visitation and engagement with your brands.

Channel deep dives

Sample: Active consumers (visited the On Premise in the last 3 months)

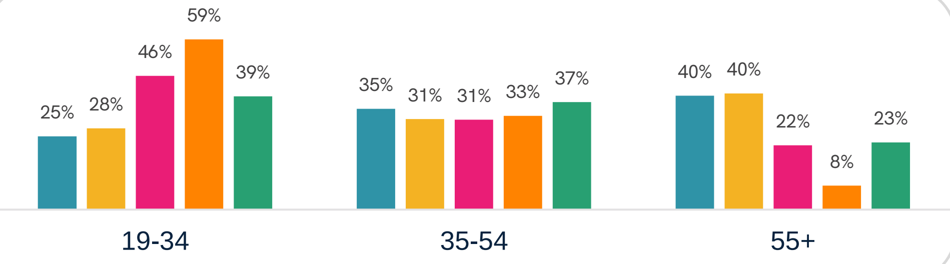
Channel visitor demographics

Casual dining chain visitor	Local/ neighbourhood restaurant visitor	Hotel bar/restaurant visitor	Premium bar visitor	Sports bar visitor

Average household income

Casual dining chain visitor	Local/ neighbourhood restaurant visitor	Hotel bar/restaurant visitor	Premium bar visitor	Sports bar visitor
$86K	$88K	$85K	$99K	$90K

Age



Gender

♂	♀
47%	53%
46%	54%
50%	50%
53%	46%
58%	42%

Top 4 provinces

Ontario	43%	43%	34%	35%	39%
Quebec	21%	24%	37%	40%	30%
British Columbia	12%	12%	11%	8%	7%
Alberta	10%	9%	6%	8%	11%

Where they live

City centre	39%	39%	54%	64%	50%
City outskirts	21%	21%	12%	15%	20%
Rural	11%	13%	12%	5%	11%
Suburban	28%	27%	22%	16%	19%

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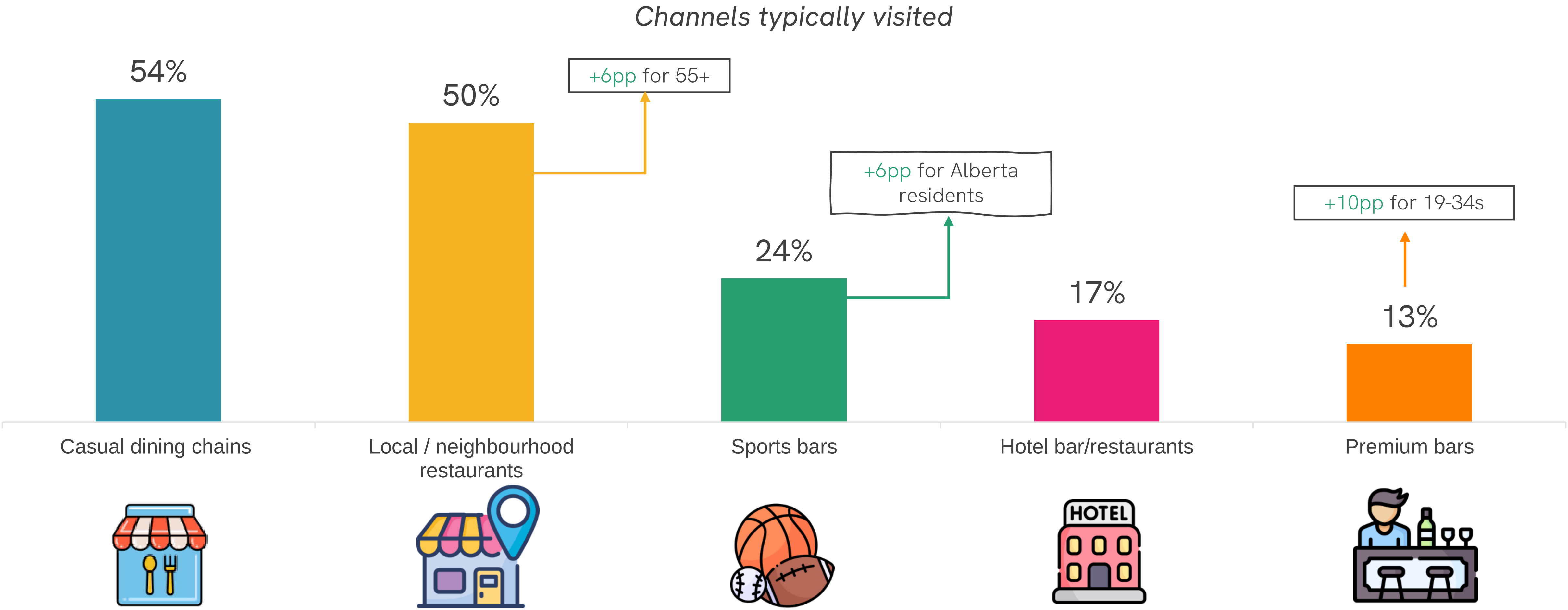
Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 252 - 1089

