

Winning When Growth is Harder

Fueling growth in an era of choice, complexity and change

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NIQ





From crisis to complexity:

The new consumer reality



Wallets are under pressure and spending has become intentional

- Rising living costs, economic uncertainty, and lower consumer confidence have permanently changed how Canadians allocate their dollars.



Consumers aren't pulling back, they're recalibrating

- Today's shopper is disciplined and resourceful: prioritizing essentials, scrutinizing every purchase, trading down, switching channels, and redefining what "value" truly means.

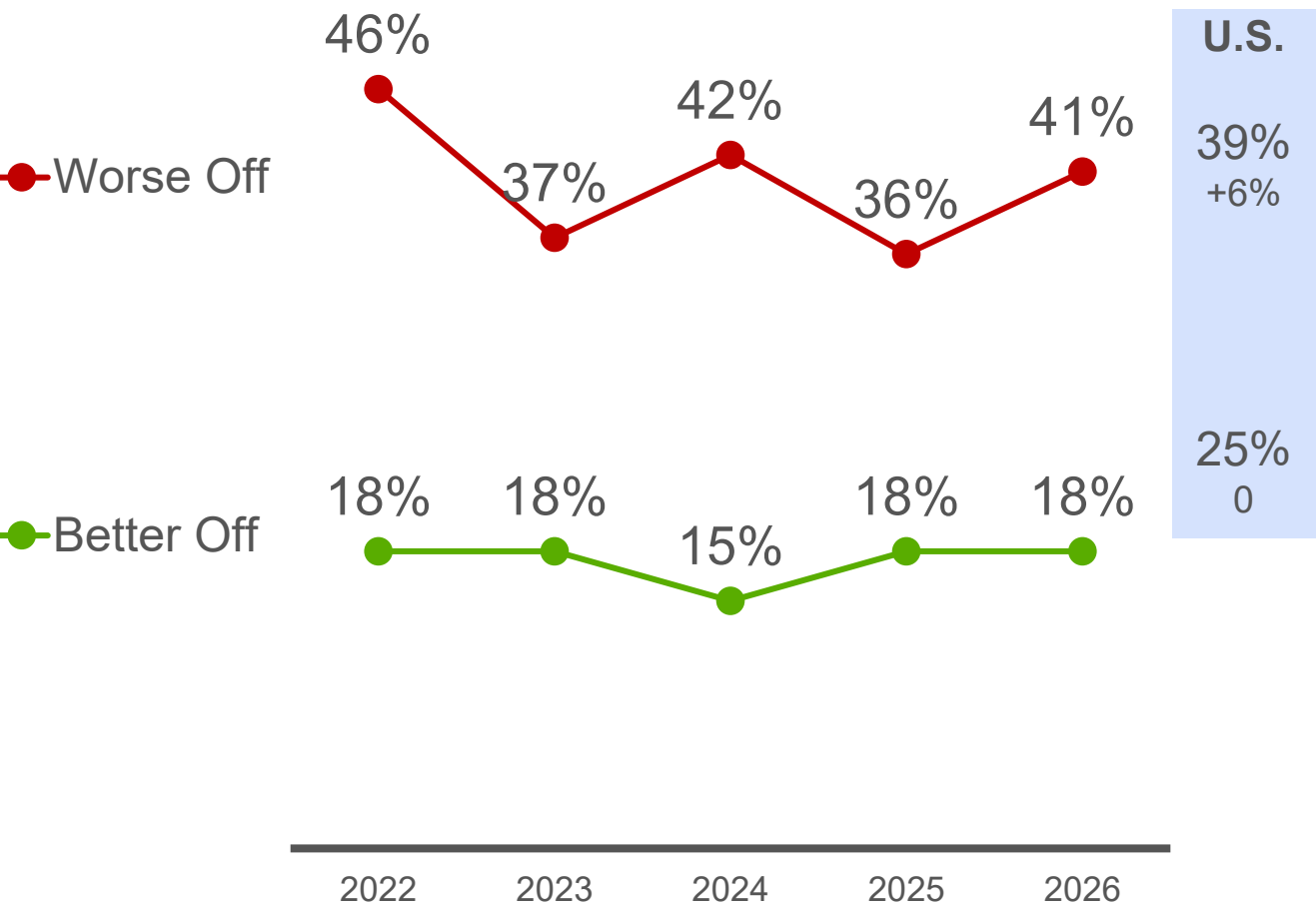


This is a pivotal moment for FMCG growth

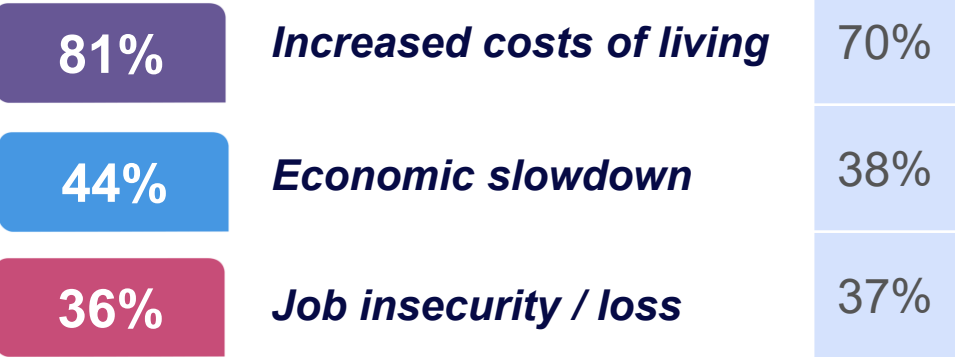
- Price alone won't win. Growth will come from earning the trip through relevance, affordability, and innovative solutions that meet consumers where they are right now.

Consumer sentiment around their personal finances softens

Canadian consumer financial position sentiment



Why Worse Off?



