The Future of Wellness: Decoding Consumer Behavior in a Shifting Economy

Business Session – CHFA NOW Vancouver 2025

Francis Parisien, SVP SMB & Strategic Initiatives, NIQ Canada

April 25, 2025

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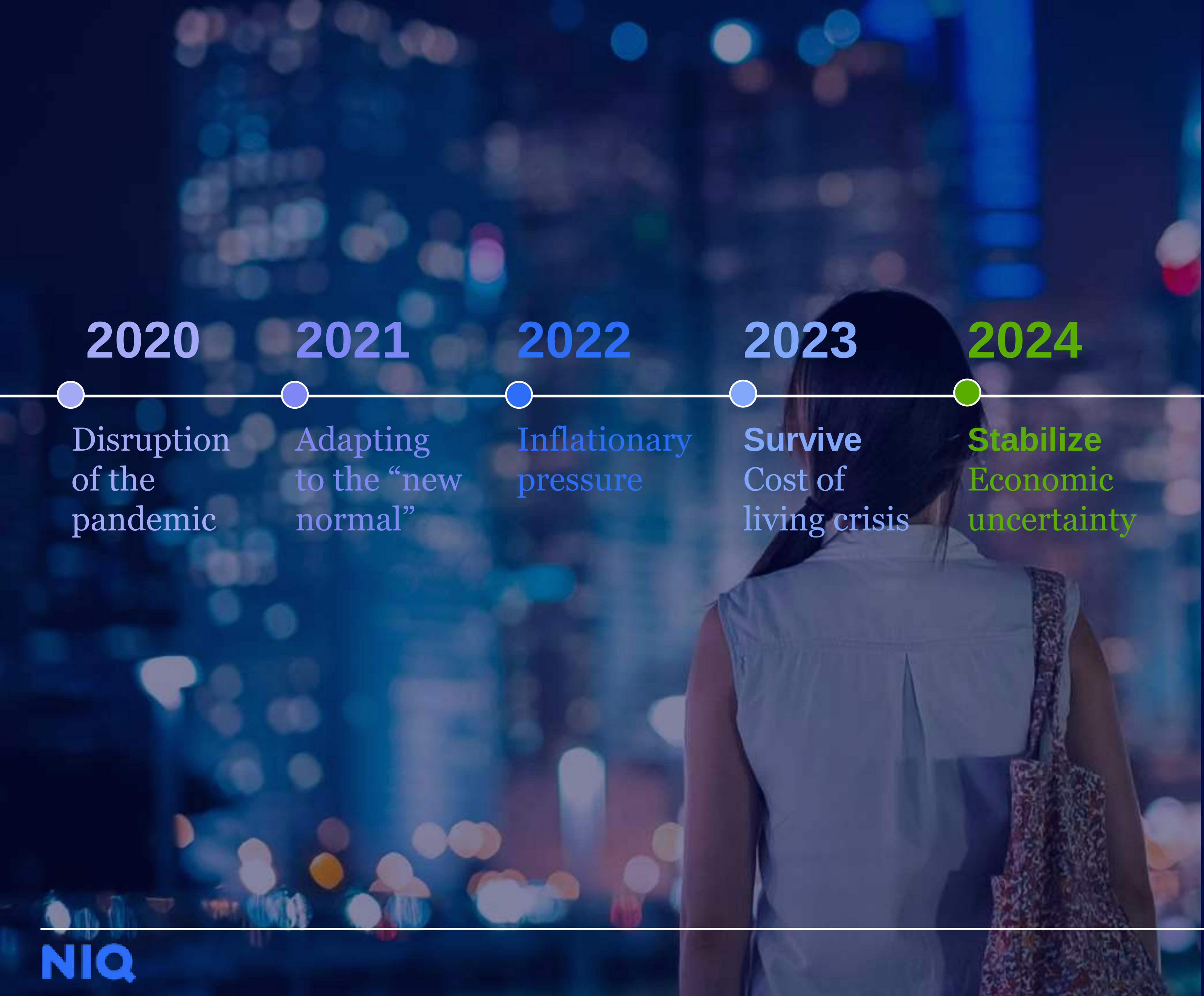
NIQ



2020
Disruption of the pandemic

2021
Adapting to the "new normal"

2022
Inflationary pressure

2023
Survive
Cost of living crisis

2024
Stabilize
Economic uncertainty

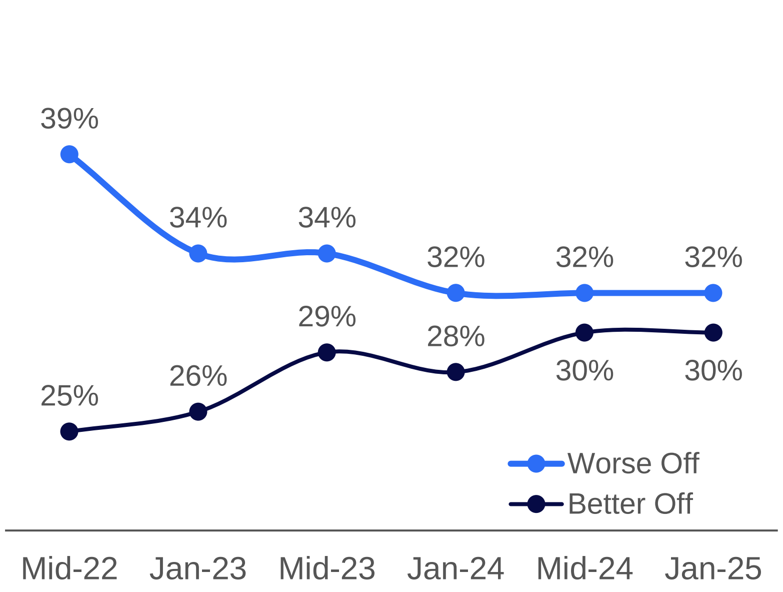
20-25%
Uncertainty

NIQ

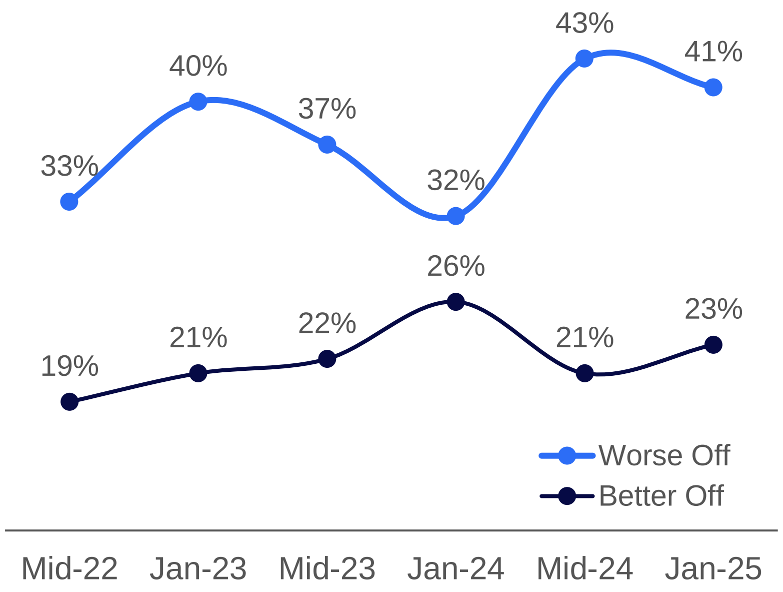
Financial sentiment in NA is following different paterns – Americans are feeling worse vs the same time last year, while Canadians are somehow feeling a bit better

Consumer Financial Position – 2025

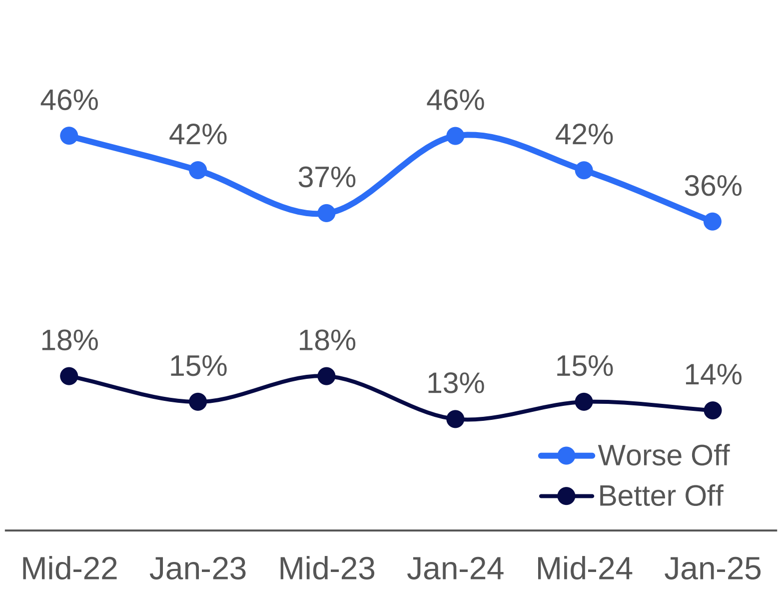
Global



United States



Canada

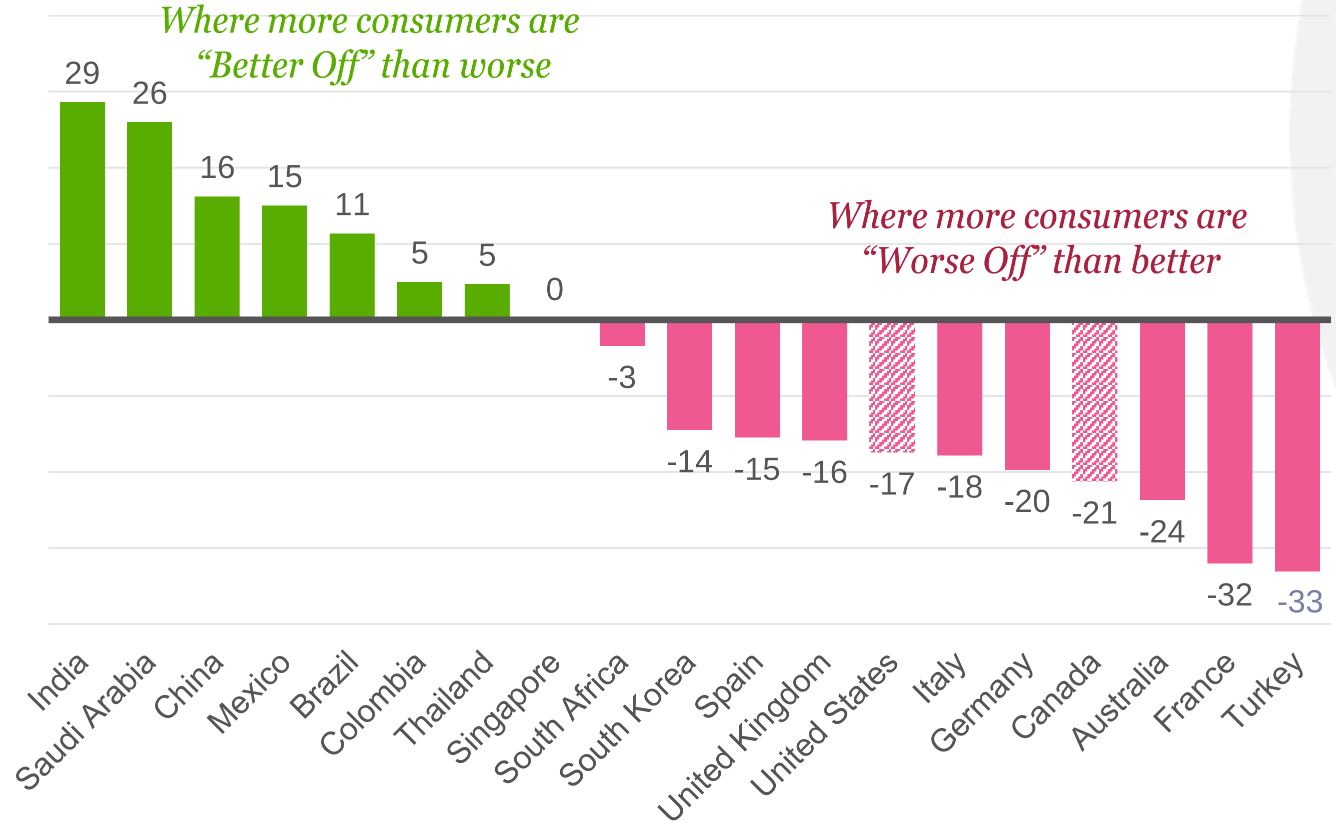


Source: NIQ 2025 Private Label & Branded Products report global survey

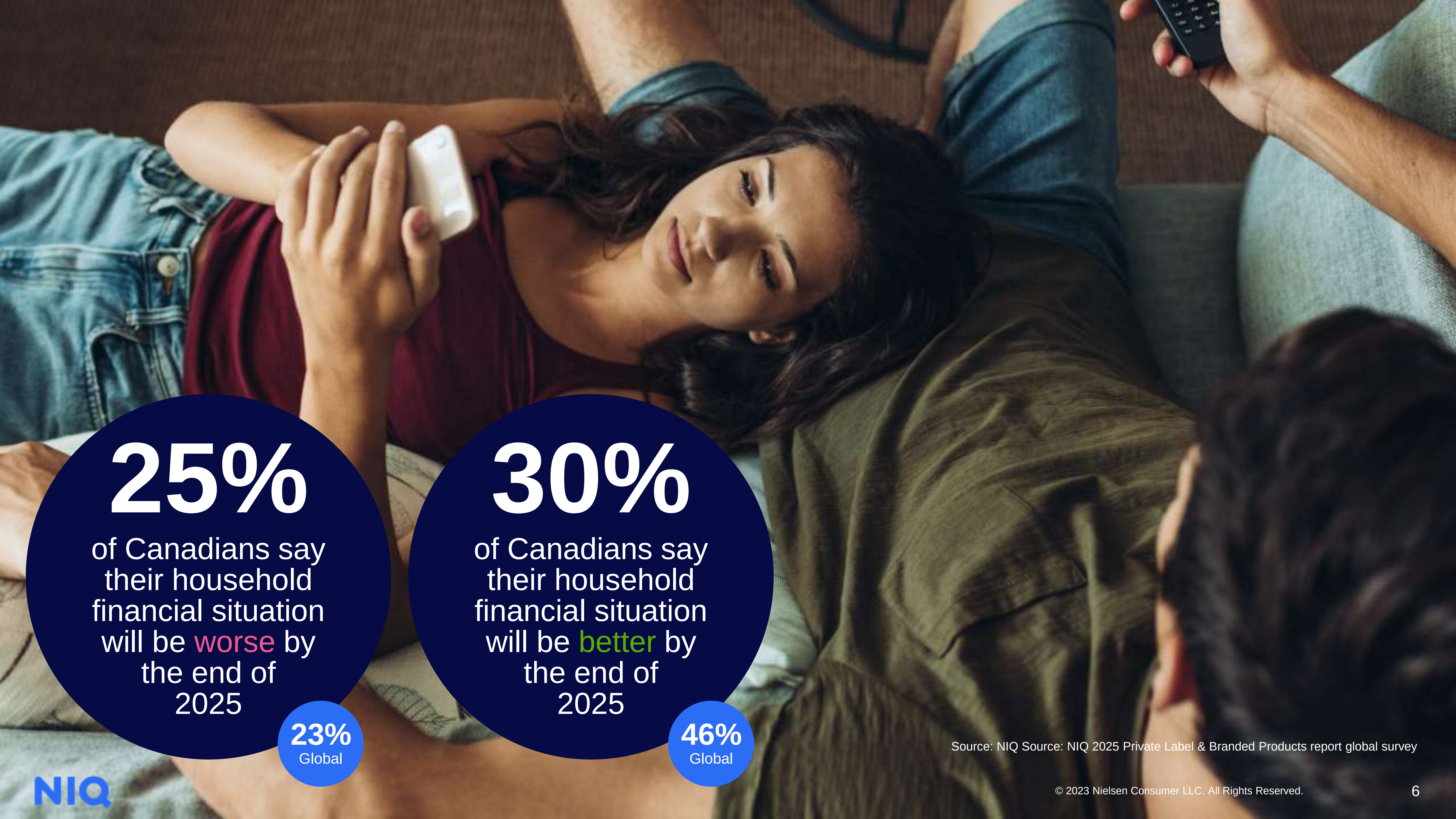
NIQ

That being said, optimism around financial situation lags the most in North America and Europe

Measuring the Sentiment Net Effect = Better Off - Worse Off
Global



Source: NIQ 2024 Mid-Year Consumer Outlook. Data reflects net change between those who say they are “better off” financially compared to those who say they are “worse off” financially; Q. Compared to a year ago, would you say that overall, your household is better off, the same, or worse off financially? Note: In China, verbiage reflects change in “management of spending.”