Casual dining chains and local/neighbourhood restaurants are the most visited venues, with around half of active consumers visiting each channel



Sample: Active consumers
(visited the On Premise in the last 3 months)

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 177 - 2003

Frequency of visitation is positive across active consumers with notable proportions going multiple times a month. Brands should look to capitalize on this and become a part of the routine of as many consumers as possible when in specific channel types

Channel visitors' frequency visiting the channel in the past 3 months

	Casual dining chains	Local / neighbourhood restaurants	Hotel bar/restaurant	Premium bars	Sports bars
Weekly	29%	33%	48%	54%	38%
Once every 2 weeks	25%	23%	14%	10%	15%
Monthly	30%	27%	19%	19%	24%
Once/twice in 3 months	14%	16%	14%	13%	15%

Source: CGA by NielsenIQ - Cost of Living Canada 2022 - Sample Size: 252 - 977

The majority of consumers have been visiting channels at least the same as they usually would in the past 3 months. Despite this, there have been less regular visits for a number of visitors as cost of living takes hold for some, particularly to casual dining chains and local restaurants

Past 3 month visitation to channel compared to typical visitation

	Casual dining chains	Local / neighbourhood restaurants	Hotel bar/restaurant	Premium bars	Sports bars
Much more often	5%	6%	19% +12pp for 21-34	26%	12% +8pp for city centre residents
Slightly more often	13%	13%	24%	25%	21%
The same as usual	55% +5pp for 55+	51%	36% +20pp for 55+ visitors	29%	44%
Slightly less often	19%	21%	13%	12% +9pp for 35-54	14%
Much less often	8%	8%	8%	9%	10%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 75 - 977

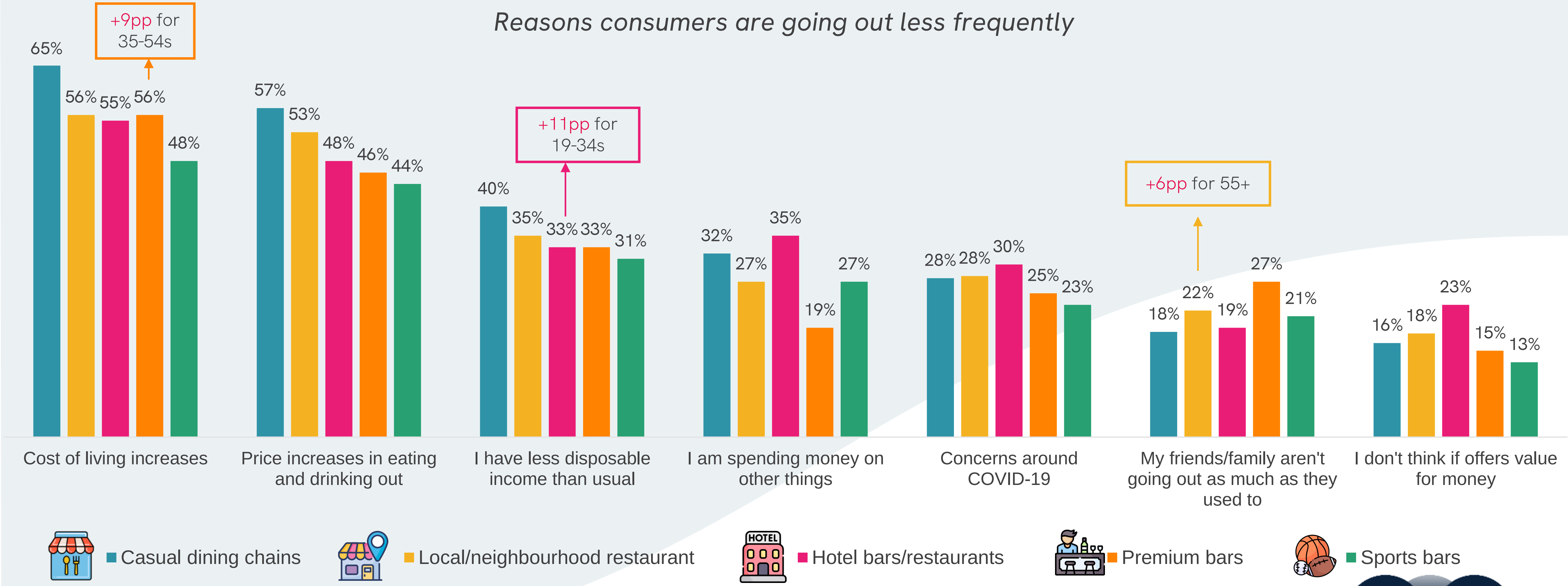
For those that are going out more frequently, driving factors vary by channel. Wanting to treat themselves is consistently important, with other keen to support local businesses