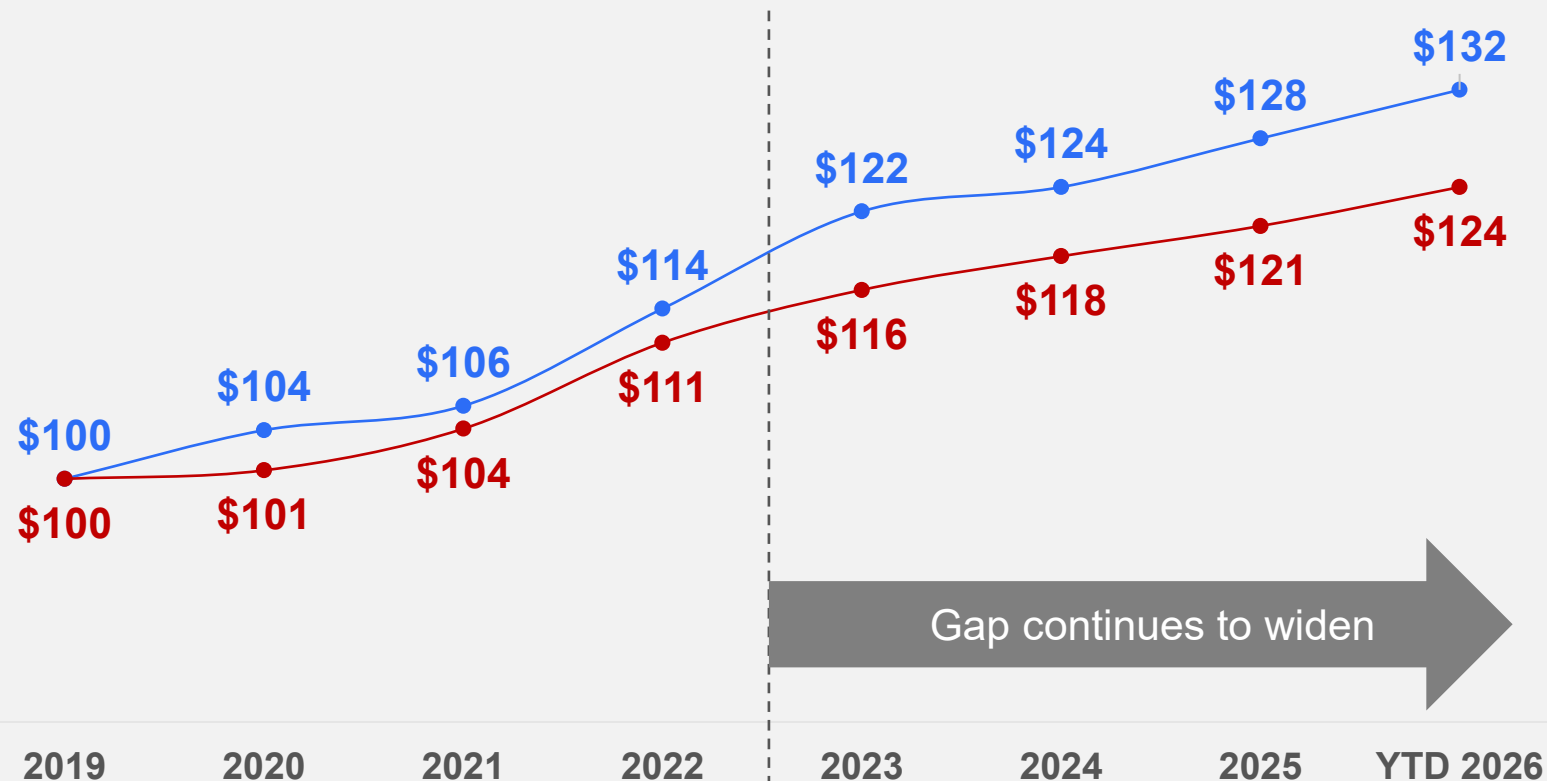
Top Concerns for 2027



Rising utilities 20%

FMCG inflation has increased at a faster rate than overall CPI

Compounding Inflation: **Canadian CPI[^]** vs. **Canada FMCG**



Consumers are spending +32% more for FMCG products than pre-pandemic

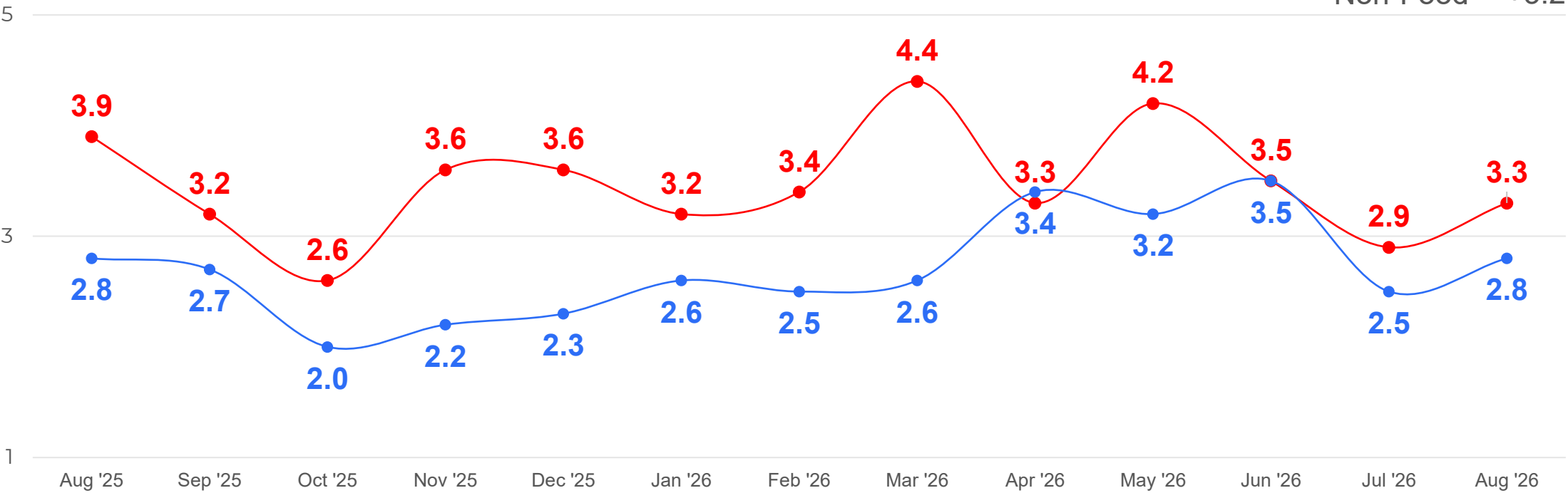
Compare that to overall living costs that increased +24%

FMCG: U.S. \$144 (USD) over same timeframe

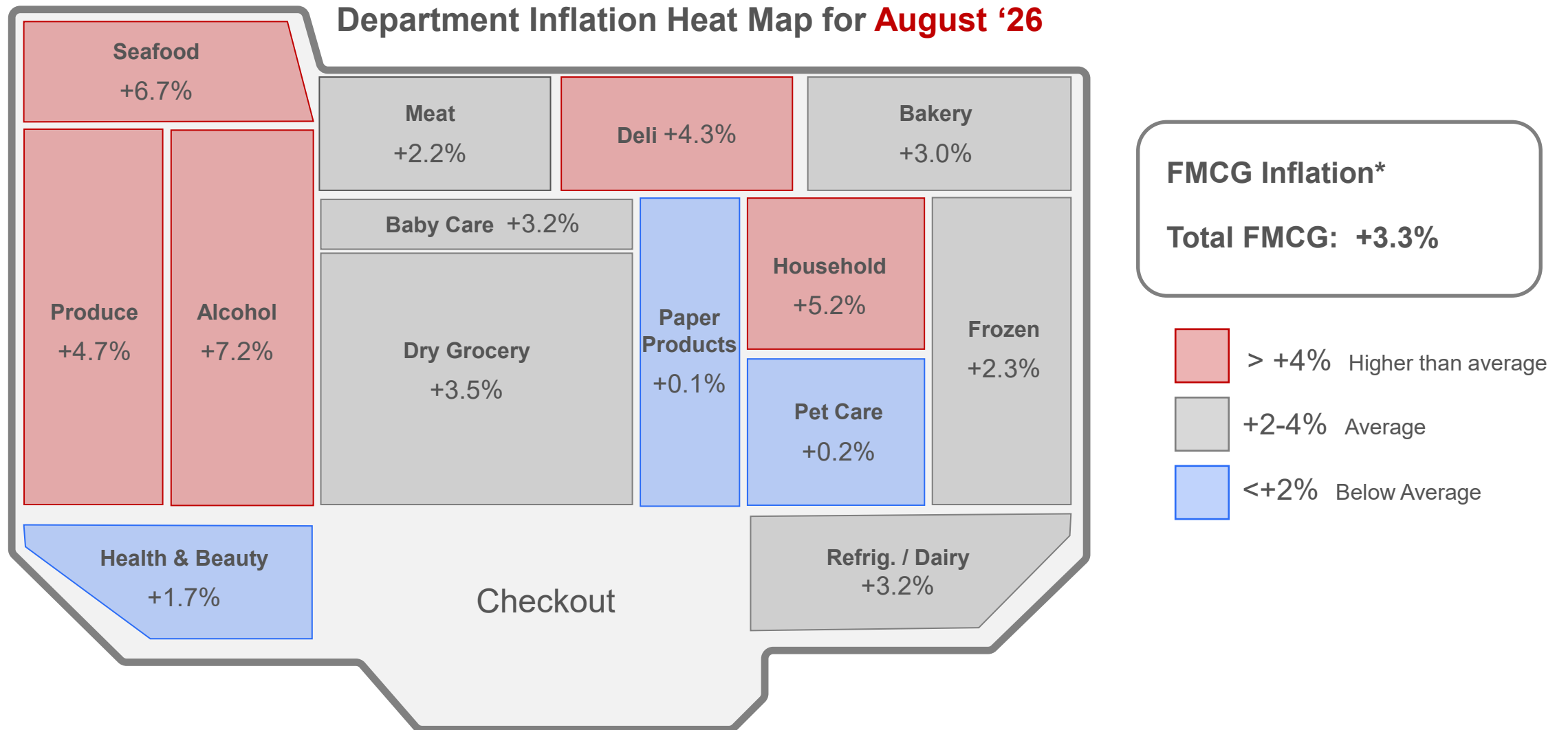
Canada's FMCG rate of inflation, trending above U.S. but gap narrowing