25%

of Canadians say their household financial situation will be worse by the end of 2025

23% Global

30%

of Canadians say their household financial situation will be better by the end of 2025

46% Global

Source: NIQ Source: NIQ 2025 Private Label & Branded Products report global survey

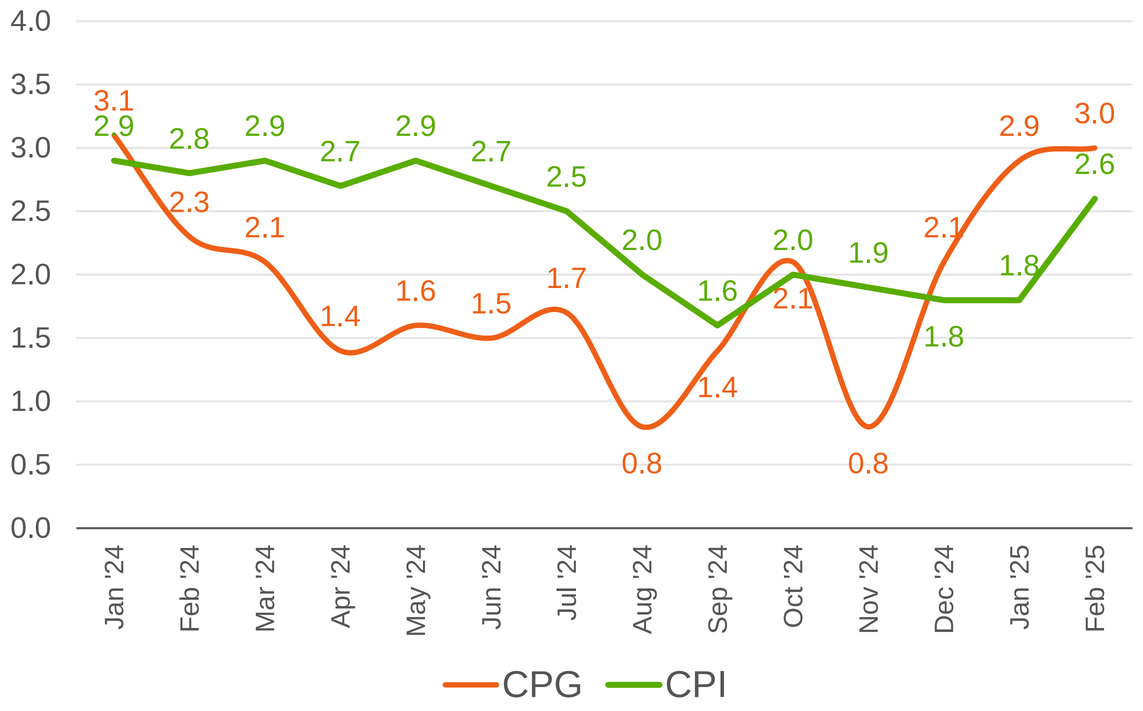
NIQ

FMCG price increases are starting to trend higher than overall inflation

Spending pressures rising in Canadian CPG

IPC vs. FMCG inflation

NIQ Inflation = Vol. $ % chg – Vol. EQ % chg (Canada)



Source: Canada: Statistics Canada, IMF Global Rate Projections, NIQ MarketTrack, National All Channels, Total tracked sales, NIQ measured inflation, last period ending March 22, 2025

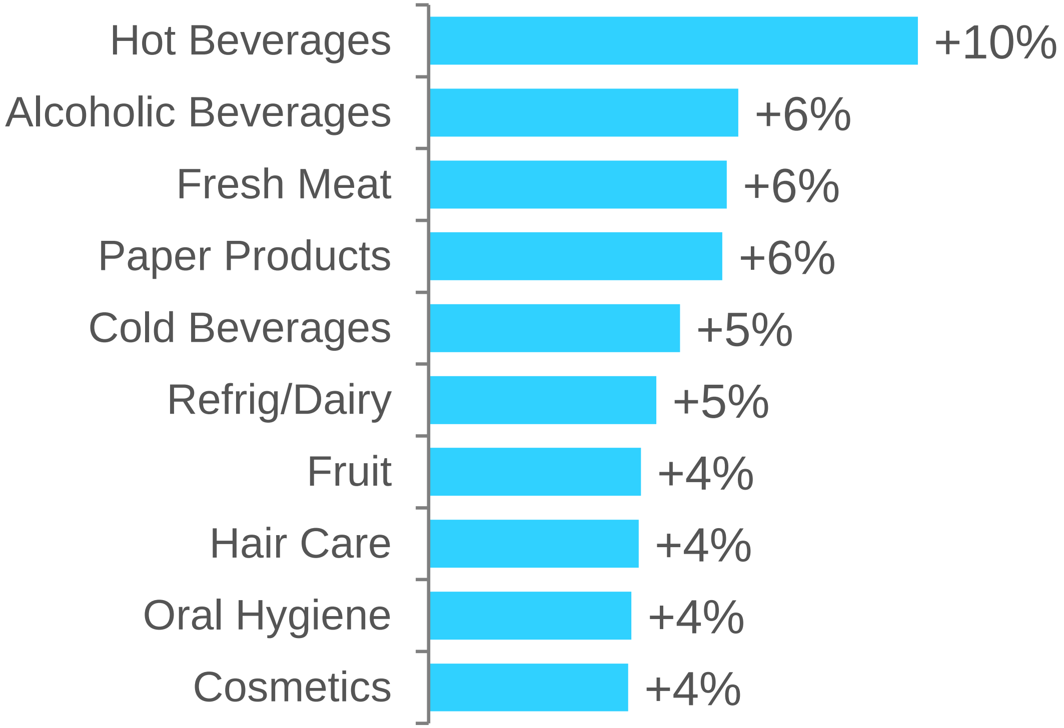
Inflation is hitting a number of departments

Commodities and rising prices are behind the recent increases noticed in Canadian channels

FMCG inflation – Selected departments

NIQ Inflation = Vol. $ % chg – Vol. EQ % chg

Latest 12 weeks (Canada)



Source: NIQ MarketTrack, National All Channels, Total tracked sales, NIQ measured inflation, 12 weeks ending April 12, 2025

4 in 10 Canadians are only buying "essentials"

14%
Free Spenders
I am able to spend freely

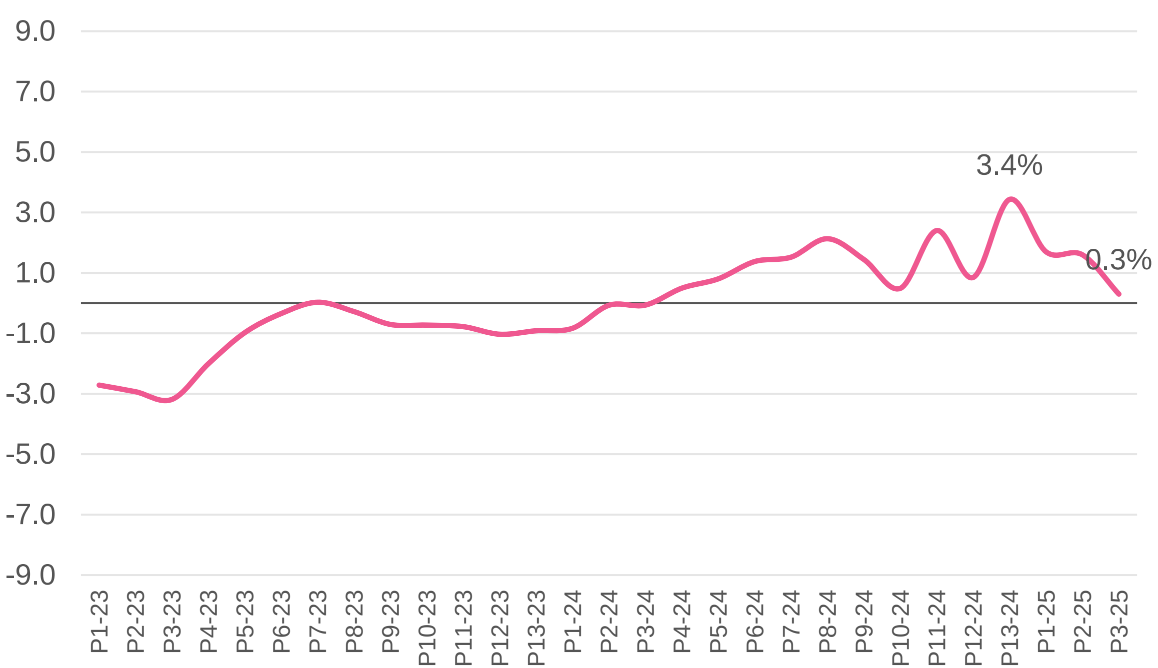
44%
Comfortable
I live comfortably and am able to buy some things just because I want them

42%
Basics only
I only have enough money for food, shelter, and the basics

Source: NIQ Source: NIQ 2025 Private Label & Branded Products report global survey

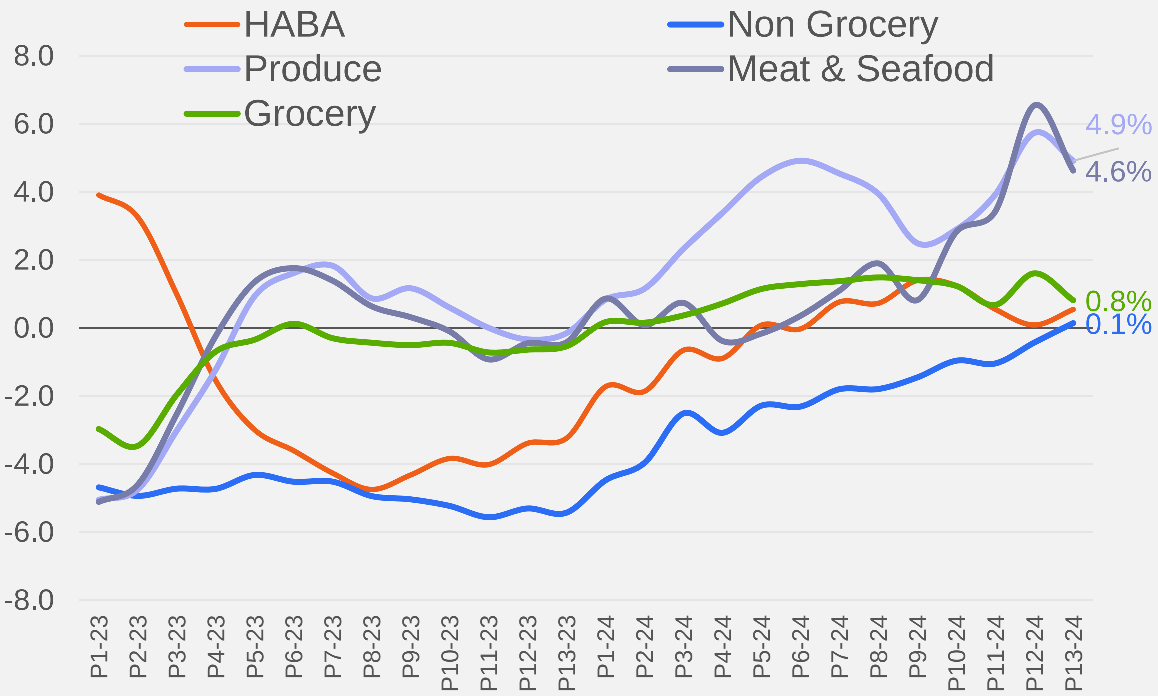
Growth is back after close to 2 years of declines for CPG products in Canada

Total CPG unit sales growth
Canada, Total CPG, Rolling 12 weeks



This is particularly true for food departments in the networks measured by NIQ in Canada

Departments unit sales growth
Canada, Rolling 12 weeks



Source: NielsenIQ Canada MarketTrack, Total All Channels, Last period = March 22, 2025

Growth has slowed down for some key CPG departments

Growth - units

Department	% chg
OTC	6%
Fruits	4%
Dessert	4%
Baked Desserts/Breakfast	3%
HMR	2%
Condiments & Sauces	2%
Processed Meat	2%

Stable - units

Department	% chg
Snacks	1%
Frozen Foods	1%
Cold Beverages	1%
Alcoholic Beverages	1%
Refrig/Dairy	1%
Baby Care	0%
Prepared Foods	0%
Hot Beverages	0%
Body Care	0%
Fresh Meat	0%
Vegetables	0%
Pet Needs	-1%
Breads & Rolls	-1%
Oral Hygiene	-1%

Decline - units

Department	% chg
Household Products	-2%
Natural Cheese	-2%
Baking Needs	-2%
General Merch	-2%
Hair Care	-2%
Paper Products	-3%
Seafood	-4%
Cosmetics	-4%
Shaving	-5%
Confectionery	-15%

% chg Unit sales – Latest 12 weeks
Source: NIQ MarketTrack, National All Channels, Total tracked sales, 12 weeks ending April 12, 2025

NIQ

How do Canadians see themselves when CPG shopping?