Reasons consumers are going out more frequently	Casual dining chains	Local / neighbourhood restaurants	Hotel bar/restaurant	Premium bars	Sports bars
I have been treating myself	29%	28%	27%	30%	36%
I am no longer concerned about COVID-19	25%	28%	26%	20%	23%
It offers value for money	22%	21%	19%	30%	22%
To make up for missed occasions previously	21%	25%	25%	23%	24%
I feel safe in hospitality venues now	21%	17%	26%	27%	26%
I have been able to save more money recently	20%	18%	23%	24%	17%
The time of the year	19%	20%	25%	26%	25%
I want to support local businesses	17%	28%	26%	27%	18%
I have more disposable income than usual	16%	15%	23%	19%	18%
There are new places that I've wanted to try	15%	23%	24%	27%	23%
There have been more events that unusal	15%	21%	25%	23%	24%
I want to support the hospitality sector	11%	22%	20%	33%	17%
I am visiting while I have enough disposable income	11%	19%	23%	20%	21%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 128 - 183

Top ranked reasons per channel

For those that are going out less frequently, increases in pricing and cost of living increases are key factors. Strong pricing structures and offers, especially in casual dining restaurants, could help ensure consumers continue to engage with your brand during difficult economic conditions

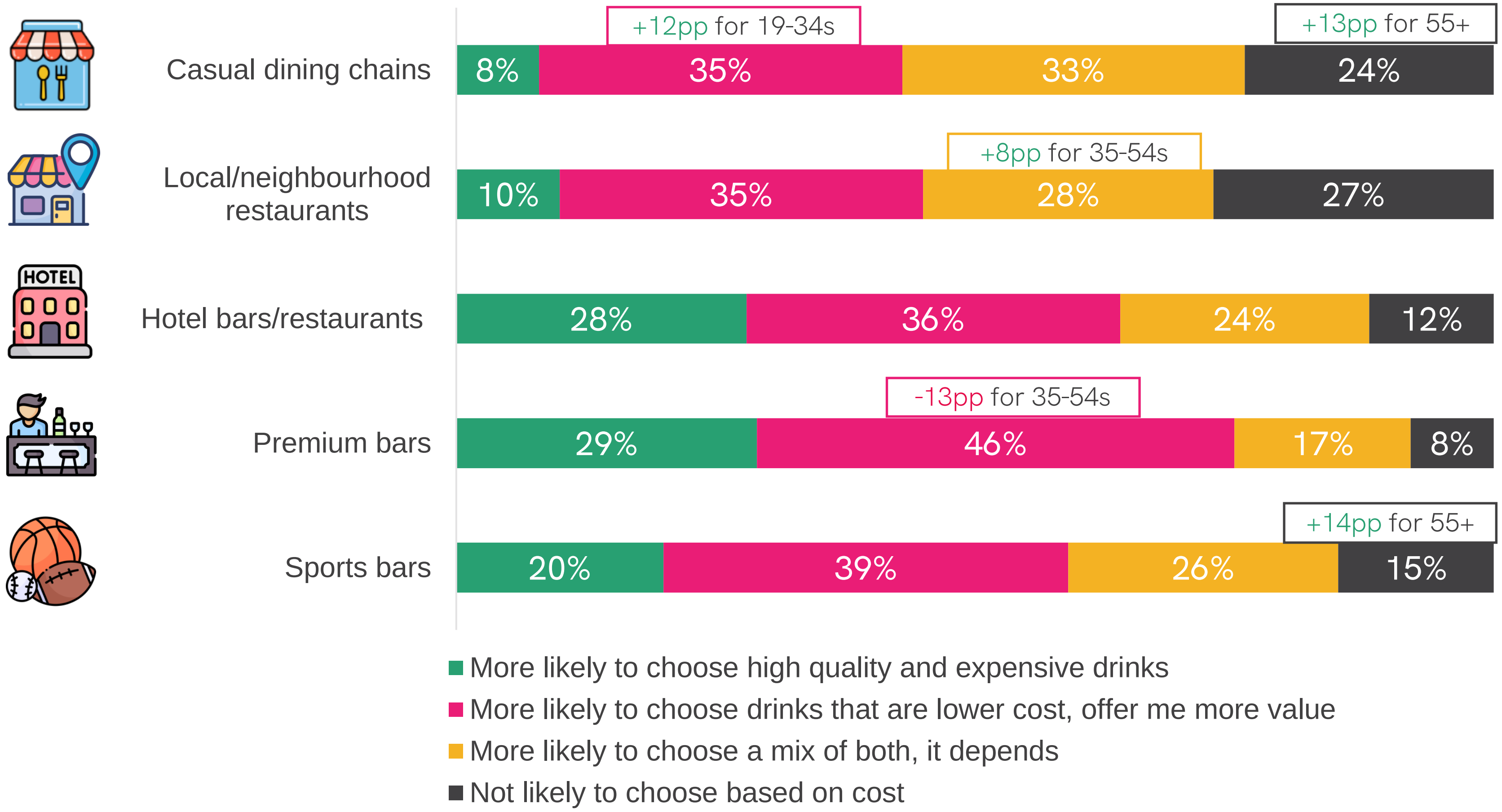


CGA Powered by NielsenIQ

Source: CGA by NielsenIQ - Canada Cost of Living Survey 2022 - Sample Size: 52 - 279

Visitors of premium bars and hotel bars/restaurants are more likely to choose higher quality drinks, whereas casual dining visitors are more likely to choose cheaper drinkers. Tailoring your strategies to align with the channel type is essential

How consumers choose their drinks within channels



There are clear opportunities to capitalize on those looking to trade up across the most consumed drink categories. This is most evident in premium bars and at hotels

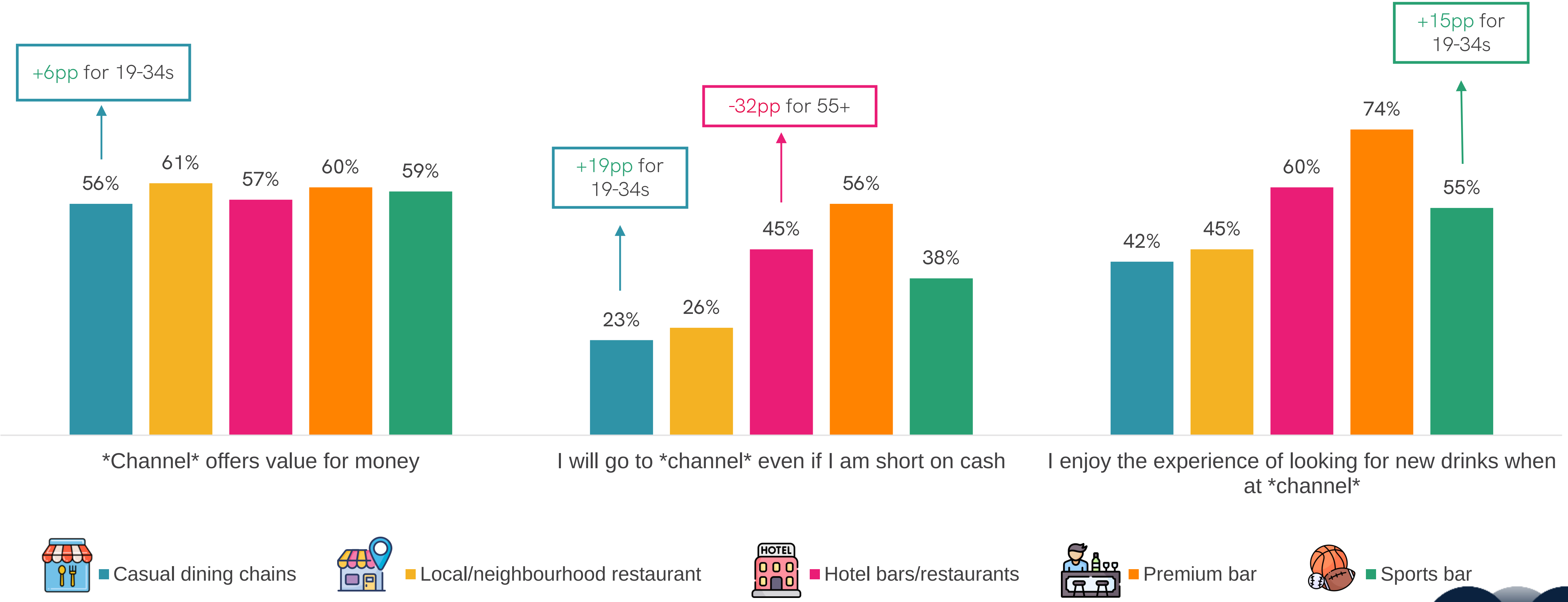
% of consumers very likely/likely to trade up in (top 5 BevAl categories per channel by consumption)