Canada FMCG Inflation* vs. U.S. FMCG Inflation

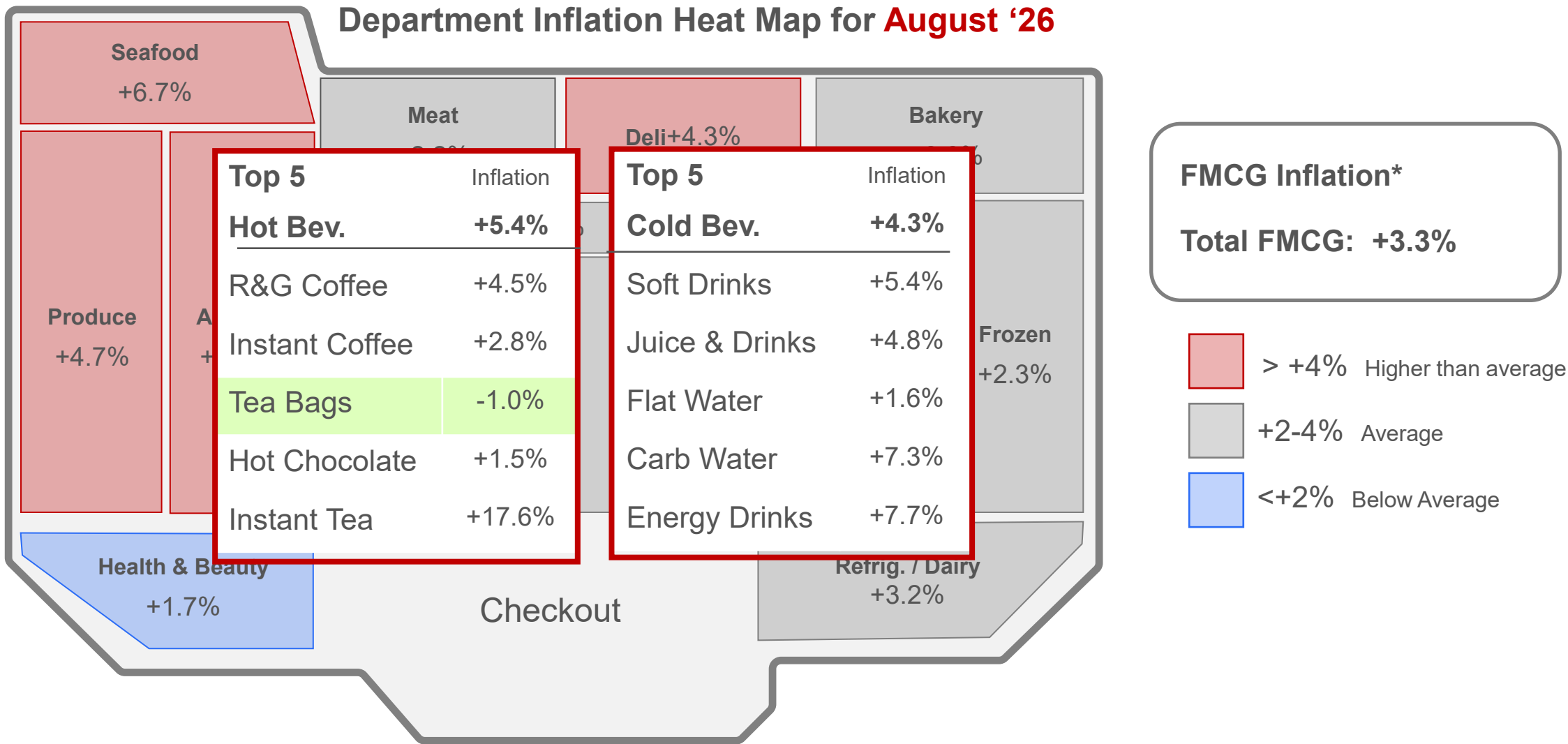
Canada L52 Weeks	
FMCG	+3.5%
Food	+3.7%
Non-Food	+3.2%