Price-driven
51%

Budget-driven
49%

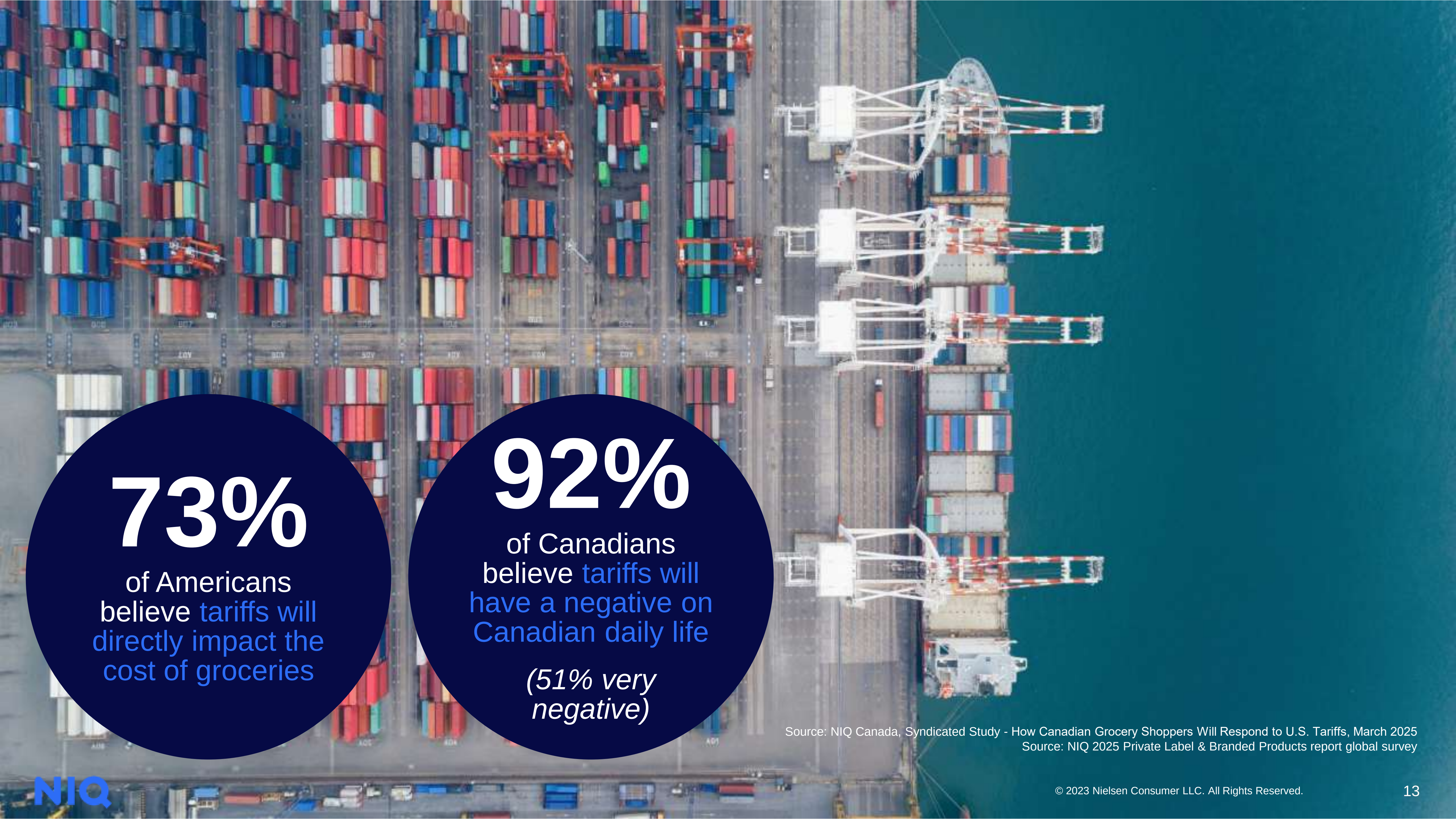
Quick in-and-out
32%

Quality-driven
31%

Values-driven
30%

Source: NIQ 2024 Enhancement Demographic Study, Dec. 2024

NIQ



73%

of Americans believe tariffs will directly impact the cost of groceries

92%

of Canadians believe tariffs will have a negative on Canadian daily life

(51% very negative)

Source: NIQ Canada, Syndicated Study - How Canadian Grocery Shoppers Will Respond to U.S. Tariffs, March 2025
Source: NIQ 2025 Private Label & Branded Products report global survey

84%

of Canadians say it’s important or very important to **buy local products**

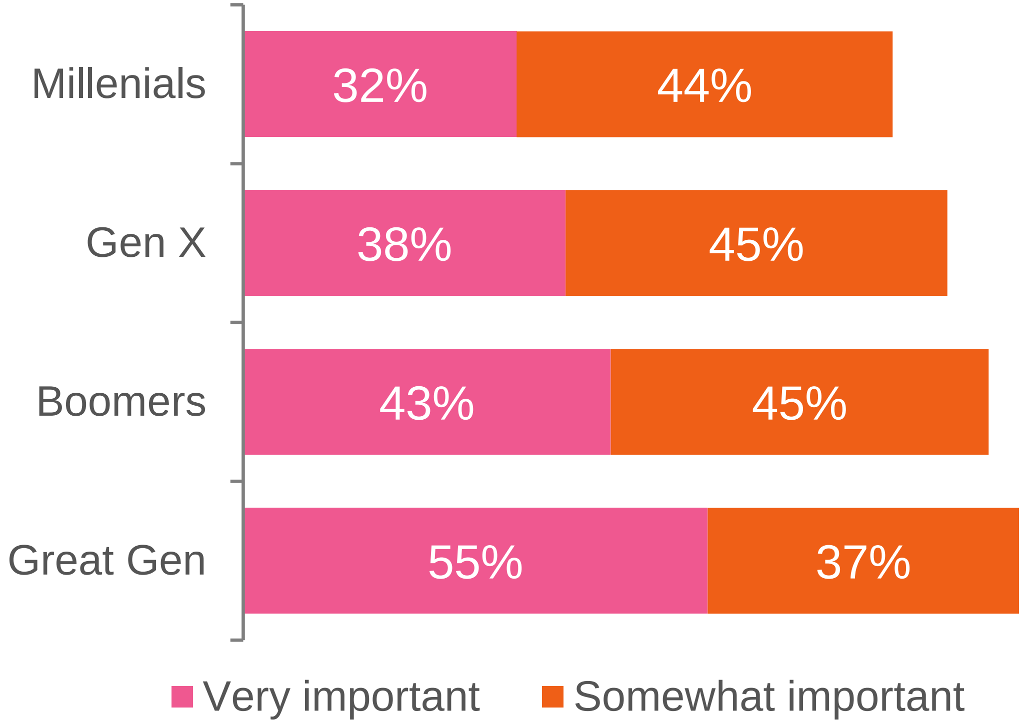
+12 pt vs 2024

Source: NielsenIQ PanelView | Food and Beverage Label Content syndicated 2025 survey

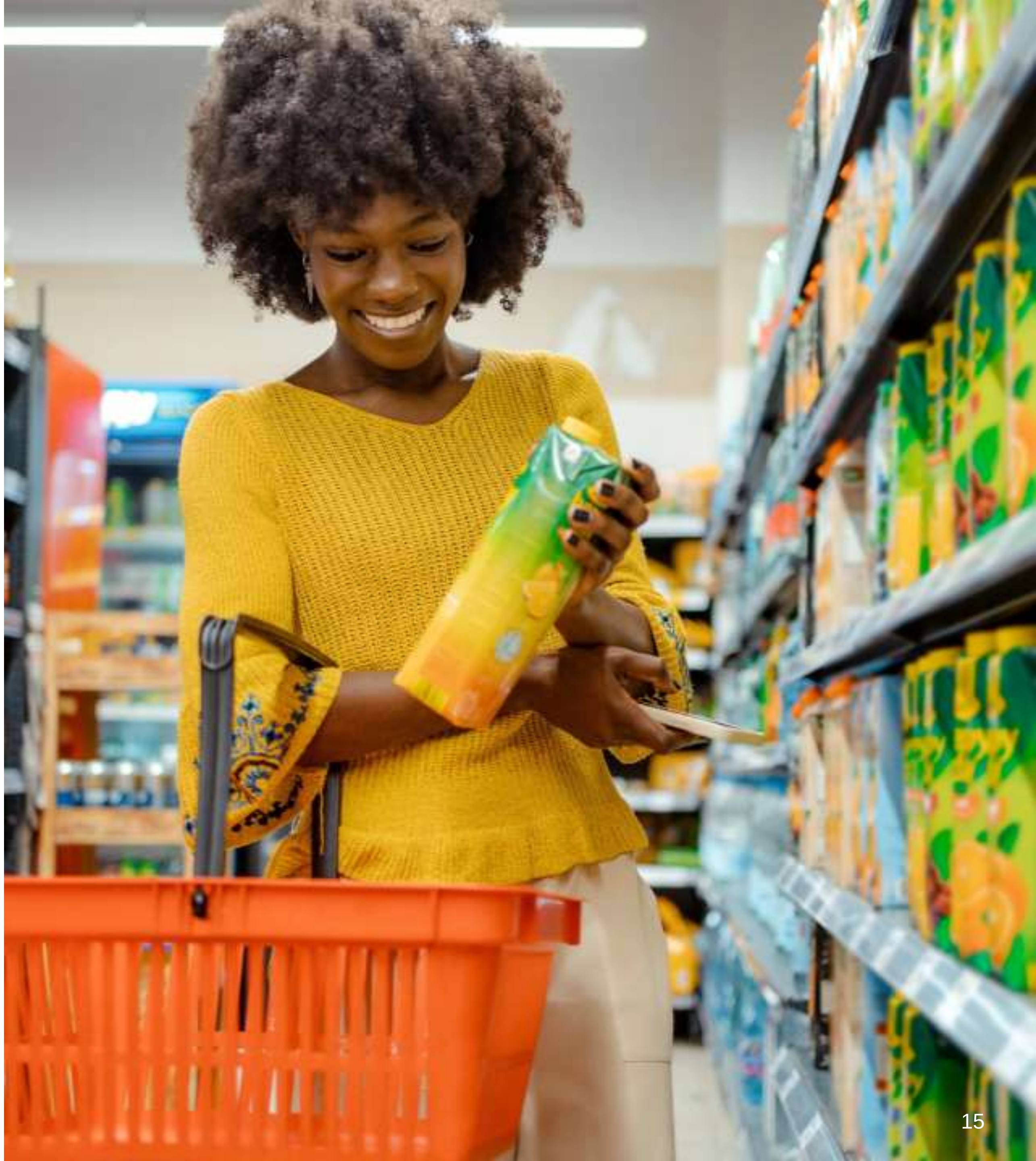
NIQ

Will the younger ones follow? Fewer of them think it's important to buy local...

% who say it's important or very important to buy local
Canada

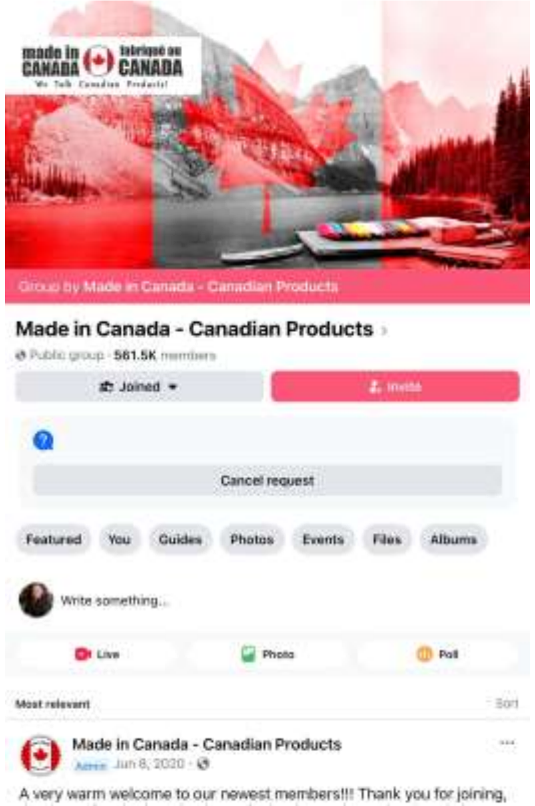


Source: NielsenIQ PanelView | Food and Beverage Label Content syndicated 2025 survey

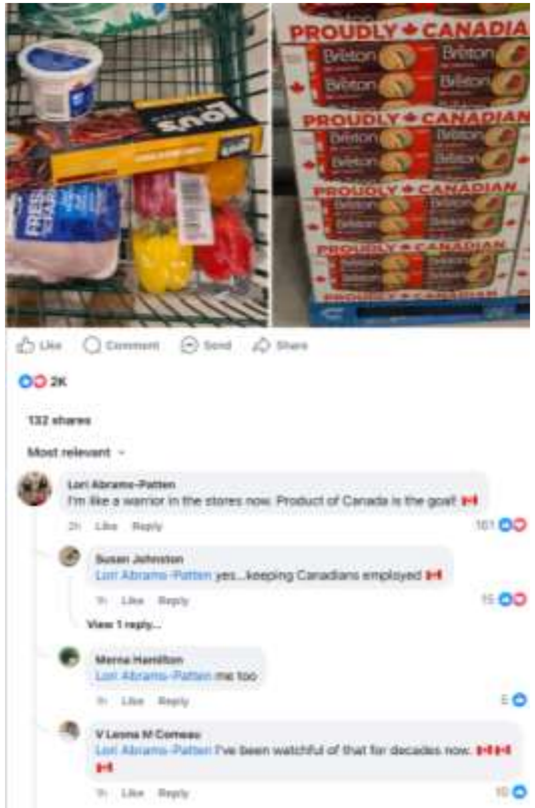


Canadians are mobilizing and becoming more label conscious

Social media

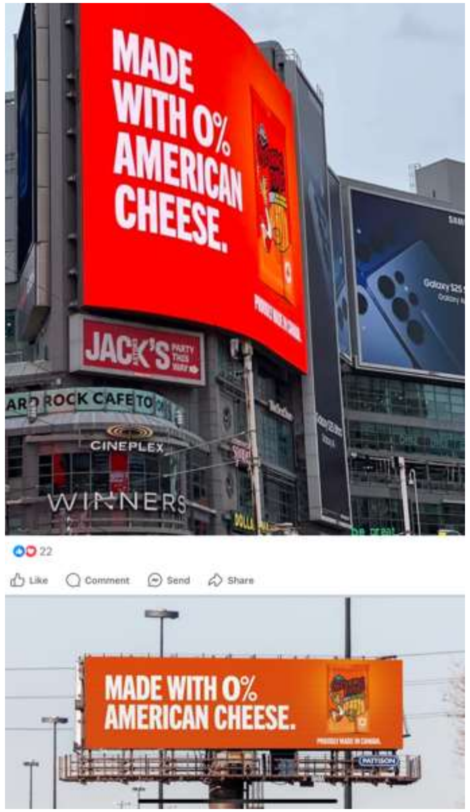


Packaging



On the shelf

Advertising



What is 'made locally' according to Canadians

Made/prod. in my province
70%

Made/prod. in my community
69%

Made/prod. In Canada
48%
+12 pt vs 2024

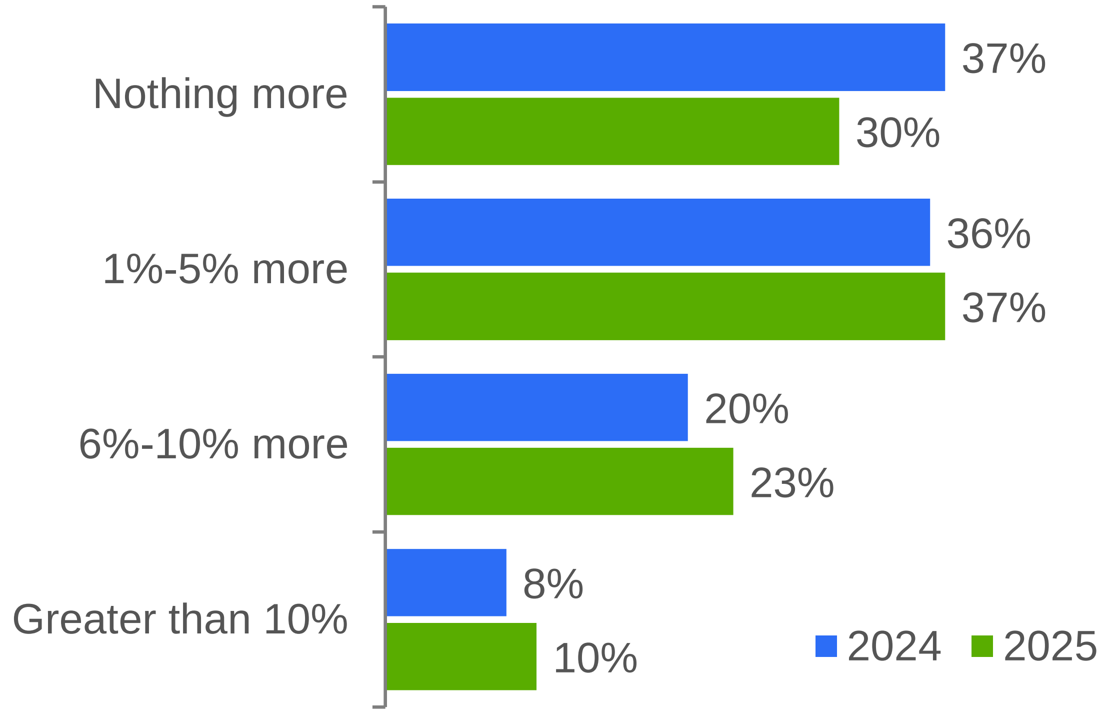
Made & designed in Canada
38%
+10 pt vs 2024

