From Pressure to Progress

Finding Growth in Dairy

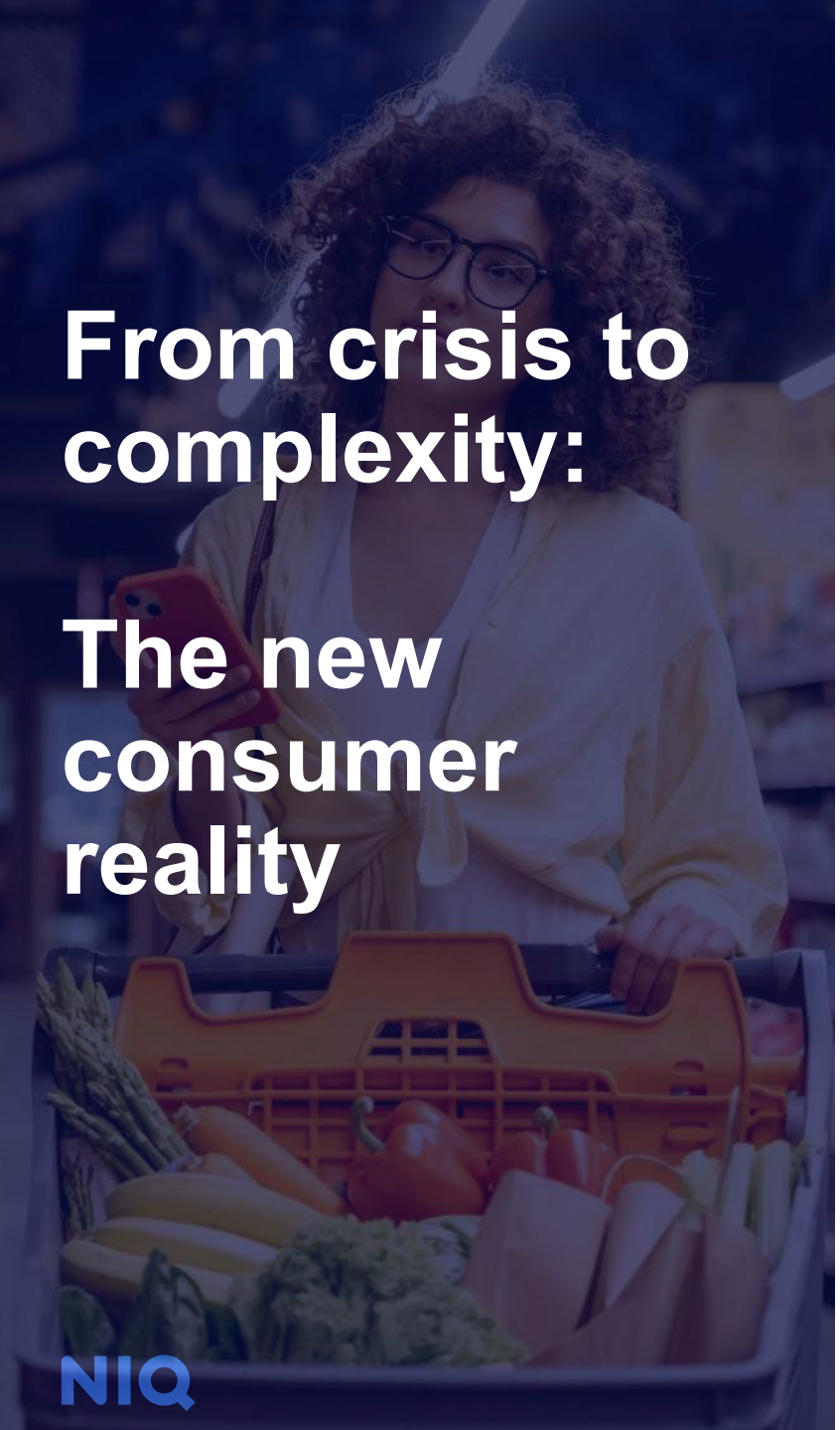
November 2026

Carman Allison



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NIQ
The year ahead won't be defined by how much consumers spend, but by how intentionally they spend, creating new opportunities for those who deliver meaningful value.