There are several polarizing price increases across the store

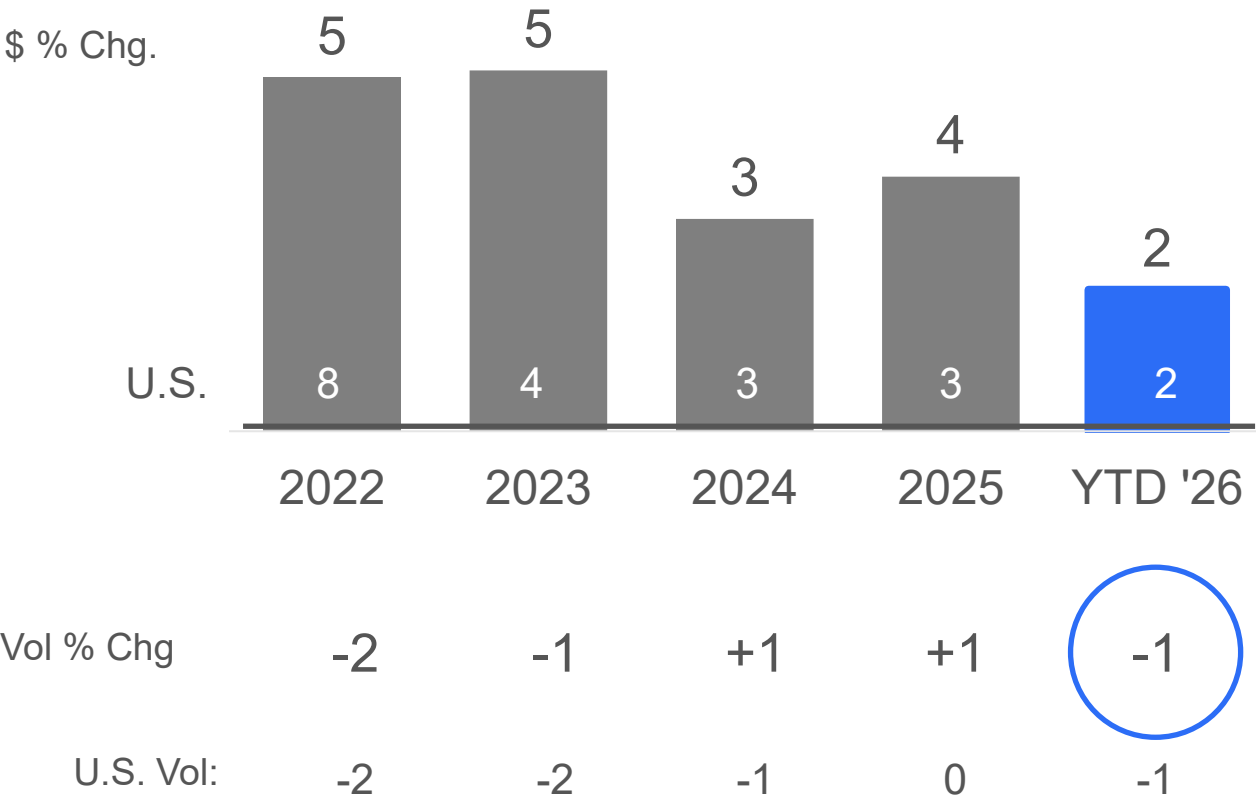


There are several polarizing price increases across the store



Dollar performance continues to be fueled by inflation while volume lags

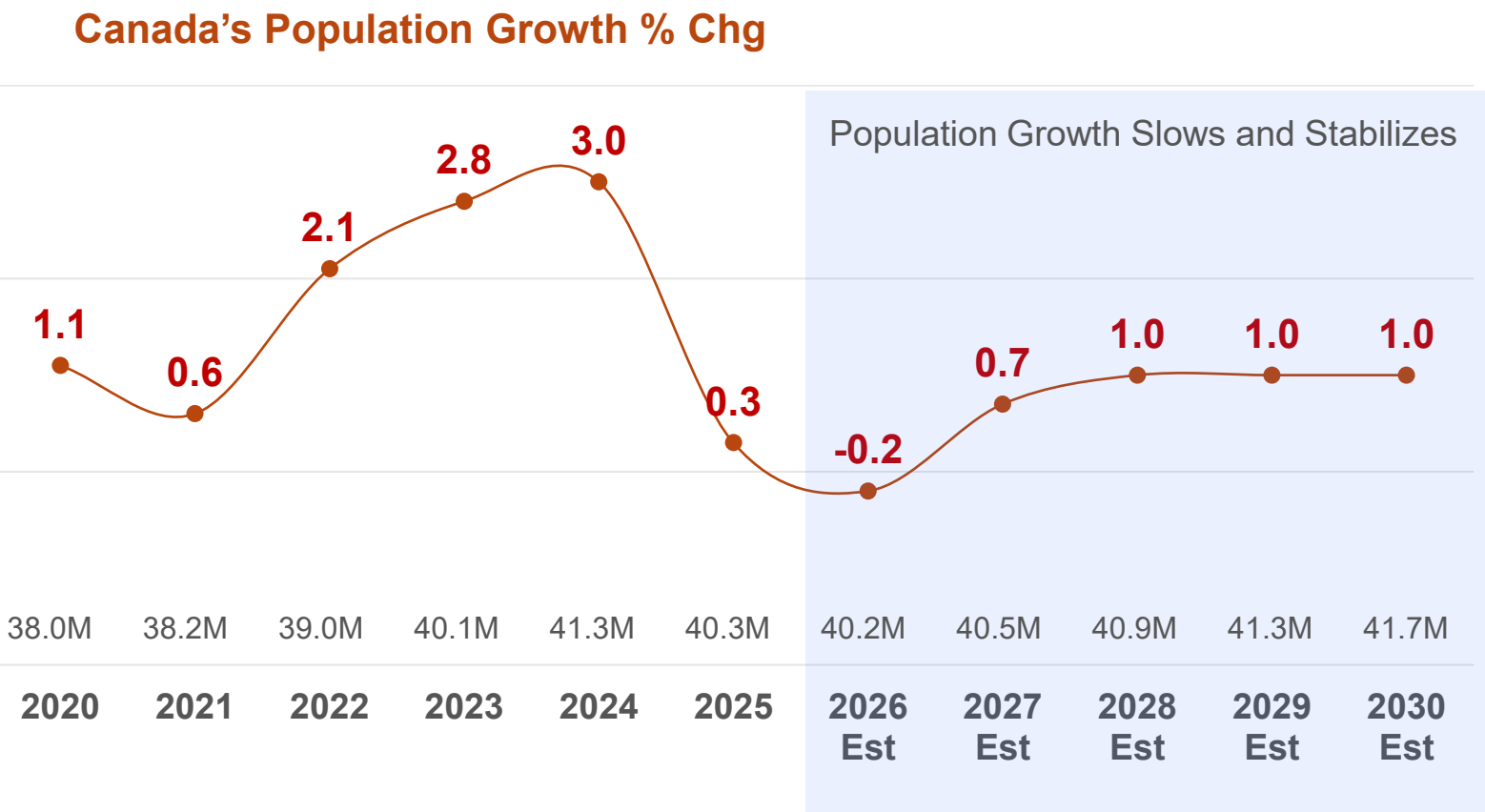
5 Year Canadian FMCG Performance



Growth Slowing in Ontario and BC

2026 YTD Growth	Dollars	Volume	Inflation
National	2	-1	+3.2
Maritimes	2	0	+2.0
Quebec	3	0	+3.5
Ontario	2	-1	+3.4
Man/Sask.	3	0	+2.9
Alberta	3	0	+3.1
B.C.	2	-1	+2.7

Canada's population growth continues to slow over next 2 years, before stabilizing through to 2030



- ❖ Population increases from roughly **40.2 million to 41.7 million**.
- ❖ Total increase: about **+1.5 million people**.
- ❖ Average annual increase: about **375,000 people per year**.
- ❖ Growth will be driven primarily by **immigration rather than natural increase**.

Factors impacting volume trends in FMCG – today and tomorrow

Financial Pressures



49% are only buying what they need

42% only have money for the essentials

41% plan shopping ahead to control spend & impulse

Rising gas prices: Avg spending \$94 more / mo.