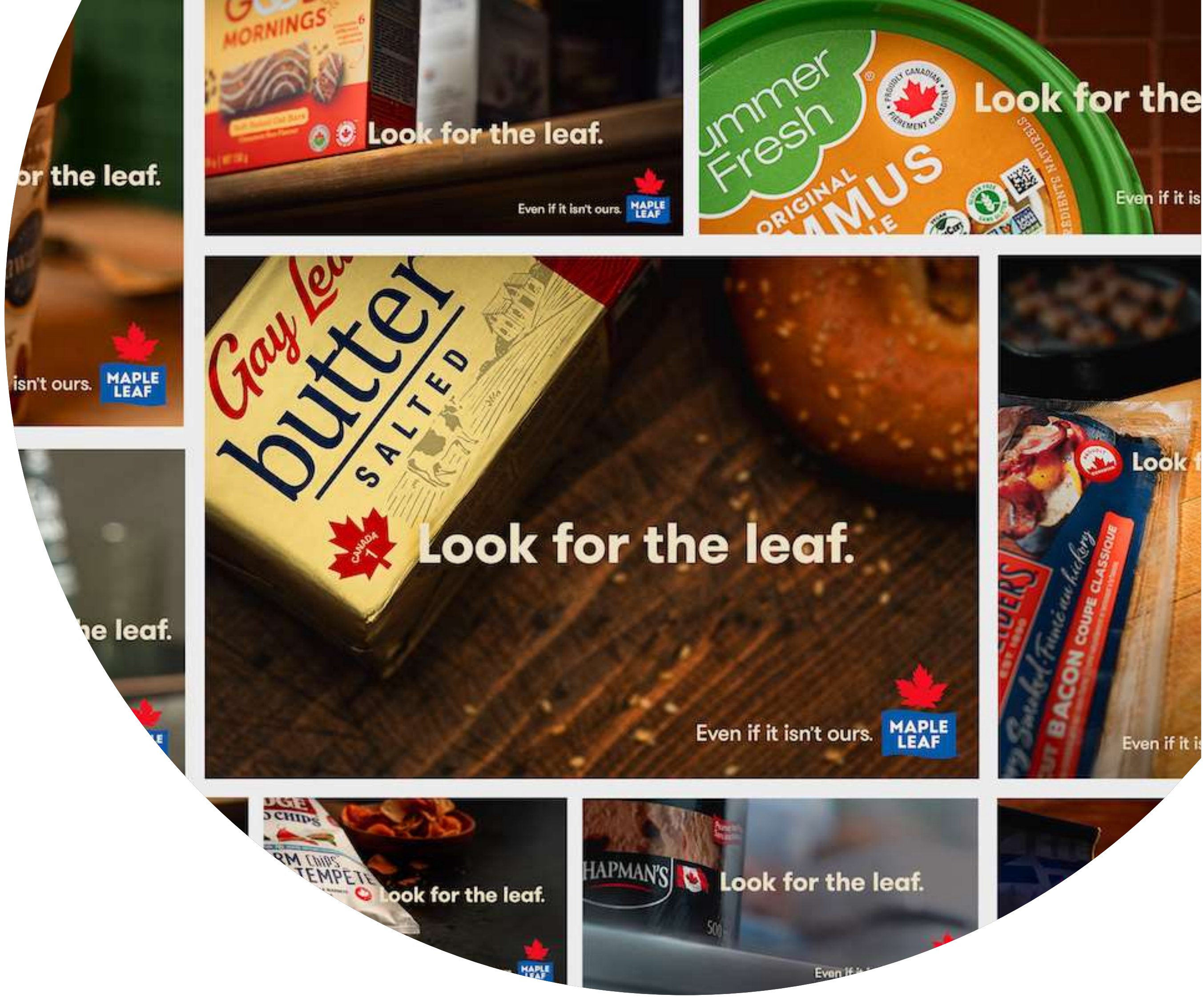
Source: NielsenIQ PanelView Food and Beverage Label Content syndicated 2025 surve
Image: **Pigeon Brands**

NIQ

Canadians are now ready to pay more for Canadian products

Willingness to pay more for Canadian Products
Canada





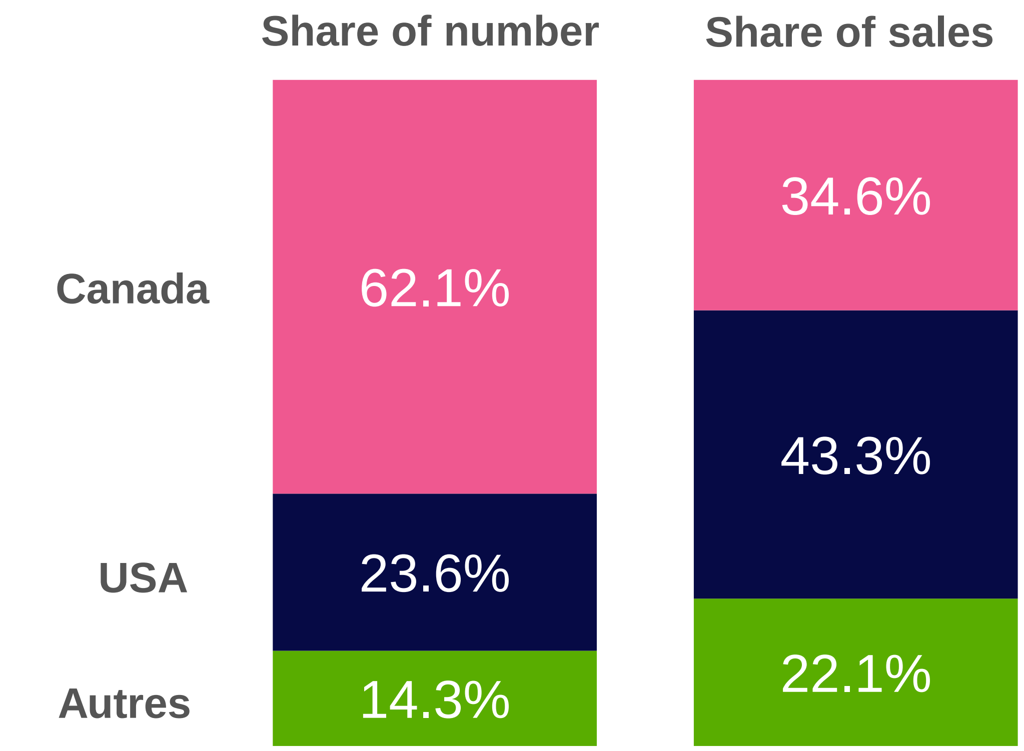
Source: NielsenIQ PanelView | Food and Beverage Label Content syndicated 2025 survey
Image: Maple Leaf "Look for the Leaf" Campaign

American brands are important in the Canadian CPG environnent

NIQ has identified nearly 2,500 Canadian brands (>$500K in sales) that account for 34.6% of CPG sales in the country.

Importance of Canadian brands compared to American brands in Canada

Canada (52W) Brands with sales >$500K



Source: Nielsen MarketTrack, National All Channels –52 weeks Ending December 28, 2024.
Closed Group: 4,004 defined FMCG Manufacturers >$500K annual sales

32% of Canadians say they will boycott U.S.-made products and refuse to purchase them, regardless of availability or price

That sentiment is stronger in Québec, where consumers can find products identified by the Aliments du Québec easily

Opinion by province
March 2025

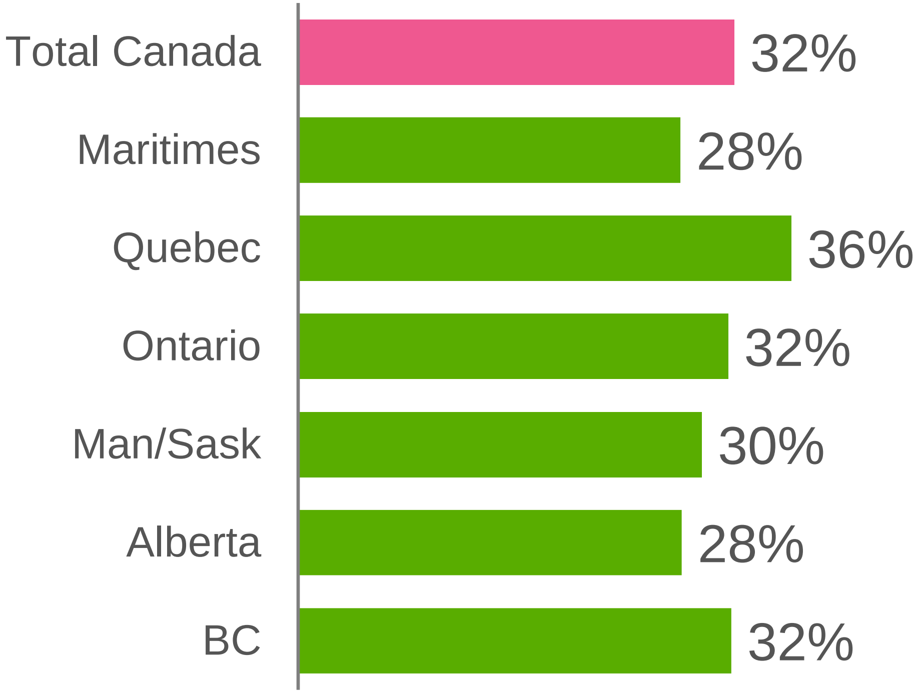


Photo: [Aliments du Québec]
Source: NIQ Canada, Syndicated Study : How Canadian Grocery Shoppers Will Respond to U.S. Tariffs, March 2025

NIQ

Awareness and concern is fueling action in Canadian retail stores

13%

Canadian Loyalists

I will only buy Canadian and go without if a Canadian option is not available

51%

Pragmatic Canadian Supporters

I will prefer Canadian products but will still buy U.S. if that is the best option

32%

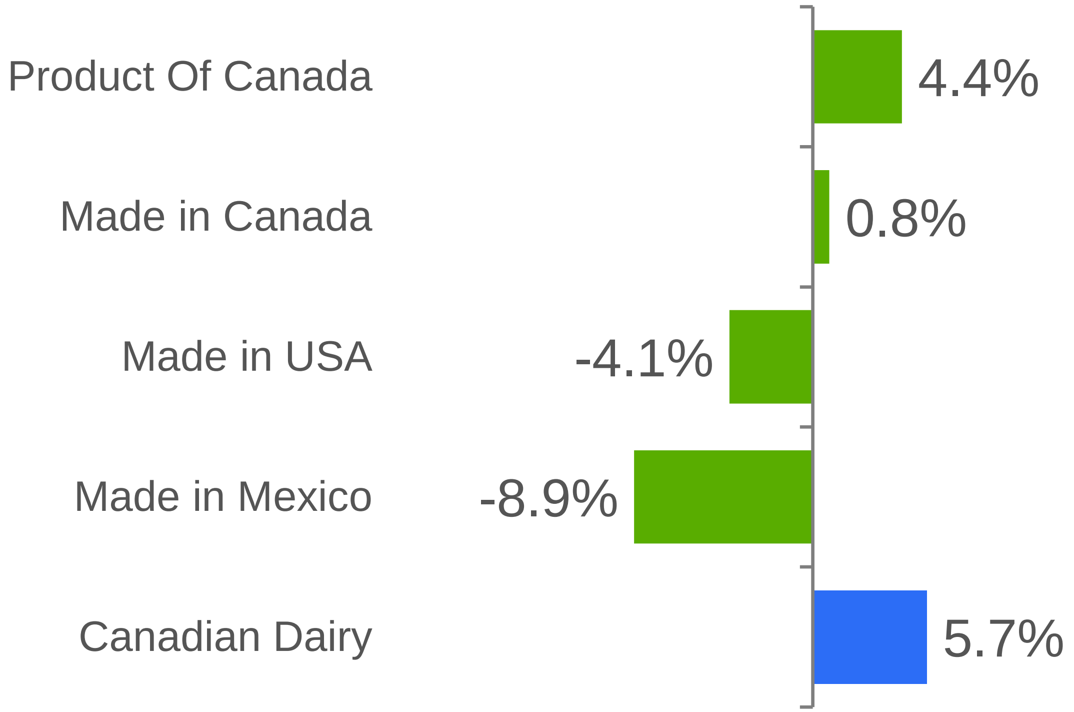
American Good Avoiders

I will boycott U.S. products and buy Canadian or from a non-U.S. country

Source: NIQ Canada, Syndicated Study - How Canadian Grocery Shoppers Will Respond to U.S. Tariffs, March 2025

Canadian products are doing better than American or Mexican-made SKUs

NPI – "Made in" Performance (selected items)
Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

30%

of Canadians say they would be more likely to **switch grocery stores if a store made it easier to find Canadian products**

Source: NIQ Canada, Syndicated Study - How Canadian Grocery Shoppers Will Respond to U.S. Tariffs, March 2025

NIQ

35%

of Canadians say they shop more at **discount/value/ lower-priced stores** to save on CPG

32% Global

Source: NielsenIQ Canada, S&S Total Protein Study. Nov. 2024

NIQ

All discount ‘options’ have grown in the country in 2024

Growing $

Channel	$ % chg
Amazon	+16%
Ethnic stores	+13%
Grocery - discount	+7%
Dollar stores	+7%
Total on-line	+7%
Warehouse clubs	+6%
Mass merch	+5%

Stable $

Channel	$ % chg
Total grocery	+2%
Drug stores	0%

Declining $

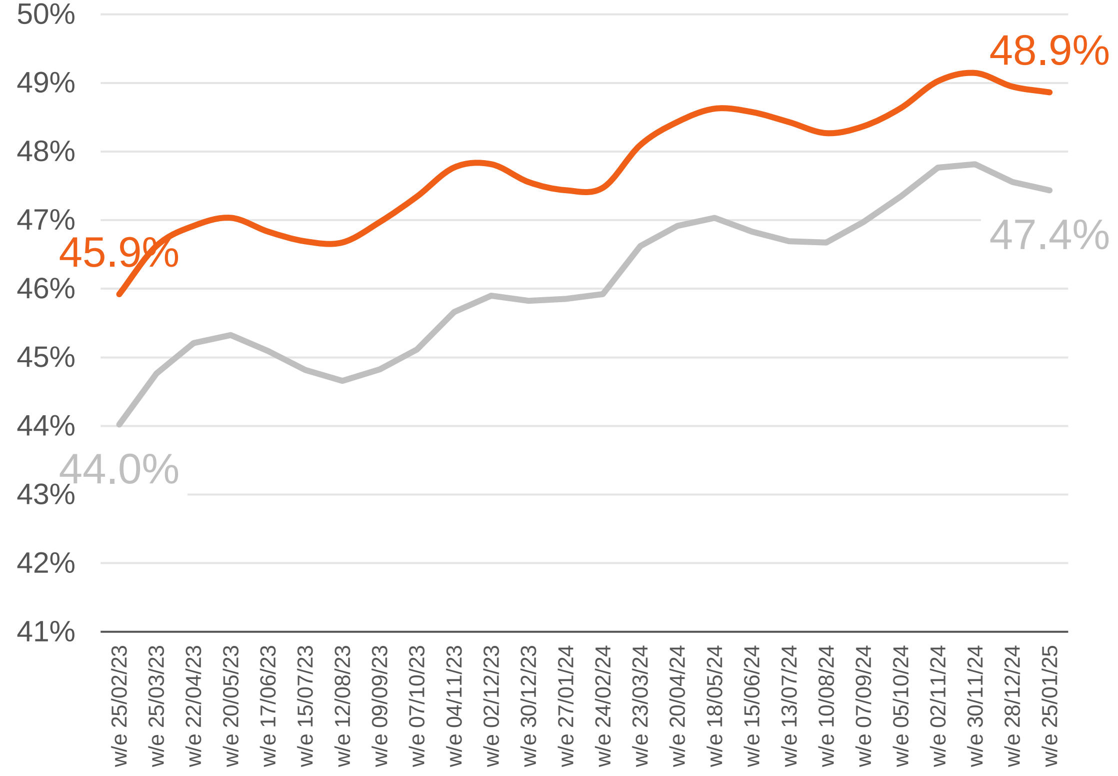
Channel	$ % chg
Grocery – conv.	-1%
Gen. Merch	-3%
Rem. food stores	-4%
Health food stores	-6%