Casual dining chains		Local/neighbourhood restaurant		Hotel bar/restaurants		Premium bars		Sports bars	
RTDs	49%	Whiskey	59%	Whiskey	71%	Cocktails	74%	Whiskey	69%
Beer	45%	Beer	47%	Vodka	69%	Whiskey	72%	Vodka	61%
Vodka	45%	Cocktails	46%	Beer	65%	Beer	69%	Beer	59%
Cocktails	43%	Vodka	46%	Table Wine	63%	Table Wine	69%	Cocktails	59%
Table wine	43%	Table Wine	45%	Cocktails	56%	Vodka	64%	Table Wine	48%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 100 - 573

Visitors of premium bars and hotel bars/restaurants are most likely to be searching for a new drinks when visiting, highlighting that these channels will be most receptive to signature serves unique to the venue

% of channel visitors that strongly agree/agree with eating and drinking out statements



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 75 - 977

Visitors to casual dining chains, local restaurants and sports bars are more habitual and purchase familiar brands, whereas premium bar and hotel visitors are more experimental

Purchase factors that are more important now compared to 3 months ago

Casual dining chains	
I am choosing brands that I usually do +7pp for 55+	33%
What I am buying offers value for money	29%
Discounts are being applied	22%
I'm supporting local brands	20%
I'm buying cheap drinks	20%

Local/neighbourhood restaurant	
What I am buying offers value for money	30%
I'm choosing the same brands I usually do	30%
I'm supporting local brands	24%
Discounts are being applied	19%
I'm trying something new/different	19%

Hotel bar/restaurant	
What I am buying offers value for money -8pp for 35-54s	28%
I'm trying something new/different	26%
I'm supporting local brands	25%
I'm buying cheap drinks	24%
Discounts are being applied	24%

Premium bars	
I am trying something new/different	27%
What I am buying offers value for money	26%
I'm buying high quality drinks	25%
Discounts are being applied	24%
I'm choosing the same brands I usually do	24%

Sports bars	
I'm choosing the same brands I usually do	28%
What I'm buying offers value for money	26%
I'm buying cheap drinks	25%
I'm supporting local brands	24%
Discounts are being applied	22%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 104 - 977

The majority of consumers across channels have noticed an increase in the price of alcoholic drinks now compared to three months ago