Eating Habits & DIY



35% eating leftovers more often

19% are skipping meals

Volume Shifts

HMR +3%

Baking +3%

Canning Acc. +7%

Garden Herbicides +29%

Fertilizers +4%

Food Insecurity

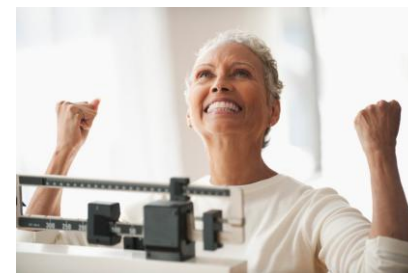


+99% increase in food bank visits since 2019

Food bank usage exceed 25 million visits in 2025

1 in 10 rely on food banks or charity to get by

GLP-1 Impact



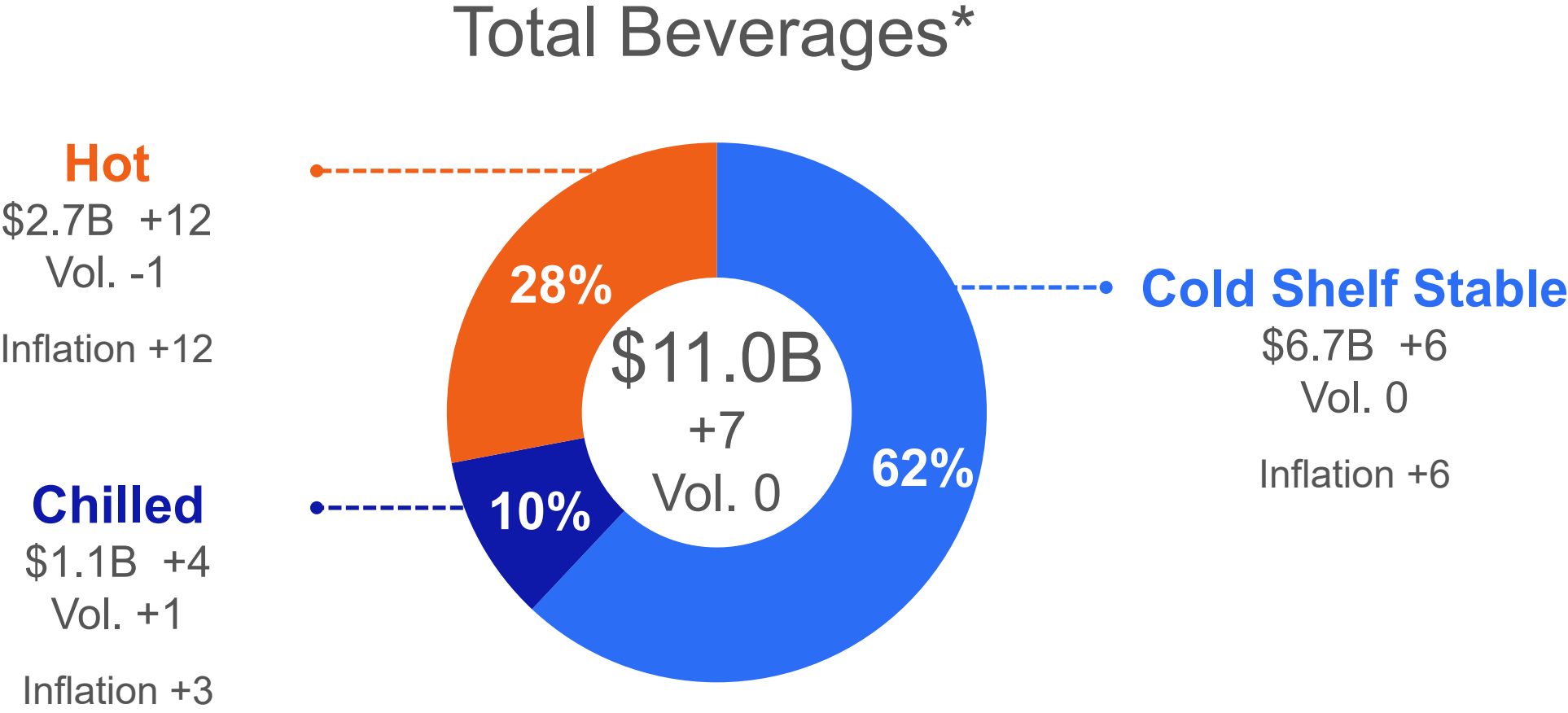
15% of Canadians using GLP-1 medications

Prescriptions: 5.6M in '24, 7.0M in '25 and est. 8.8M in '26 (+25% CAGR)

7-11 months use: volume -5.2% to -12.5%*

Annual Loss: >-\$450M

Canadians may be spending more on beverages, but consumption is flat



Beverages: The movers, shakers and the money makers

Top 10 Beverage Categories	Dollars Millions	\$ % Chg.	Vol % Chg.
FLAVOURED SOFT DRINKS	\$2,587.3	+8	+1
COFFEE - ROAST & GROUND	\$2,231.5	+14	-2
JUICES & DRINKS - SHELF STABLE	\$1,310.2	-2	-7
JUICES & DRINKS - REFRIG.	\$885.2	-3	-7
FLAT WATER	\$751.3	+2	0
CARBONATED WATER	\$562.3	+6	0
EXTREME ENERGY DRINKS	\$471.7	+21	+19
TEA	\$347.4	+1	-1
COFFEE - INSTANT	\$330.0	+15	+3
LOW ALCOHOL BEVERAGES	\$265.4	+10	+6

U.S. Tea \$2,028.4 +2 -2

Spending More On...	\$ % Chg.
EXTREME ENERGY DRINKS	+21
RTD ICED TEA CANS	+19
COFFEE - INSTANT	+15
COFFEE - ROAST & GROUND	+14
HOT CHOCOLATE	+13

Consuming Less Of...	Vol % Chg.
DRINK POWDERS & LIQUIDS	-8
JUICES & DRINKS - SHELF STABLE	-7
JUICES & DRINKS - REFRIG.	-7
ICED TEA MIXES	-6
VEGETABLE JUICES	-5

When every dollar is intentional, price becomes the expectation, not the differentiator.