(Source: NielsenIQ Homescan, TOTAL CPS National - Latest 52 Weeks – Dec. 28, 2024

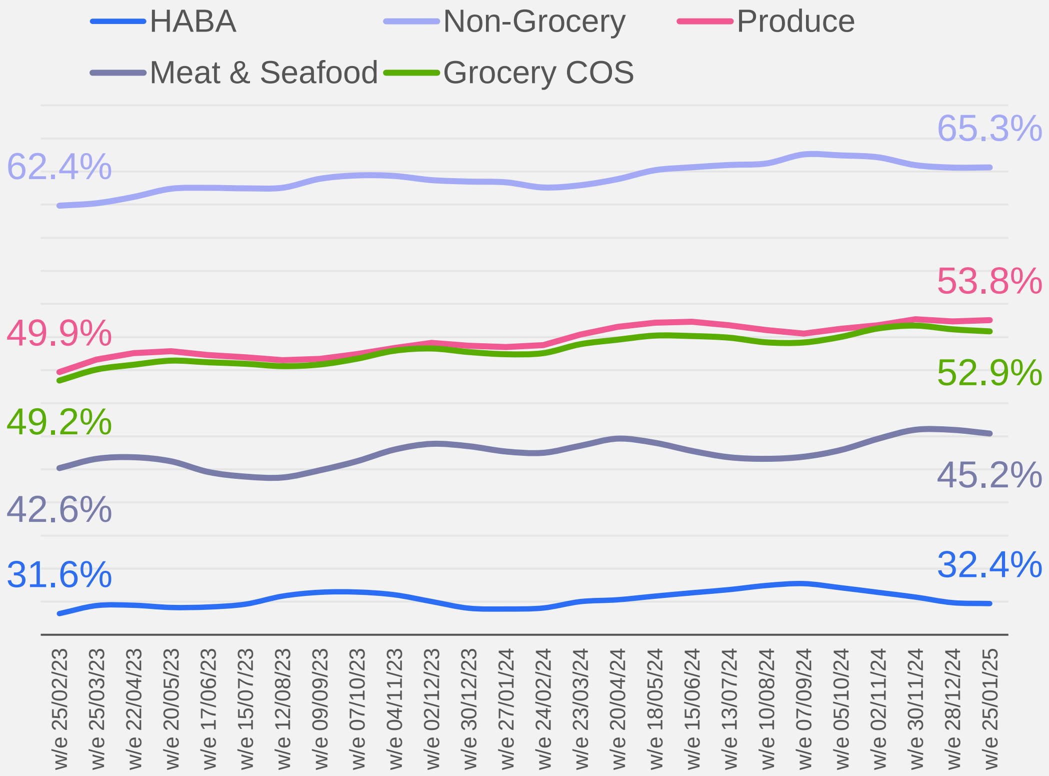
Discount stores continued gaining share of FMCG sales in Canada in 2024

Gains observed in every FMCG departments

Discount stores' performance
Canada, rolling 12 weeks, Vol. units



Discount stores' performance per departments
Canada, rolling 12 weeks, vol. units



Source: NielsenIQ MarketTrack, National GB+DR+MM. last period = Dec. 28, 2024

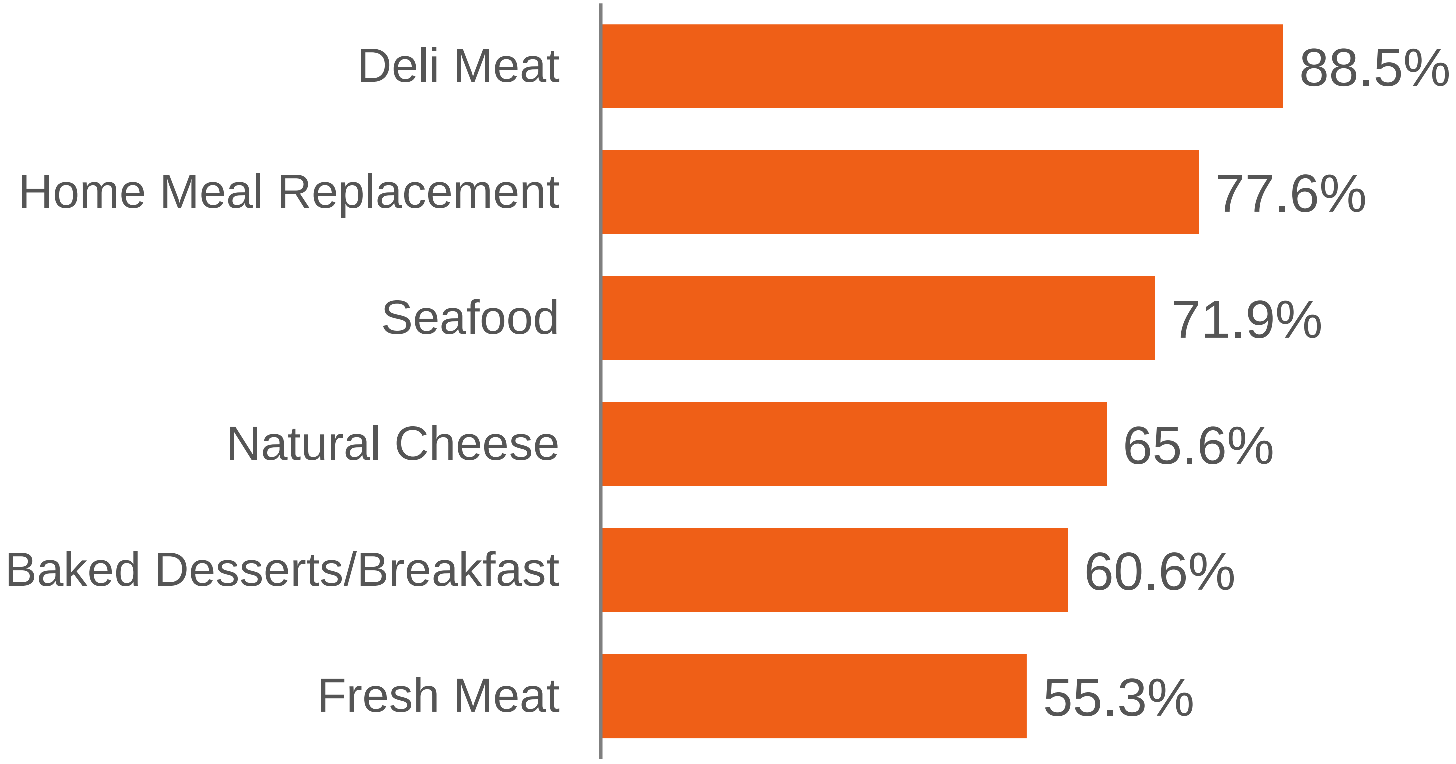
Yes, conventional stores still account for more than 50% of all FMCG sales in Canada …

… but they've made NO gains in any departments in the past year. Conventional stores remain a destination for a group of selected Fresh categories, where service, selection and a desired quality are still king

Conventional stores' performance
Canada, Latest 52 weeks, Market share of vol. units

NO

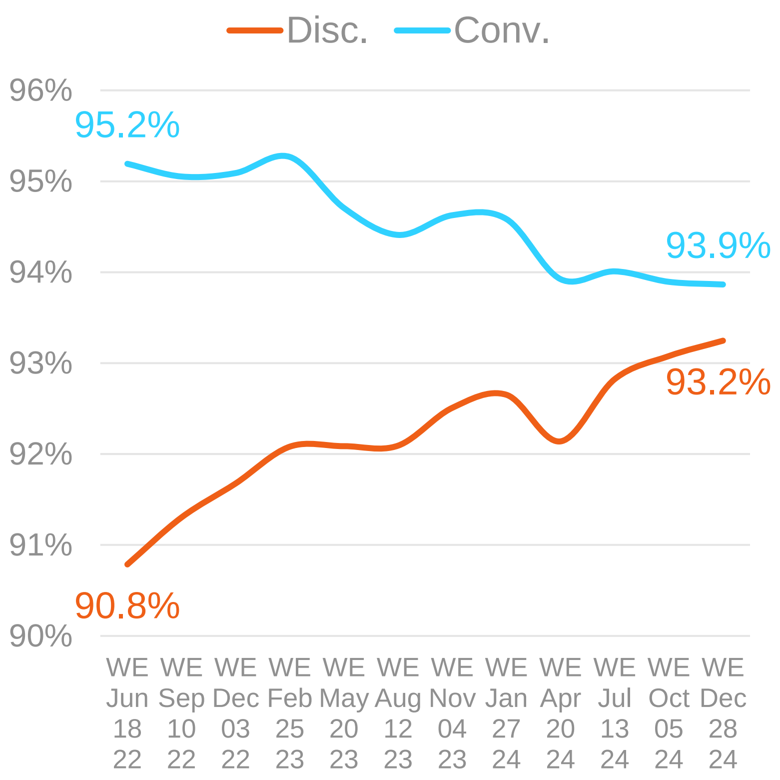
food sub-departments where Conventional stores won market share in 2024



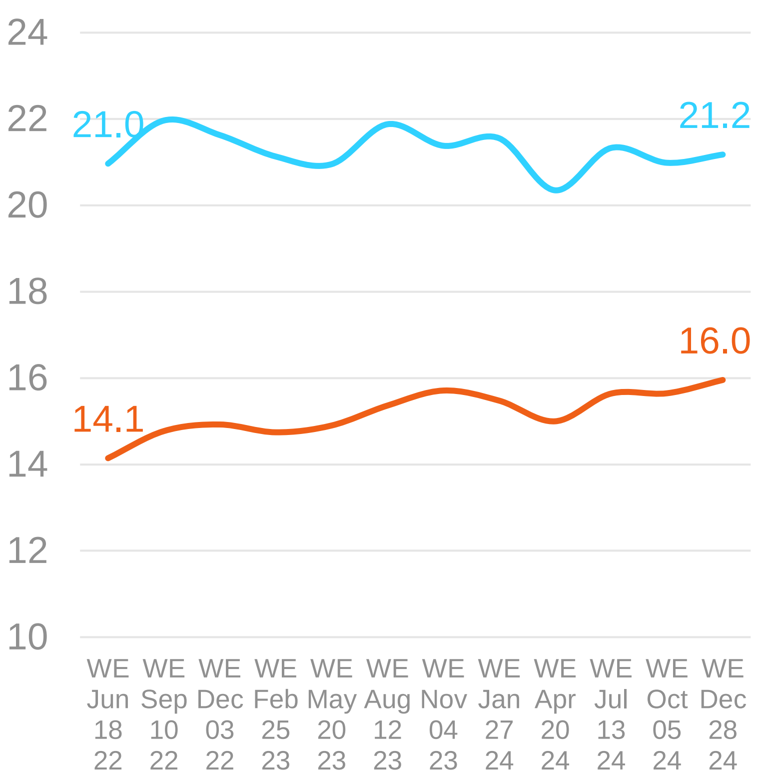
Source: NielsenIQ MarketTrack, National CONV. GB+DR+MM. 52 weeks ending Dec. 28, 2024

More and more Canadians are visiting Discount stores, making more trips vs Conventional stores

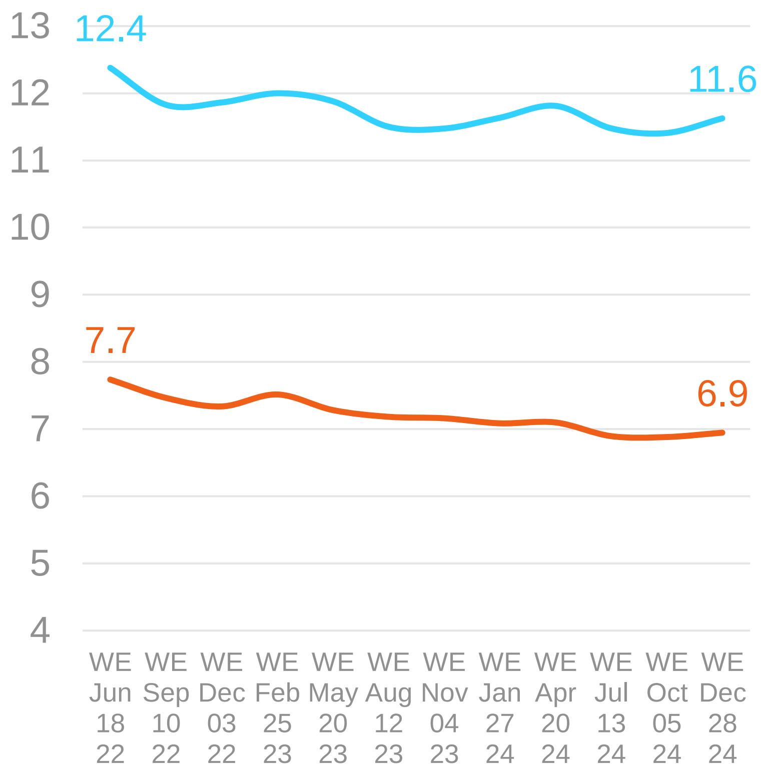
Penetration



Trips per HHLD



Units per trip



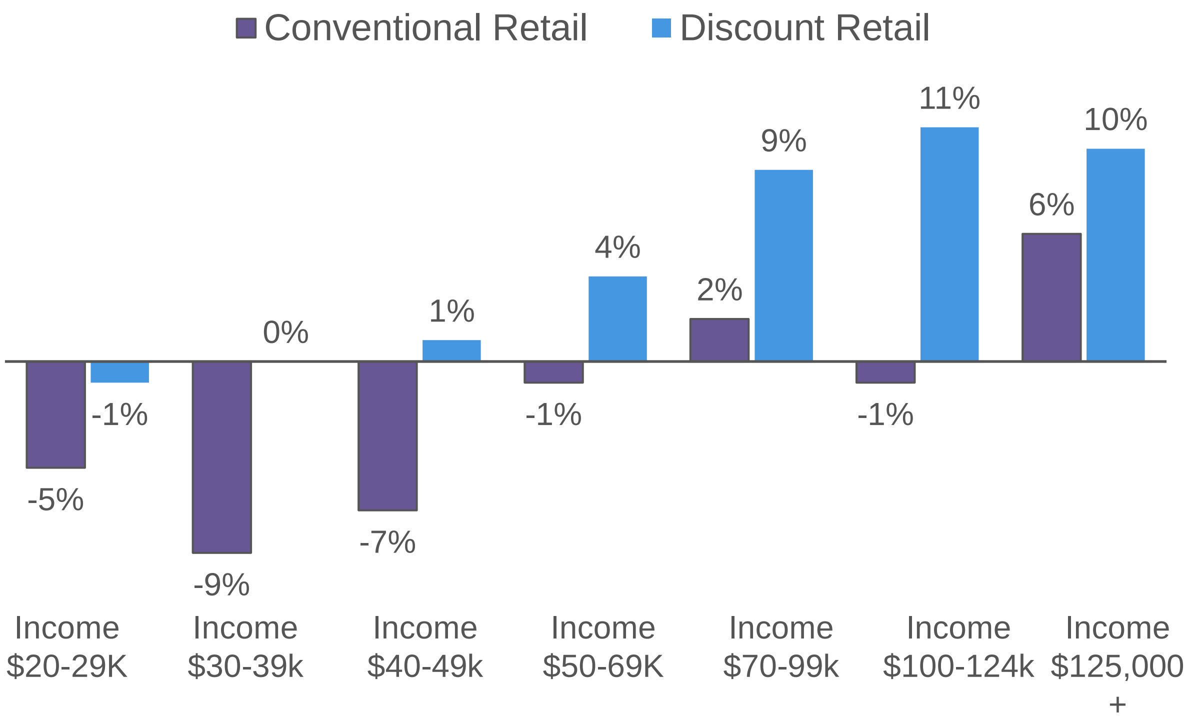
Source: NielsenIQ Canada, Homescan, BMO-TOTAL OUTLETS – National, Rolling 52 Weeks periods, Latest 12 periods - WE Dec; 28, 2024

Higher income households are driving the shift in Canadian spending toward discount

Brands needs to streamline their assortment
to meet shifting consumer needs in the country

% $ growth vs previous year for Canadian households

Total CPG, Total Canada



Source: NIQ Homescan, Canada, Total Outlets. Total Tracked Sales Excl Cannabis & Bulk bin items. Latest year ended September 7, 2024, vs. previous year.