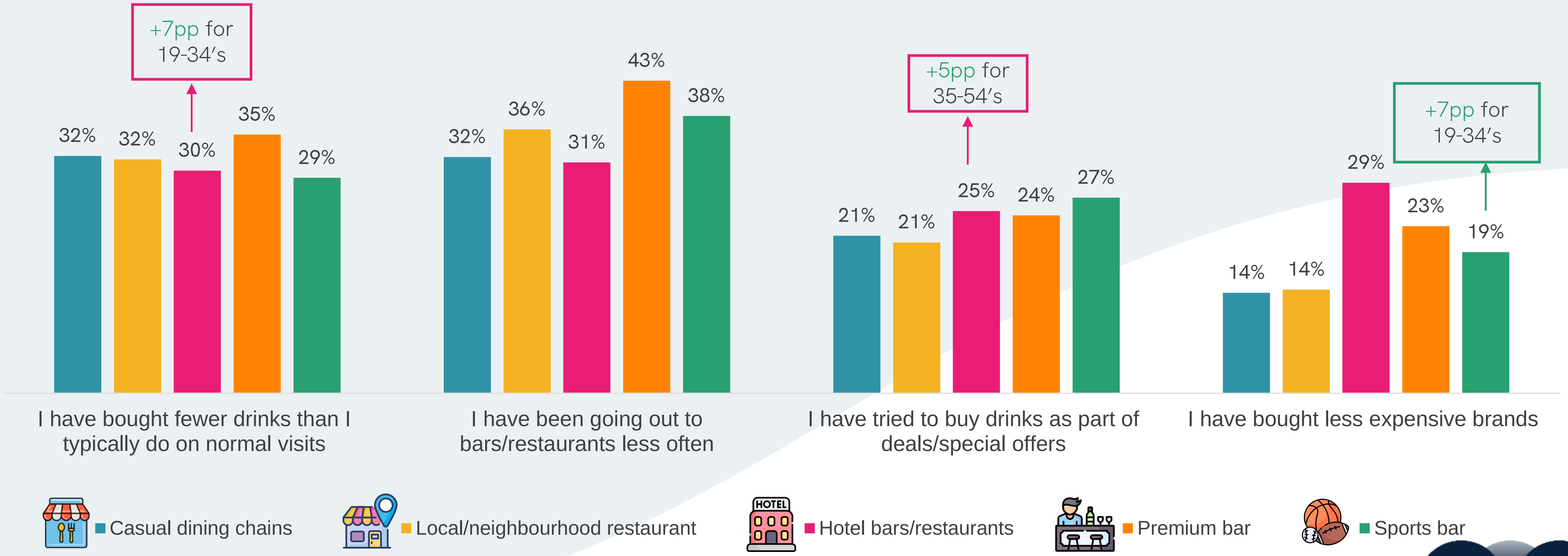
Consumer perception of alcoholic drinks prices compared to 3 months ago in each channel

	Casual dining chains	Local / neighbourhood restaurants	Hotel bar/restaurant	Premium bars	Sports bars
An increase in price:	66%	67%	54%	54%	61%
The same:	28%	27%	27%	25%	27%
A decrease in price:	6%	6%	19%	21%	12%

Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 252 - 977

Price increases have impacted both frequency of visits and number of drinks purchased in the On Premise for some

Of those have noticed and increase in price, selecting strongly agree/agree



Source: CGA by NielsenIQ – Canada Cost of Living Survey 2022 - Sample Size: 75 - 642

Current and future visitation

Casual dining chains and local/neighbourhood restaurants are the most popular channels in the On Premise with at least half of Canadian consumers visiting these venue types

- Premium bars have notable proportions of weekly visitors among their active customer base.
- Food-led channels (casual dining and local/neighbourhood restaurants) obtain less weekly footfall from their visitors but have a higher pool of visitors. This underlines the different visitor types and opportunities that lie for brands across the On Premise.

- The majority of visitors have been visiting as frequently in the past 3 months compared to typical visitation, reinforcing the broadly positive outlook for the On Premise.
- Premium bars have seen the biggest uplift in visitation compared to 3 months ago, highlighting that consumers who can afford to still desire treat visits to the On Premise. This is a key factor for high quality brands to try and leverage.

Drivers behind behaviour change

For consumers who are going out more frequently, treating themselves is a key factor across all channels

- Channels/suppliers can play upon the treat/special occasion to drive engagement with brands, however it is important to be mindful of suitable pricing, with consumers also seeking value for money.

- For consumers visiting channels less frequently, key factors are cost of living factors and eating/drinking out becoming more expensive.
- This reinforces the need for pricing to be as competitive as possible especially in channels such as casual dining chains.

Premiumisation & drink choice

Opportunities exist for premiumisation across the different venue types, with the rationale behind drink choices differing by channel

- Within each channel, there are a range of opportunities to capitalize on consumers trading up, tailoring your strategy accordingly to create a channel specific approach is key.
- Premium bar and hotel bar/restaurant visitors are more likely to choose higher quality drinks when visiting than casual dining restaurant visitors who are looking for more value options. Understanding how your brand aligns with certain channels to capitalize on the most appropriate type of consumer.
- A large proportion of On Premise visitors agree that they enjoy the experience of looking for new drinks. This is notably more prominent within premium bars and hotel bars/restaurants, so consider which brands can leverage on this too.

Purchase factors/perceptions vs 3 months ago

Value for money is a key factor in alcohol purchase across channels and particularly important given the current climate

- Purchase factors which are more important now compared to 3 months ago vary across channels. While casual dining, local restaurants and sports bar visitors are more habitual, premium bar and hotel visitors are more likely to try something new/different.
- A large proportion of consumers of each channel have seen alcohol prices increase in venues in the past 3 months. This has led some to have fewer drinks during a visit, or make less trips to the On Premise, something the industry needs to be mindful of.

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