Winning brands are those that **continuously adapt** to changing consumer needs



Growth is no longer about presence, it's about relevance

Value First



Diversity



Living Well



The consumers search for value is putting retailer and brand loyalty at risk

Top 10 consumer saving strategies for FMCG

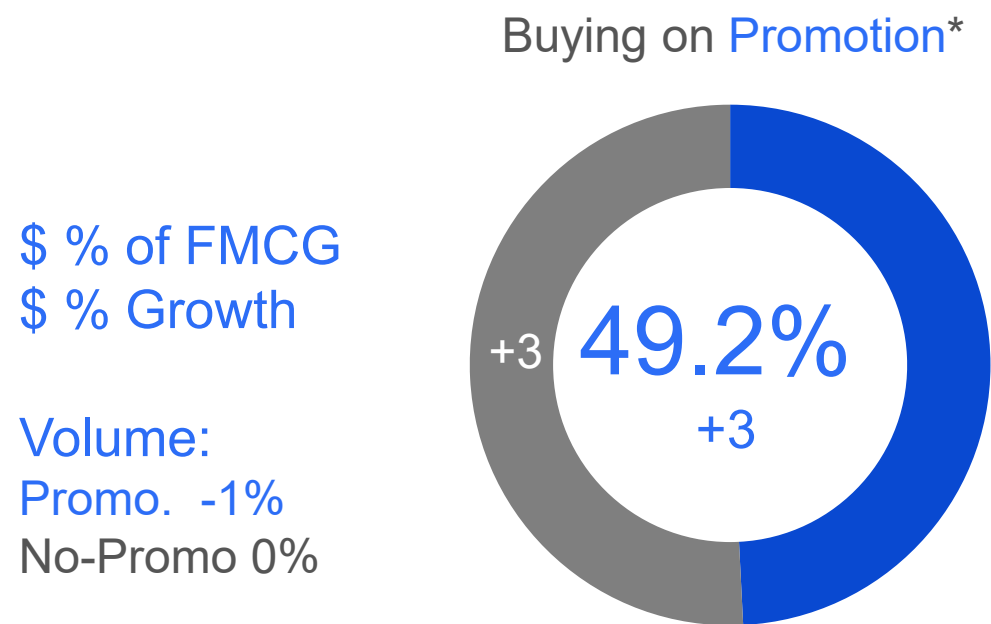


Average of 3.8

Saving Strategies
Per Shopper



Promotions remain a key growth driver of growth



% Dollars Sold On Promotion		
Total Tea	42.8%	-2
- Regular	40.6%	-3
- Specialty	44.1%	-4
- Loose	38.4%	+27
U.S. Tea	23.8%	-2

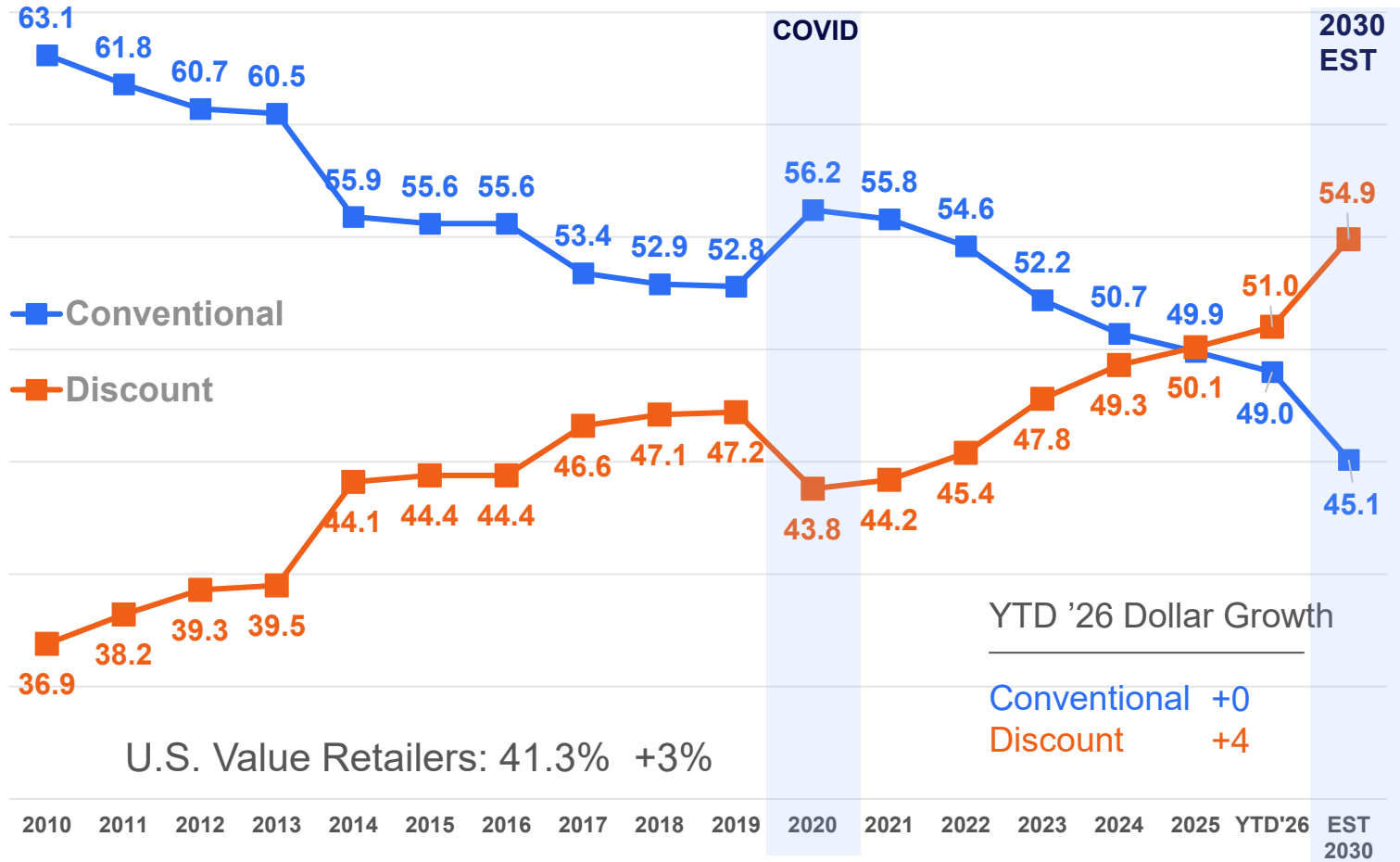


Total Tea % Promotion Lift		
Dollars	104%	-4 pt
Volume	148%	-7 pt

U.S. Promo % of \$'s: FMCG 29.3% +6

Canadians have shifted spend to Discount retailers – with more to come!

Discount vs Conventional | Grocery + Drug + Mass | \$ Market Share



Discounters winning with:

Volume: **61.8%** +1 (Convent -4)

Food: **52.1%** of \$ +5 (Convent +0)

Trips[^]: **+5%** (Convent +1)

Baskets[^]: **30% higher** (\$43 vs. \$33)

High Income[^]: **\$100k+ 45%** of \$'s
Spend +5% more vs. YA

Consumer are shifting FMCG wallets to value-based retailer formats

Total FMCG retail channel dollar share of trade and growth

Where consumers are shopping	Total FMCG		Beverages		Tea	
Conventional Grocery	27.1	+2	24.9%	+3	24.7%	+1
Discount Grocery	20.5	+4	21.3%	+7	24.5%	+4
Mass Merch Stores	19.2	+7	19.2%	+11	32.2%	+11
Warehouse Clubs	17.1	+11	19.2%	+20	17.4%	+31
Drug Stores	6.1	+1	4.3%	+2	0.7%	-1
Dollar Stores	3.6	+9	4.0%	+13	0.1%	+15