NIQ

All companies laid out ambitious plans in 2024 to grow their discount operations in Canada

Loblaw's ambitious plans to expand its discount store network

- In 2025, LCL aims to open more than 50 new stores, focusing on their Maxi and No Frills brands; this follows their 2024 initiative, where LCL was aiming to invest $2 billion. They opened 25 hard discount stores in the 3rd quarter alone, with plans to open 20 new Maxi and No Frills stores in the 4th quarter
- LCL has also opened 3 No Name stores in mid-2024

Sobeys Inc. to increase number of FreshCo stores

- In 2024, Empire announced plans to invest $700 million in its network, including opening new FreshCo stores and renovating existing ones; they are focused on expanding in Alberta and Ontario.
- They plan to open more than 65 FreshCo stores in Western Canada by 2027; this includes converting 30 to 35 underperforming Safeway and Sobeys location.

Metro to open dozen discount stores in 2025

- Metro Inc. opened nine new discount stores in 2024, including three Super C conversions; they have plans to open 12 new discount stores in 2025, including some conversions mostly in Quebec
- In 2024, Metro also completed 28 major renovations across its pharmacy network in 2024

Source: Canadian Grocer - Loblaw to ramp up store network expansion in 2025 as it continues to focus on value | Canadian Grocer, Metro to open dozen discount stores in 2025 | Canadian Grocer, LCL press release: Loblaw opens 16 new locations on its path to delivering more value and convenience for Canadians, Supermarket New - Sobeys reaches milestone in FreshCo expansion plan

Walmart and Giant Tiger are not to be outdone - and neither are 'liquidation' stores

Walmart to invest $6.5 billion dollars in the next 5 years

- Walmart Canada has announced a significant expansion plan, committing $6.5 billion over the next five years; they will open dozens of new stores and enhancing their supply chain infrastructure.
- They plan to open 5 new Supercentres in Ontario and Alberta by 2027.
- A new distribution center in Vaughan, will precede this in Spring 20251.

Giant Tiger to grow to 300 locations across Canada

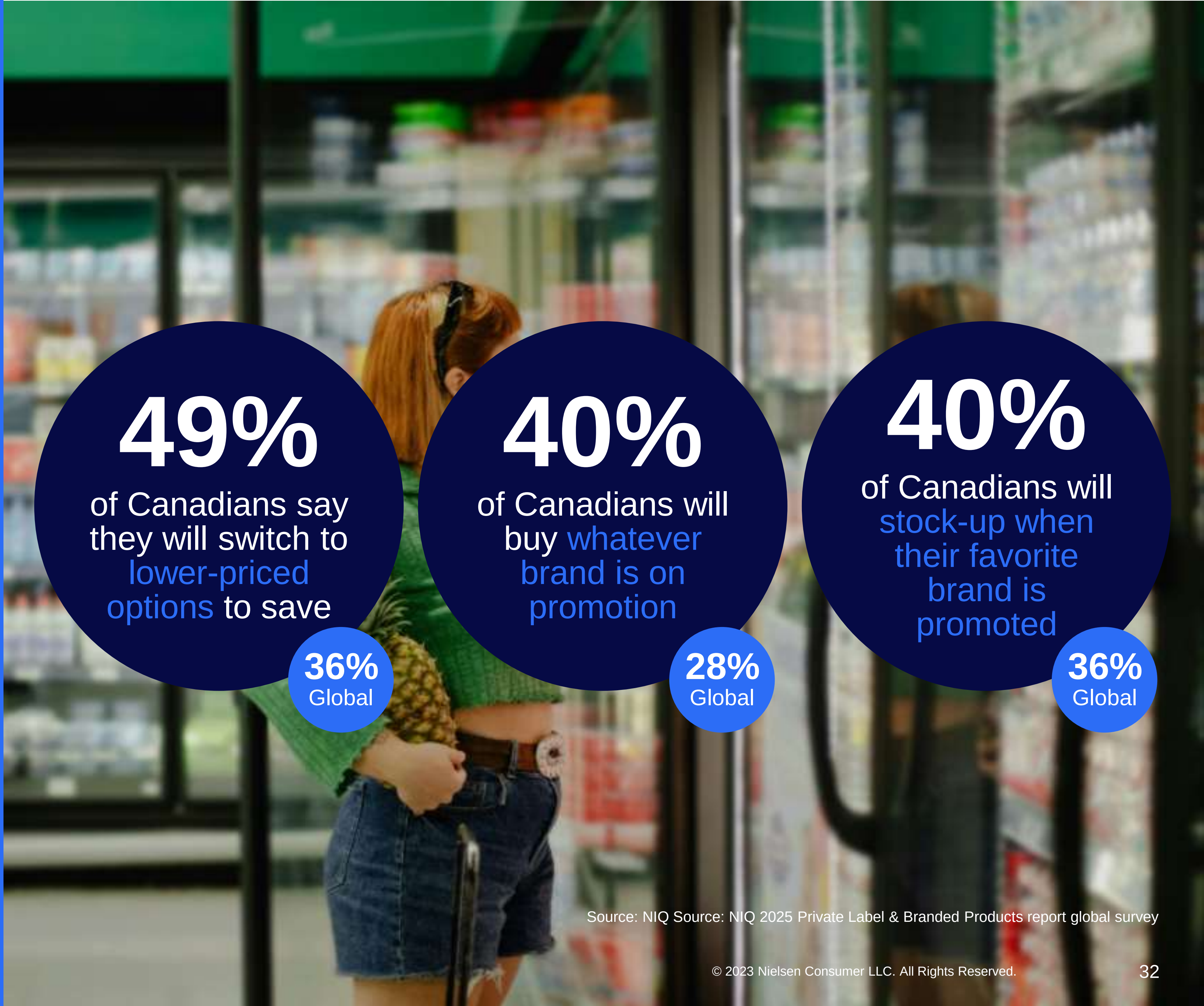
- Giant Tiger is planning a significant expansion, aiming to increase their store count to 300 locations across Canada; this expansion includes opening new stores and upgrading existing ones to enhance the shopping experience.
- Giant Tiger is rolling out a new store concept designed to improve the customer journey and integrate online and in-store capabilities.

New liquidation stores open weekly in Canada

- 50 stores now opened in Québec, with retail chains Boom Liquidation planning to double its number of stores in 2025

Source: St-Albert Gazette - Giant Tiger discount chain expanding, plans to increase store count to 300 - St. Albert News, isauga - Dozens of new Walmart stores planned across Canada | Insauga, l'Actualité - Liquidation alimentaire : les meilleures adresses pour économiser sur l'épicerie | Dollars et cents | L'actualité

Brand loyalty is impacted by the way people are trying to save on CPG



49%
of Canadians say they will switch to lower-priced options to save

36% Global

40%
of Canadians will buy whatever brand is on promotion

28% Global

40%
of Canadians will stock-up when their favorite brand is promoted

36% Global

Source: NIQ Source: NIQ 2025 Private Label & Branded Products report global survey

SMB brands have an opportunity to grow the size of prize with consumers

They must seize consumers' openness to trying "whichever" brand fits their needs.

Needs-driven decisioning

57%

of Canadians consumers say brand or store brand is irrelevant → they just buy what they need

Broader consideration sets

48%

of Canadians say they're buying more brands across more categories than ever before

Captive shopper audiences

57%

of Canadians say if they look hard enough, they can find a brand that fits their exact needs

Source: NIQ 2025 Private Label & Branded Products report 2025 survey

Smaller manufacturers are leading growth contribution in Canada

Performance by brand tiers
Total CPG (Canada)

Total FMCG +3.0% Dollar % Chg.

	Dollar % Chg.	$ Growth Contribution	Market Share Dollar	Market Share Vol % Chg.
Top 20	1.7%	12.9%	24.4%	-0.5
21-100	2.1%	12.6%	19.6%	+0.2
101+	6.1%	**42.4%**	23.5%	+4.7
Private Label	2.6%	15.6%	19.9%	+1.9
Unbranded*	4.4%	16.5%	12.6%	+1.7

Source: Nielsen MarketTrack, Total West All Channels – FMCG Manufacturers Ranked on Dollar Sales - 52 weeks Ending February 22, 2025 - * Unbranded. Random Weight Fresh and Undefined

It’s about what the product can do for you!

Path to Purchase Evolution

90%

of CPG searches on Amazon are unbranded

It’s about what’s IN the box vs what’s ON the box

(Ingredients, attributes, benefits, sourcing)

Diminishing Relevancy

I struggle to find brands **I can relate to**

(i.e., brands for my age, size, appearance, lifestyle, etc..)

Gen Z	Gen Y	Gen X	Boomers
18%	17%	14%	6%

Quality vs brand

70%

of Canadians say the quality of ingredients is more important than a brand name

Source: NIQ 2025 Private Label & Branded Products report 2025 survey, NIQ 2024 Enhancement Demographic Stuyd, Dec. 2024

49%

of consumers have sought out a new product because of something they saw on social media

31%

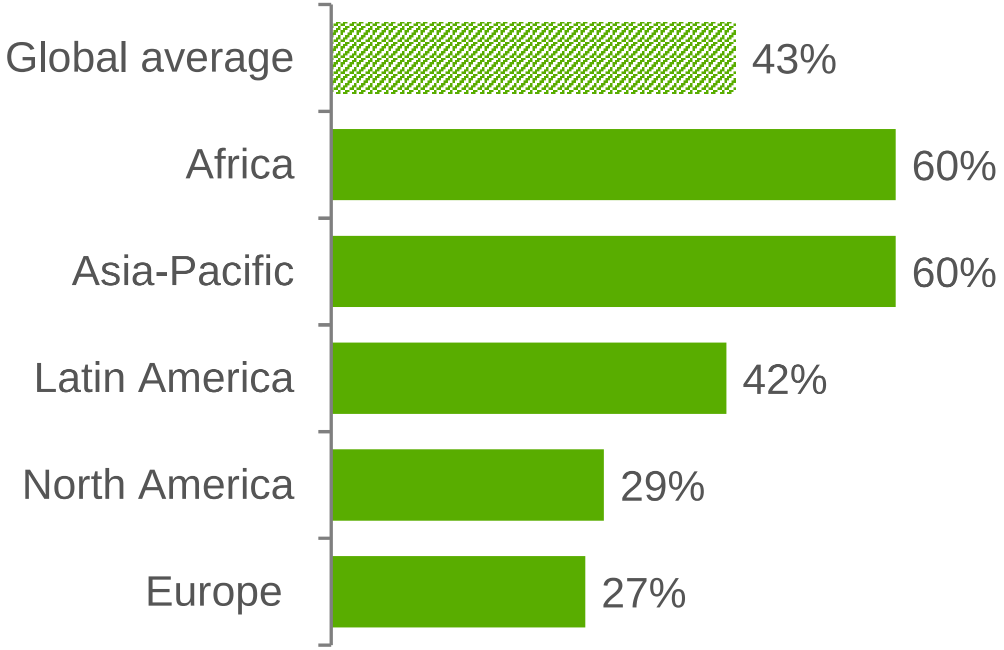
of consumers have changed brands based on the recommendation of an influencer

Source: NIQ 2024 Mid-year consumer outlook

Social media is the new search engine for many consumers around the world

Will new Canadians keep these habits once they are here?

Global likelihood of using social media as a primary learning source about new items
Global



Source: NIQ 2024 Mid-year consumer outlook

40%

of Canadians consumers are likely to accept a recommendation from an AI assistant

47% Global

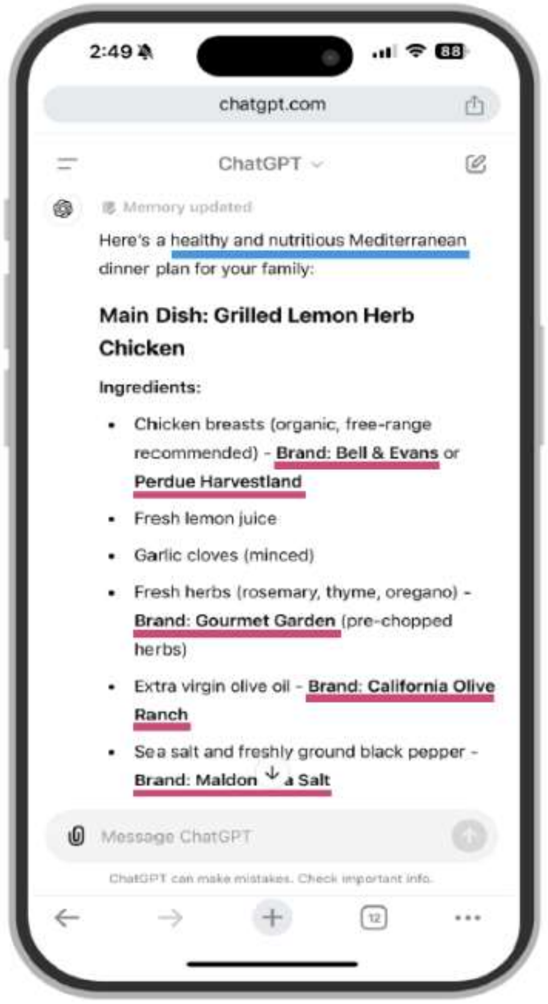
Source: NIQ 2025 Private Label & Branded Products report 2025 survey

NIQ

AI is automating and speeding up decision

28% of North Americans will use AI to automate and speed up every-day decision around CPG products