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Diversity

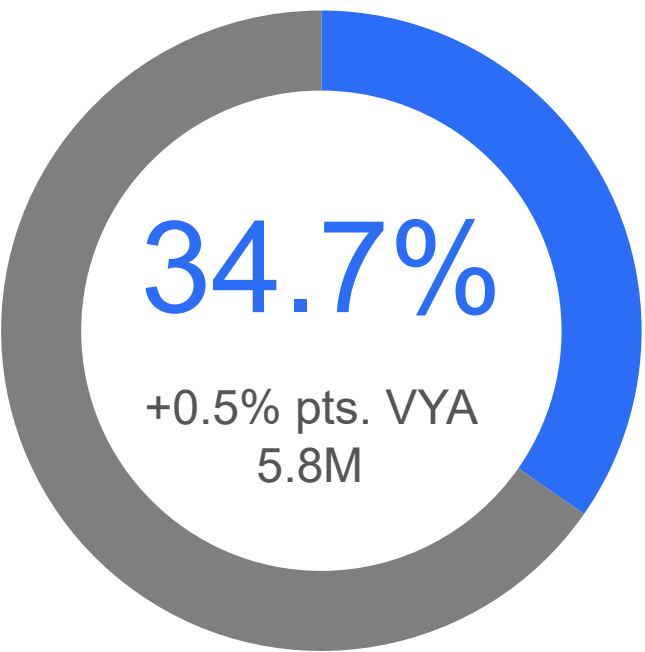


Living Well



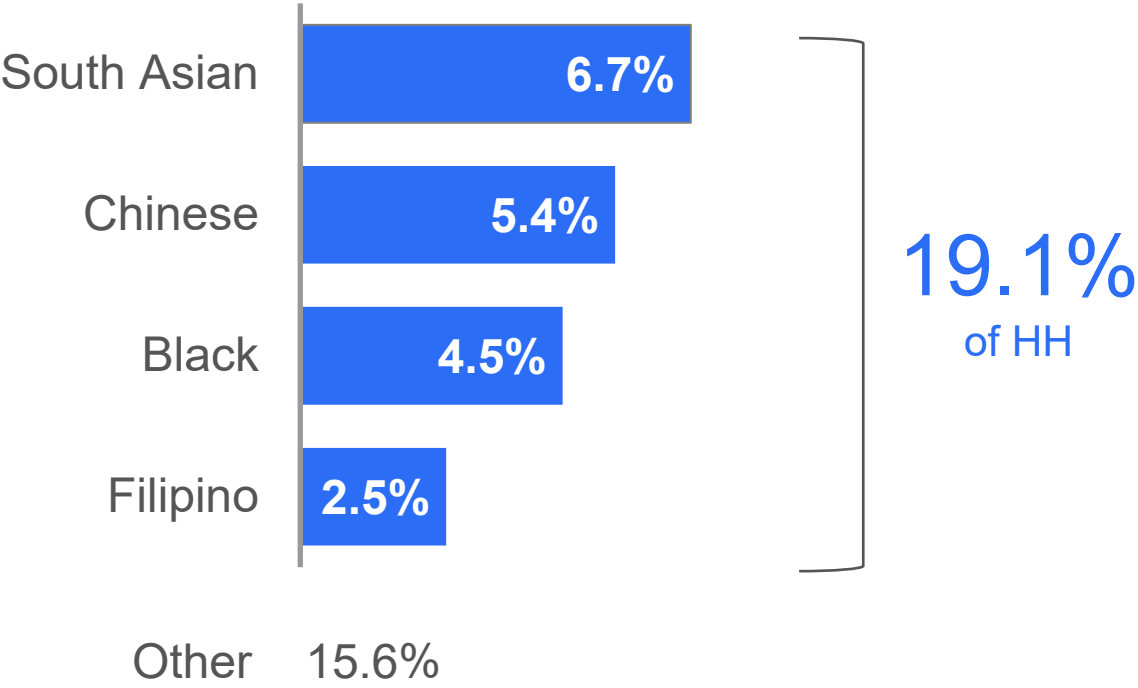
Ethnic consumers account for over a third of Canadian households