When is the last time you asked AI about your category…



Source: ChatGPT, 2024

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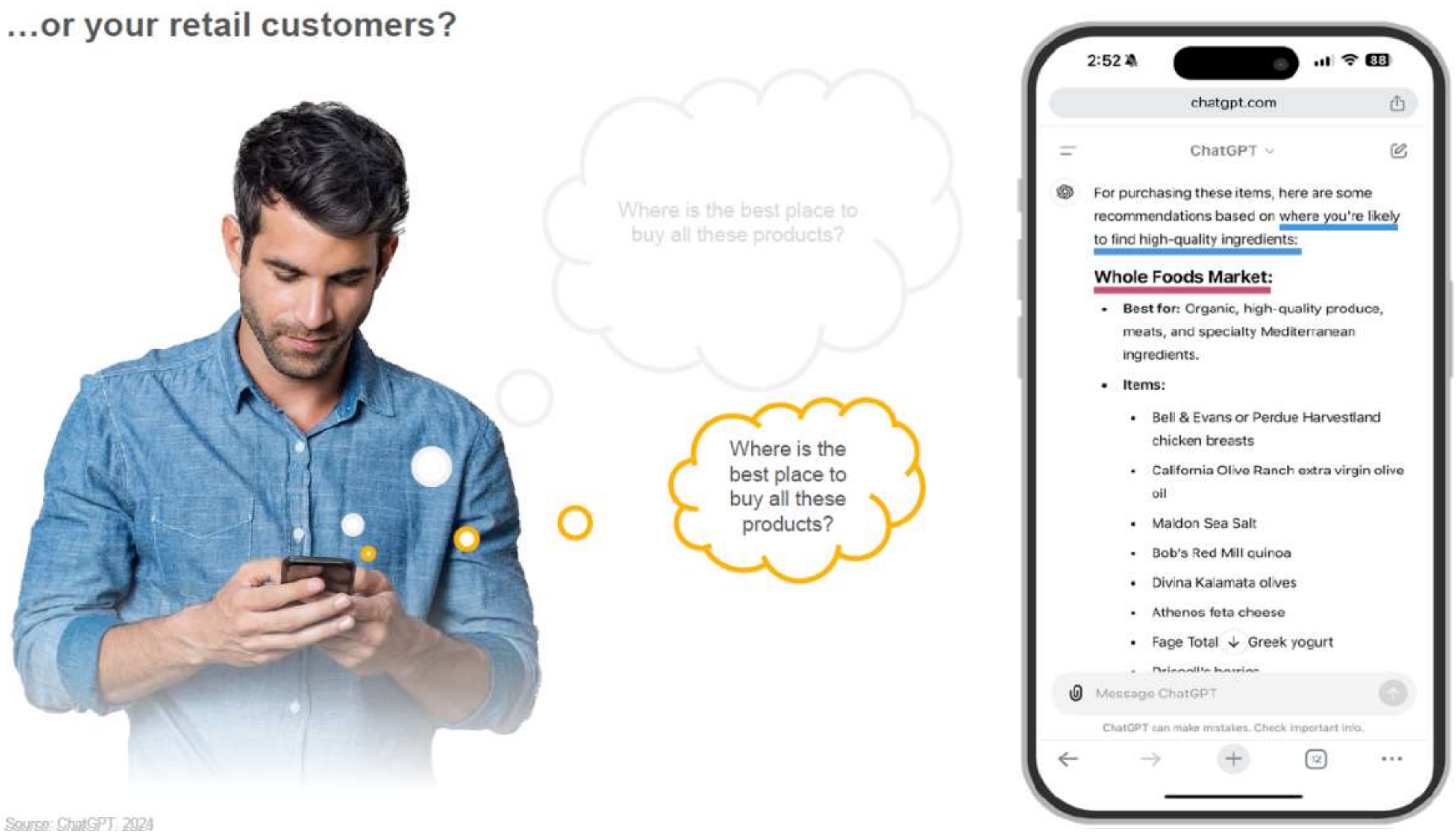
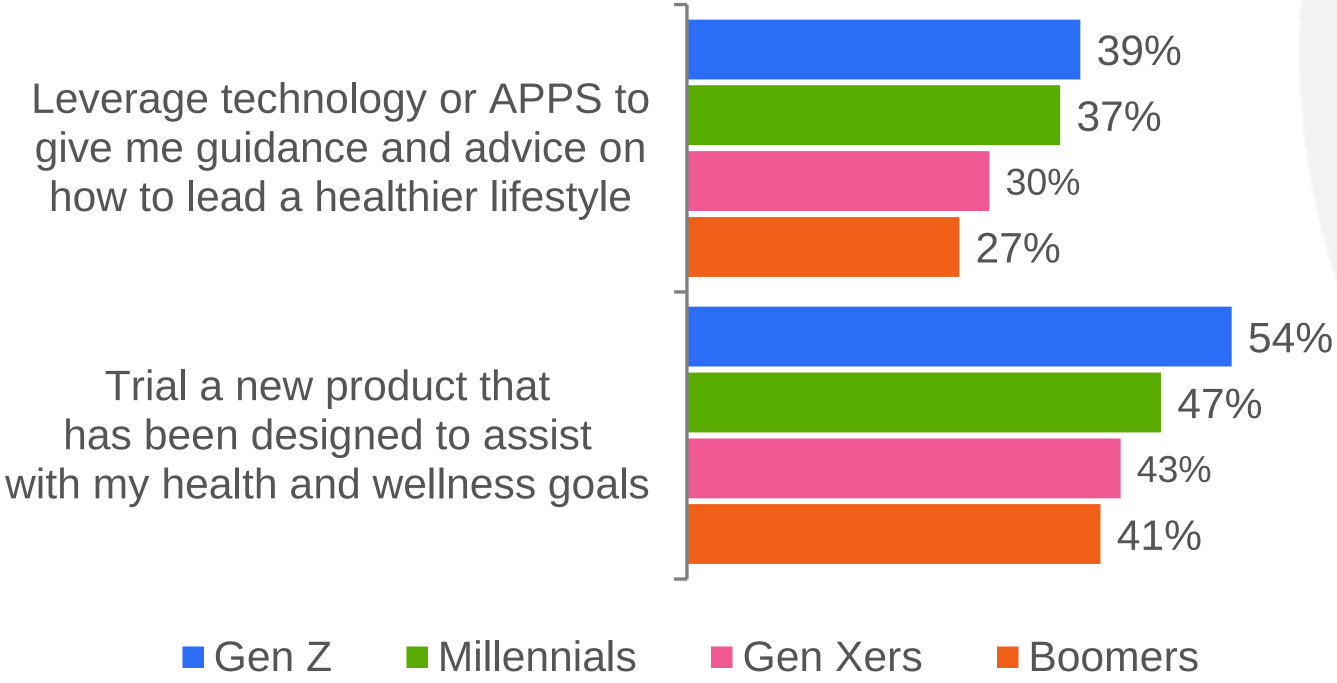


Gen Z is more prone to brand exploration

As digitally native consumers, Gen Z like to be highly informed when making purchase decisions surrounding their health

Opinion towards brand exploration
Canada



Source: NIQ Consumer Outlook Gen Z 2024, Canada | Q: How likely or unlikely are you to do the following

14%

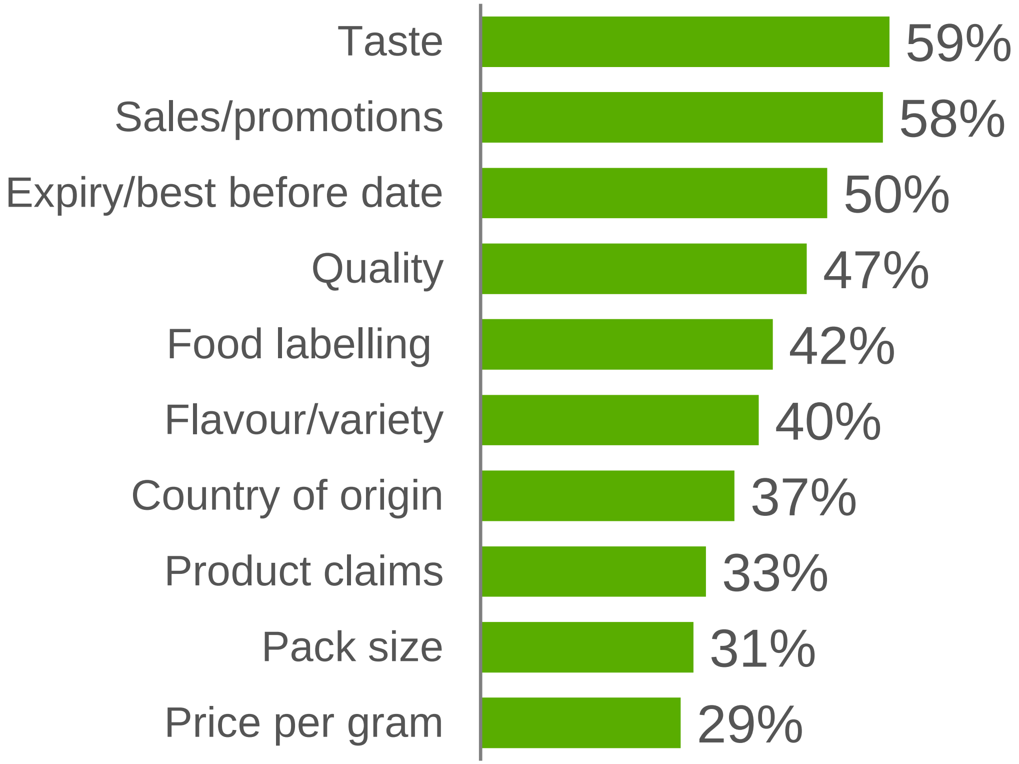
(only 14%) of Canadians identify ‘health & wellness claims’ as an important factor when buying food & beverages

Source: NielsenIQ PanelView | Food and Beverage Label Content syndicated 2025 survey

NIQ

Health & Wellness claims are not even in the Top 10 of influencing factors when Canadians choose food & beverage products

Top influencing factors when purchase food and beverages
Canada (2024)



Source: NielsenIQ PanelView | Food and Beverage Label Content syndicated 2025 survey

35%

of Canadian are

Casual H&W consumers

Ie. don't have strong preferences regarding H&W or convenience

Source: NielsenIQ PanelView | Food and beverage label content syndicated survey
Q3NEW0. How do you feel about packaged food products in terms of healthiness and convenience? | BASE: Total respondents, n=5358

NIQ

More than 40% of Canadians have H&W considerations when buying your products

19%

Health-Conscious

I prioritize healthiness over convenience, so I carefully check labels and opt for packaged foods with minimal additives

7%

Wellness-Focused

I prefer packaged foods that are specifically marketed as healthy options, such as organic, natural.

14%

Eco-Health Advocates

I actively avoid packaged foods due to concerns about their healthiness and environmental impact

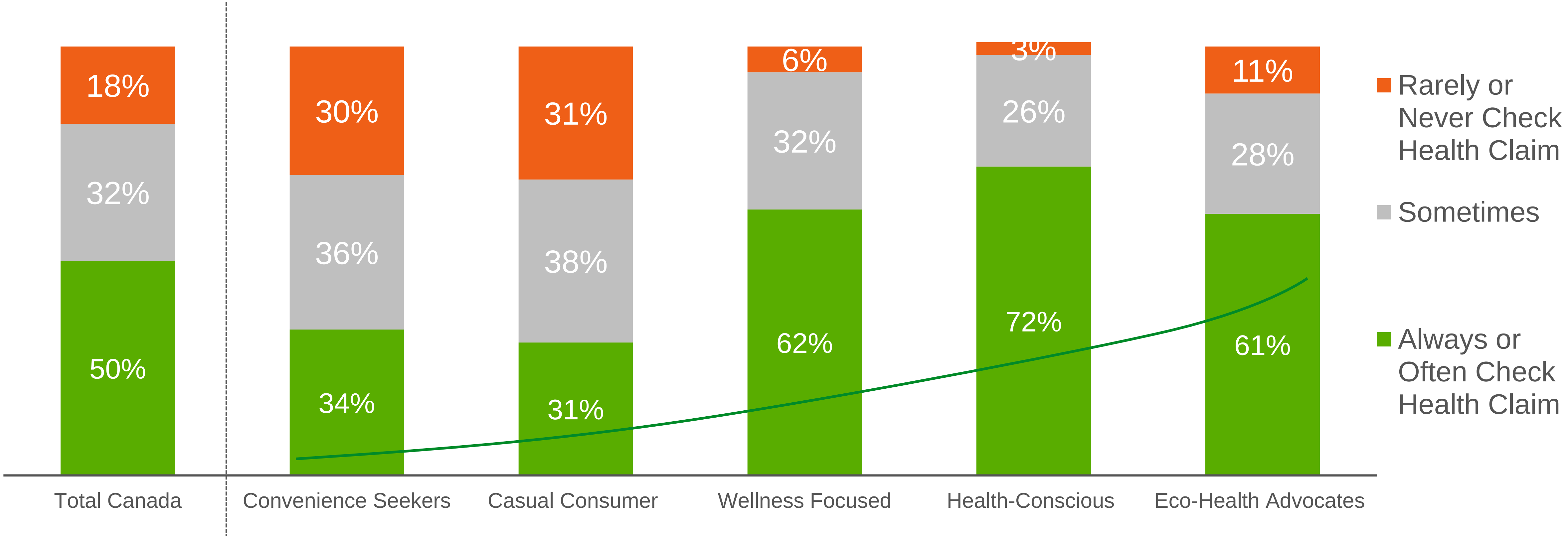
Source: NielsenIQ PanelView | Food and beverage label content syndicated survey

NIQ

Half of Canadians check packaging for health & nutrition claims before purchasing

As people become more health-conscious, there is a growing demand for verifying health and nutrition claims

Checking health & nutrition claims on packaging before purchasing by segments (%)
Canada (2024)



Source: NielsenIQ PanelView | Food and beverage label content syndicated survey
Q2025New1: How often do you check for health and nutrition claims on food and beverage packaging before purchasing?| BASE: Total respondents, n=5304

Slowly, more and more front-of-pack symbols are found in Canadian stores

FOP symbol will become mandatory as of Feb. 2026 for CPG products in Canada

31%

of Canadians are **aware of upcoming changes** to food labelling

Source: 2023 Health & Wellness Syndicated Survey on NIQ Homescan Panel
Q33. How concerned are you about…| BASE: Total respondents (n=5408)

NIQ

75%

of these claim that the use of these symbols will have an impact on their purchasing decision

Source: NielsenIQ Canada, 2023 Health & Wellness Syndicated Survey on NIQ Homescan Panel

NIQ

Symbol regulations has had a negative impact on sales in other countries

		
Total basket	**-2.0%** Volume	**-7.3%** Volume*
Food	-8.5%	-10%*
Beverages	-6.2%	-7%*
Candies	-3.4%	-12%*

Source : NielsenIQ - Audit des magasins pour les relevés d'articles ; Scantrack - ventes en valeur et en volume - Abr'21. - Différence entre un produit avec étiquette d'avertissement et un produit sans étiquette d'avertissement
Nielsen Retail / Total Chile / Canastos / Value Sales ; Volumen Ponderado ; Precio Ponderado / RY a Junio

NIQ

60%

were able to recover during year 2

Chili

40%

were able to recover during year 2

Mexico

Source: Chile Nielsen RI / Total Chile / Pre Regulation: 16 vs 15 a Jun; Post Regulation (One year): 17 vs 16 a Jun and Post Regulation (two years) : 18 vs 17 a Ju Mexico NIQ Total Mexico 2020 to 2021 and 2021 sales Oct (pre and post regulation)

What measures are you currently taking to minimize potential future health problems?

50%
of Canadians say they limit sugar

18%
of Canadians say they limit saturated fat

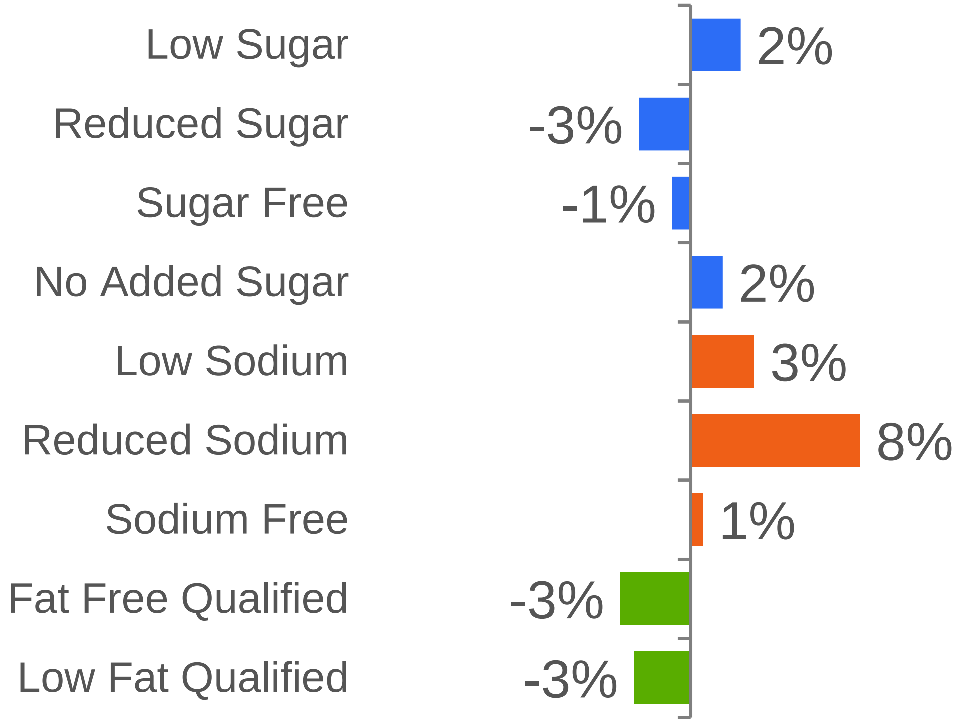
34%
of Canadians say they limit sodium

Source: NielsenIQ Canada, 2024 Health & Wellness Syndicated Survey

NIQ

Clients are putting their "needs" to action

NPI – Sugar, Sodium, Fat Performance (selected items)
Vol. units % chg, Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

New from NielsenIQ Canada!