% of Ethnic Households

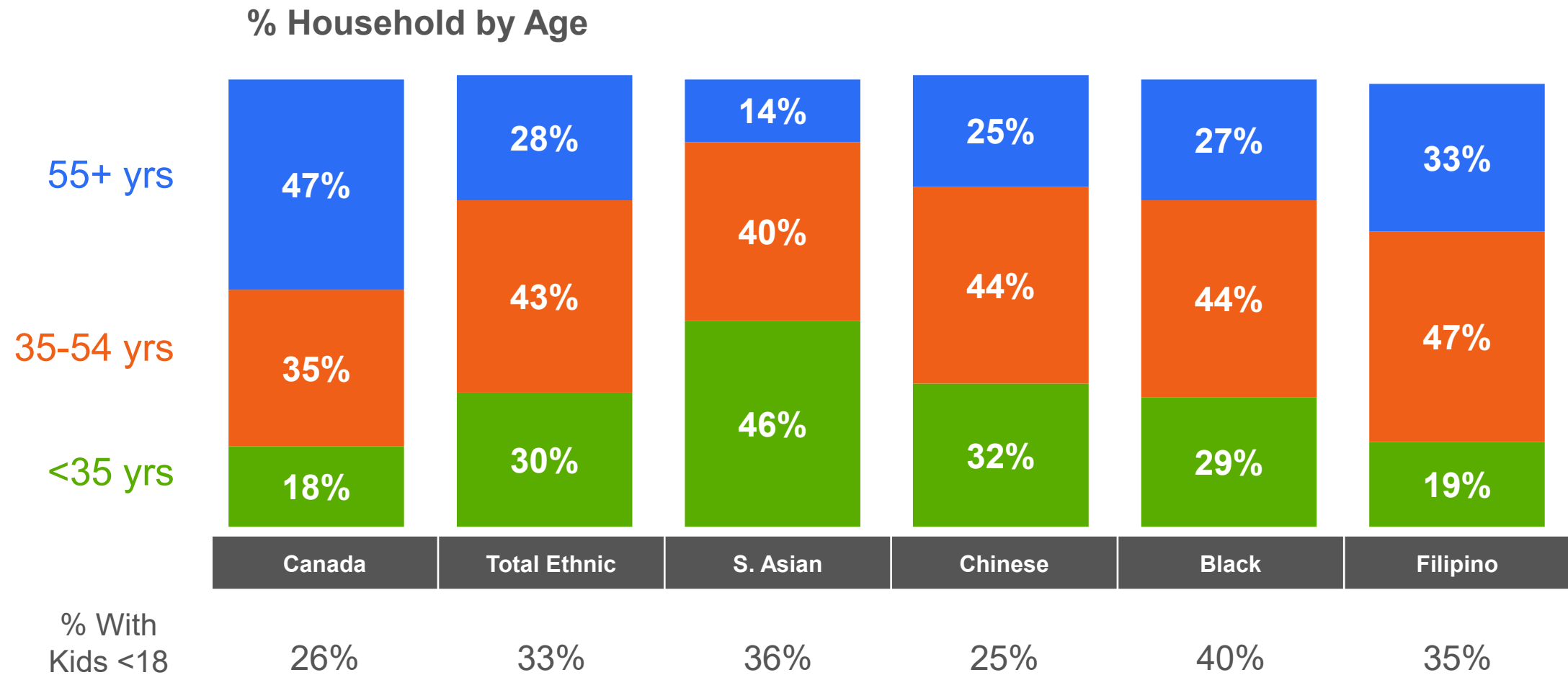


+3% in absolute gains

Top 4 % of Households Break Down

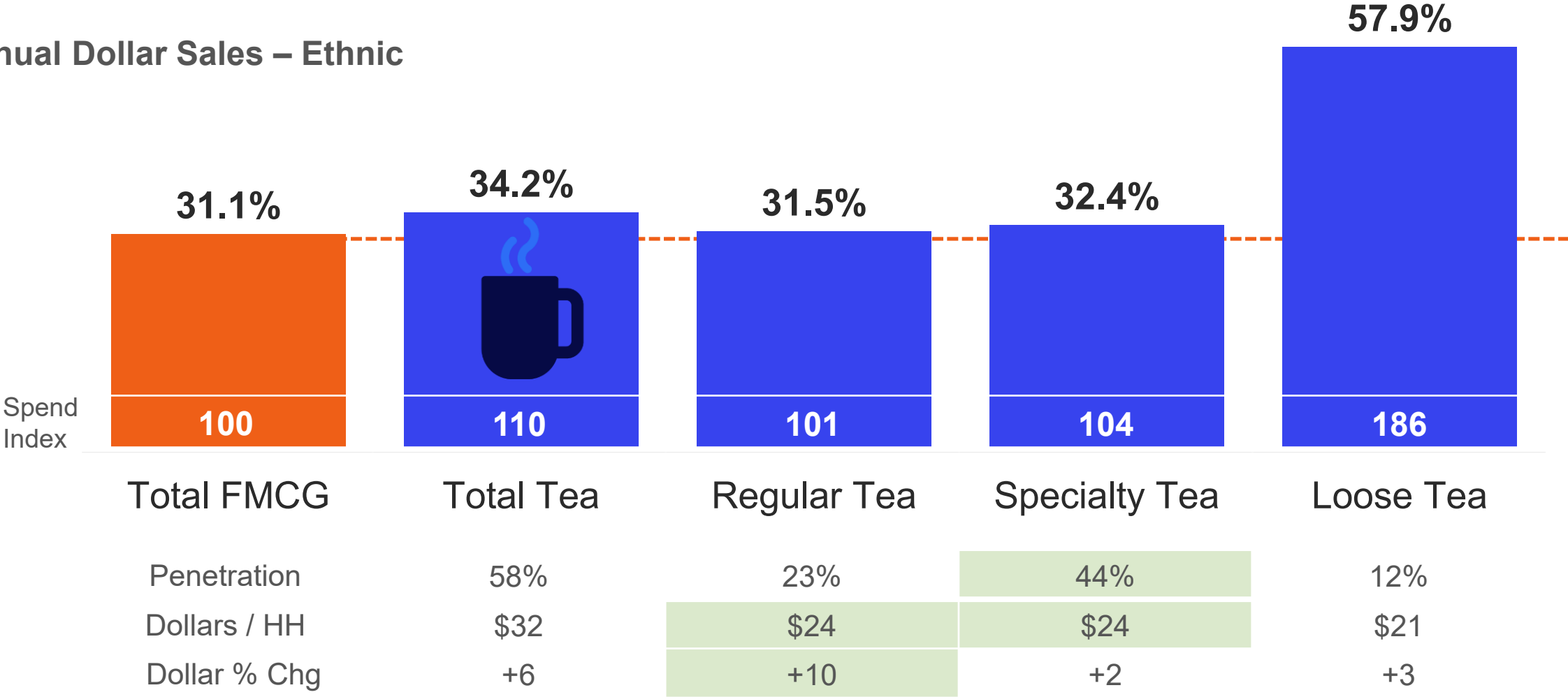


Ethnic households tend to be younger with children



Ethnic households account for a larger portion of tea sales, especially in loose

% Annual Dollar Sales – Ethnic



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76%

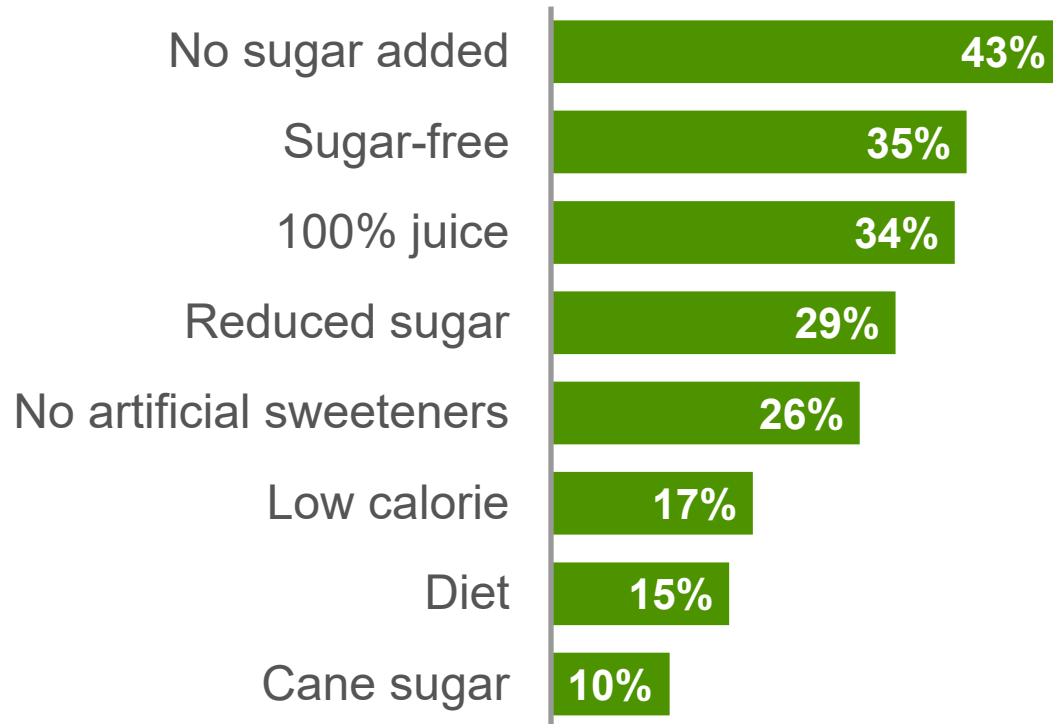
of Canadians are
concerned about
future health
problems

6 Barriers hindering healthier life choices

- | | | | |
|---|---------------------|------------|--|
| 1 | Cost | 59% | Say healthier alternatives are too expensive |
| 2 | Motivation | 28% | Don't feel driven to make healthier choices |
| 3 | Time | 24% | Don't have time to make healthier choices |
| 4 | Availability | 23% | Have difficulty finding healthier alternatives |
| 5 | Trust | 19% | Don't trust that the product will be effective |
| 6 | Guidance | 16% | Product labeling is confusing/too complex |

'No added sugar' is the top consideration in beverage choice

What consumers look for when purchasing beverages



Functional beverages are fueling consumer needs beyond taste and hydration

Top 5 Growing Functional Beverage Trends



	Dollar % Chg	Millions \$'s	Penetration
Amino Acid	16%	\$ 817.9	45%
Botanical Extract	10%	\$ 722.0	62%
Adaptogen	9%	\$ 257.0	24%
Provides Energy	7%	\$ 570.7	40%
Digestive Enzyme	7%	\$ 648.9	44%

The data is clear;
**pressure hasn't stopped
demand, it's sharpened it.**

The question now isn't
whether consumers will spend,
but **who they choose to
spend with and why.**



Winning When Growth is Harder

Redefine Value
Beyond Price



Use Assortment as
a Growth Lever



Turn Health into
a Value Driver



Build value through
quality, wellness
benefits, premiumization
tiers, across various
occasions

Expand relevance with
the right assortment
across retail channels to
reach consumer where
they are.

Position tea as an
affordable, everyday
wellness solution that
helps consumers achieve
their health goals

Thank You!

For more information about NIQ's research solutions, please connect with us.

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