NIQ

NIQ Canada Launches 550 NPI attribute characteristics for Food & Beverage

Allergens & Intolerances

Clean Label

Diets & Lifestyles

Health & Need States

Ingredients

Natural & Organic

Nutrition

Place of Origin

ESG – Social Responsibility

ESG - Sustainable Packaging

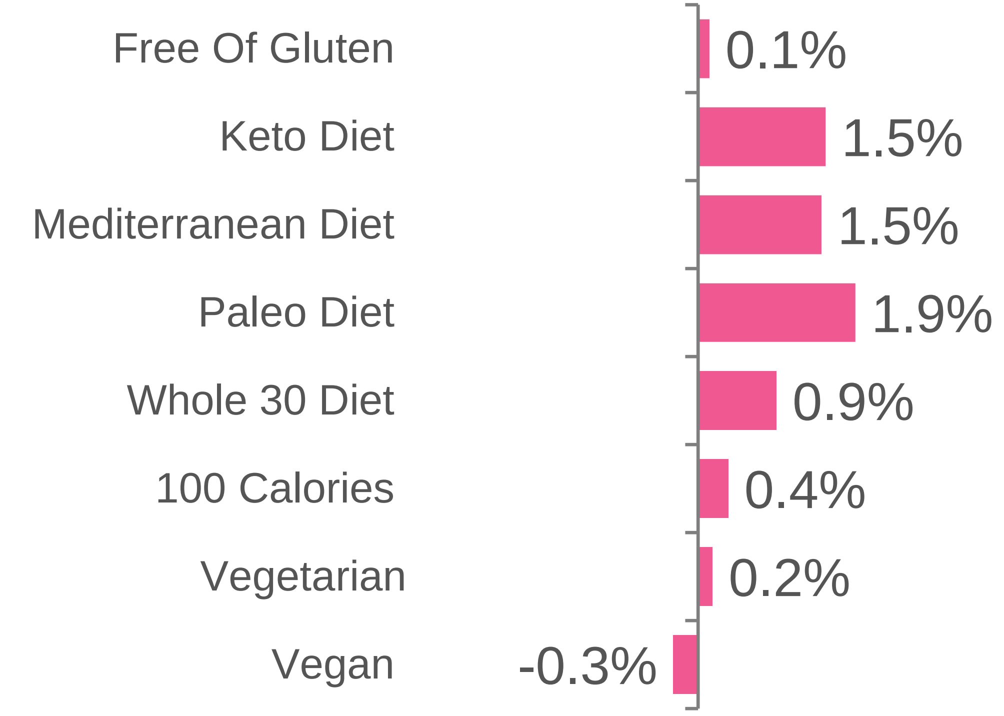
ESG – Farming Insights

ESG - Animal Welfare

ESG - Environmental Sustainability

Products targeting specific diets are growing in Canadian retail stores

NPI – Sugar, Sodium, Fat Performance (selected items)
Vol. units % chg, Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

Unit sales % chg
(NPI – selected categories)

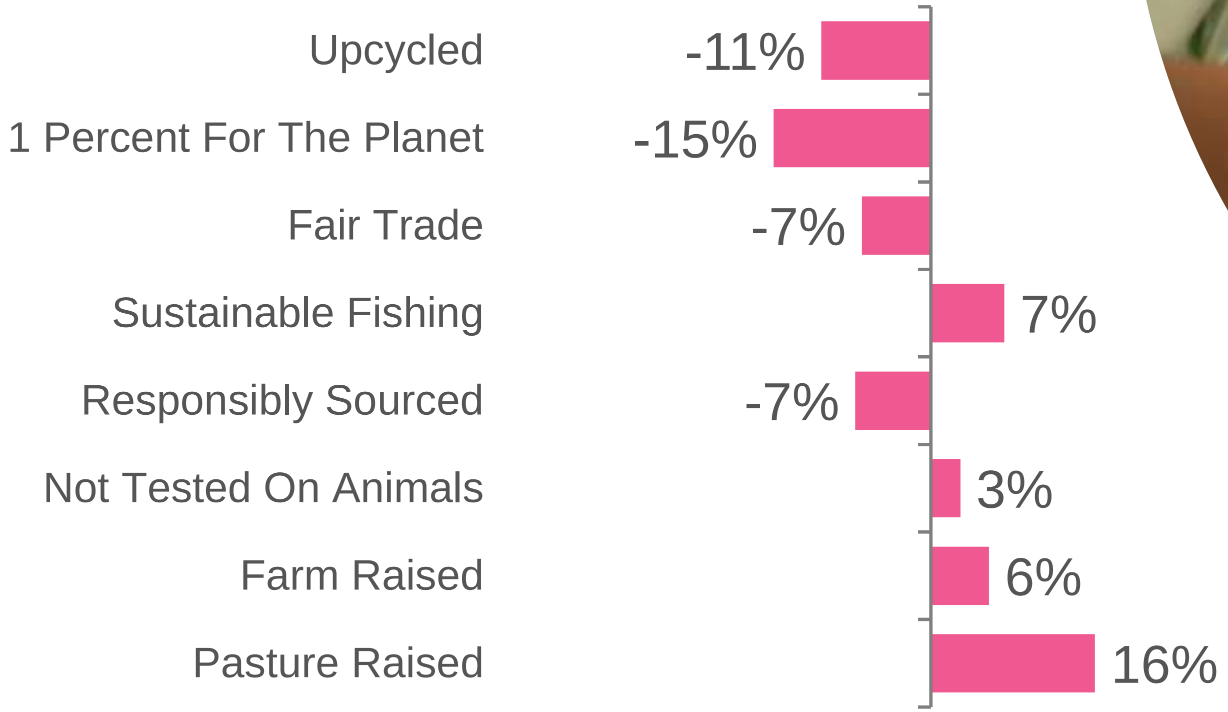
-1%
Canadian Organics

+1%
Organics

Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

Not easy for all certifications in Canada

NPI – Certifications (selected items)
Vol. units % chg, Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

36%

of Canadian consumers are trying to incorporate more proteins in their diets (P3M)

47%

of Canadians say the 'high protein' claim appeals to them when they are looking for healthy food options

Source: NielsenIQ Canada, 2024 Health & Wellness Syndicated Survey

Les catégories offrant des solutions repas facile et rapide toujours en croissance

Top 10 categories Canadians associate to 'high protein' as health benefit
Canada (2024)

Categories
Energy bars / protein bars
Protein drinks, shakes, smoothies, or powders
Mediterranean / Greekyogurt
Instant breakfast drinks / shakes / smoothies / powders
Weight Mgmt. drinks / shakes / smoothies / powders
Weight Mgmt. bars
Dairy cheese
Yogurt
Diabetic nutritional drinks / shakes / smoothies / powders
Drinkable yogurt

Source: NielsenIQ Canada, 2024 Health & Wellness Syndicated Survey

Demand and offer of specific attributes such as high-protein products are expanding

Gyms

Consumers are more informed about the benefits/importance of ingesting more proteins, in special on **muscle building, weight management, and improved energy levels**.

Tik Tok

Platforms like **TikTok have popularized protein-rich foods**, driving demand for items like Greek yogurt and cottage cheese

Diets

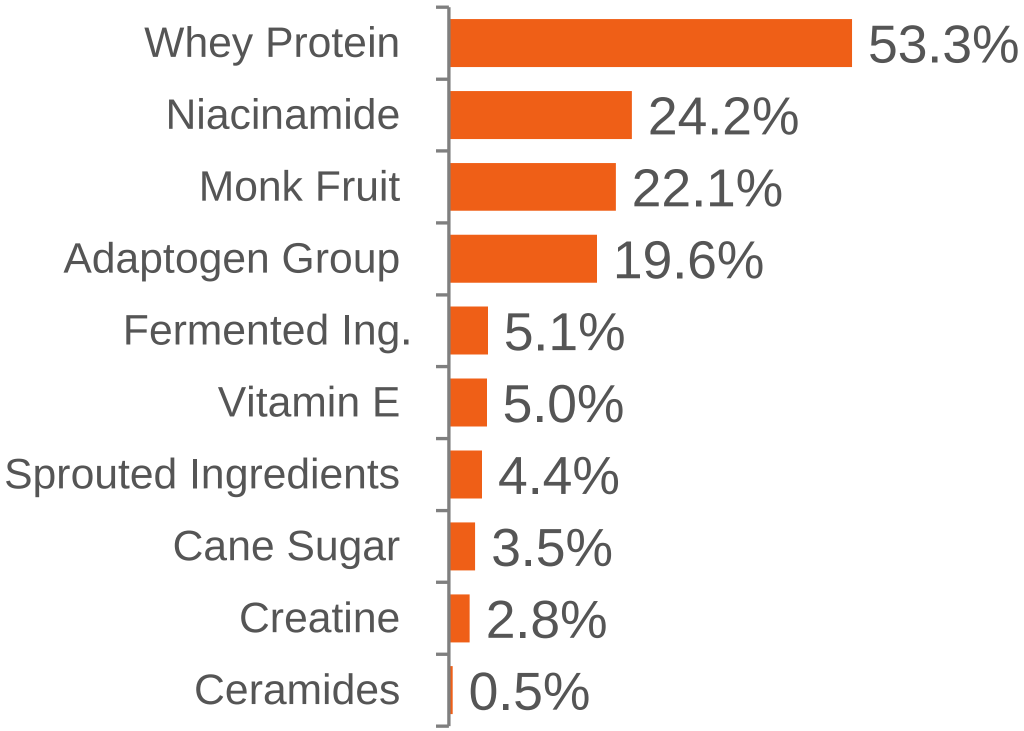
Diets like keto, paleo, and veganism emphasize higher protein intake, leading to increased interest in protein-rich foods

Natural source

There's a growing preference for **natural protein sources, such as lean meats, dairy products, and plant-based options** like lentils and chickpeas.

Not surprisingly, whey Protein is the fastest ingredient in Canada

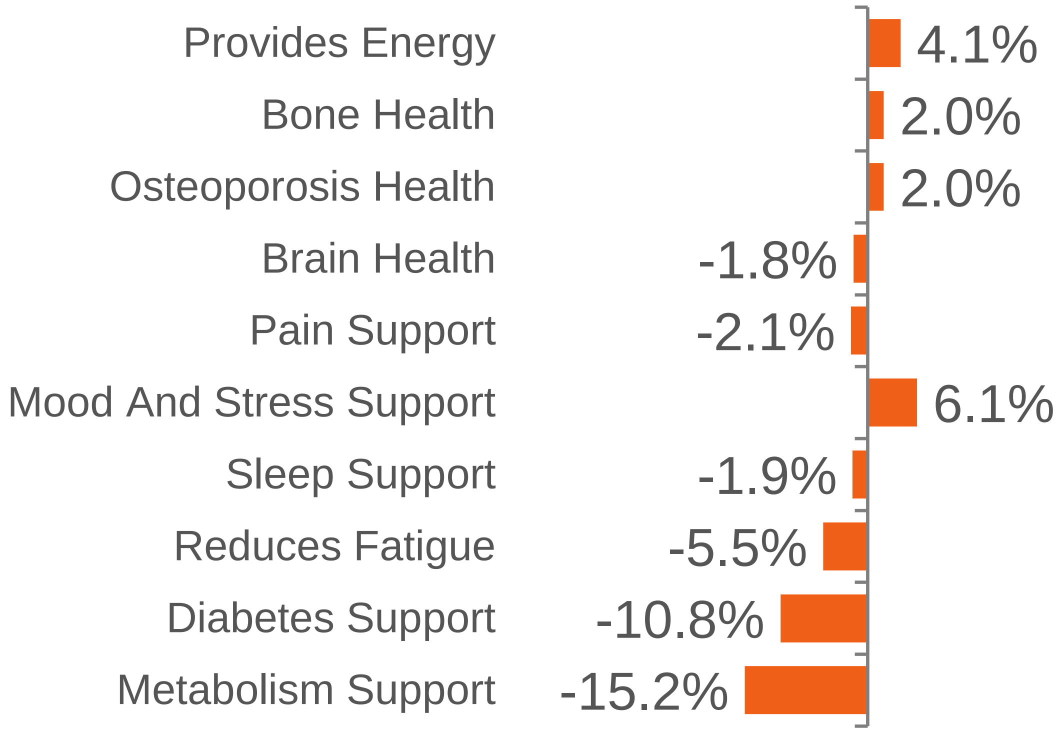
NPI – Contains (selected items)
Vol. units % chg, Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

Canadians are looking for energy!

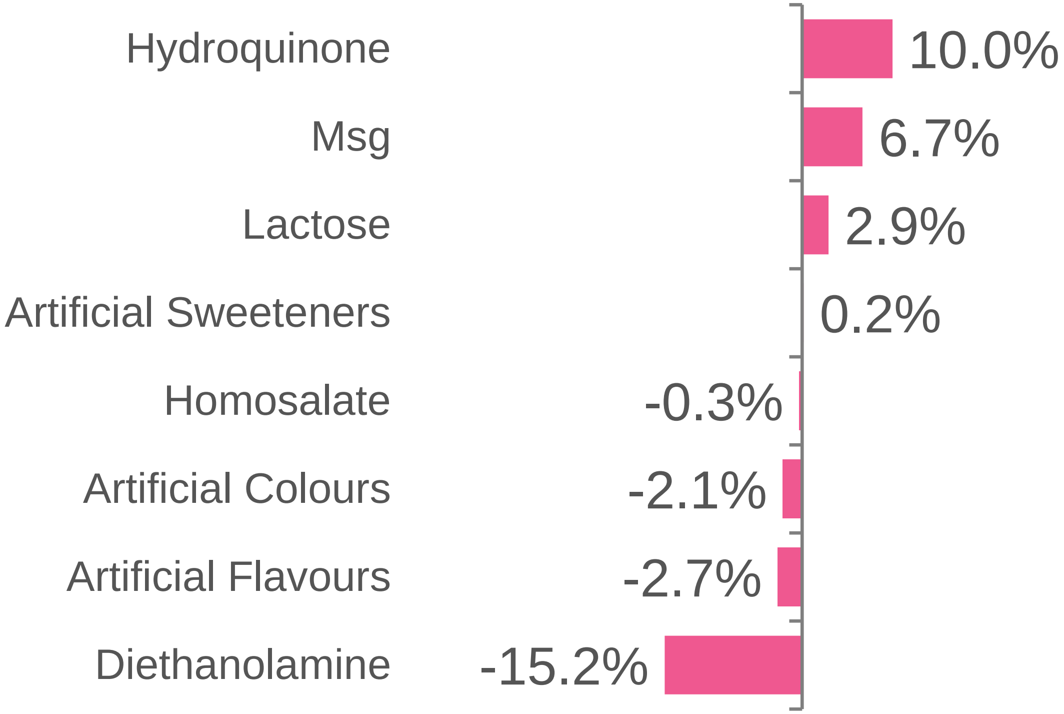
NPI – Support (selected items)
Vol. units % chg, Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

Free From is not all catching up in Canada

NPI – Free From (selected items)
Vol. units % chg, Canada (L52W)



Source: NIQ NPI (Part of NIQ MarketTrack), 52 weeks ending April 12, 2025

As challenging as it might be, let’s keep the focus!

Your strategy for 2025 must take our new reality into account

Keep an eye on consumer sentiments	Canadians are slightly more optimistic, but sentiments towards tariffs could impact our industry
Need-based consumers are challenging loyalty	**Brand loyalty is at risk** as Canadians are looking to fulfill specific needs, leaving emotions behind
Consumers looking for value everywhere	Brands need to understand what's driving consumers to different stores and changing overall dynamics
Fish where the fishes are!	Need to capitalize on emerging consumer groups and upcoming trends in food & beverage

NIQ

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