From crisis to complexity:

The new consumer reality

Wallet pressure is reshaping spending

- Rising living costs, persistent inflation, and economic uncertainty are changing how Canadian shoppers allocate their FMCG dollars.

Consumers are becoming value-maximizers

- Shoppers are increasingly intentional, balancing affordability, necessities, convenience and personal priorities with every purchase.

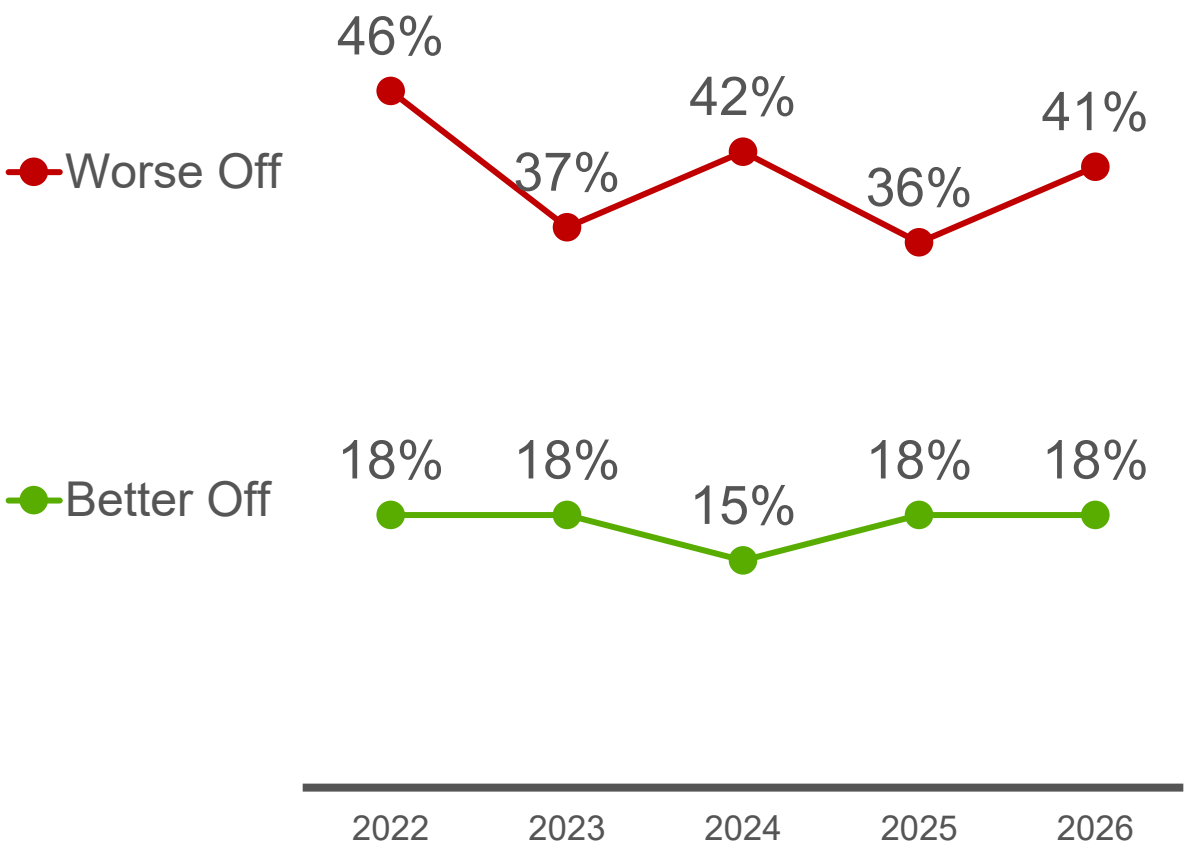
Winning requires relevance, not just price

- 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

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Consumer sentiment around their personal finances softens

Canadian consumer financial position sentiment



Why Worse Off?

81%	*Increased costs of living*
44%	*Economic slowdown*
36%	*Job insecurity / loss*

Top Concerns for 2027

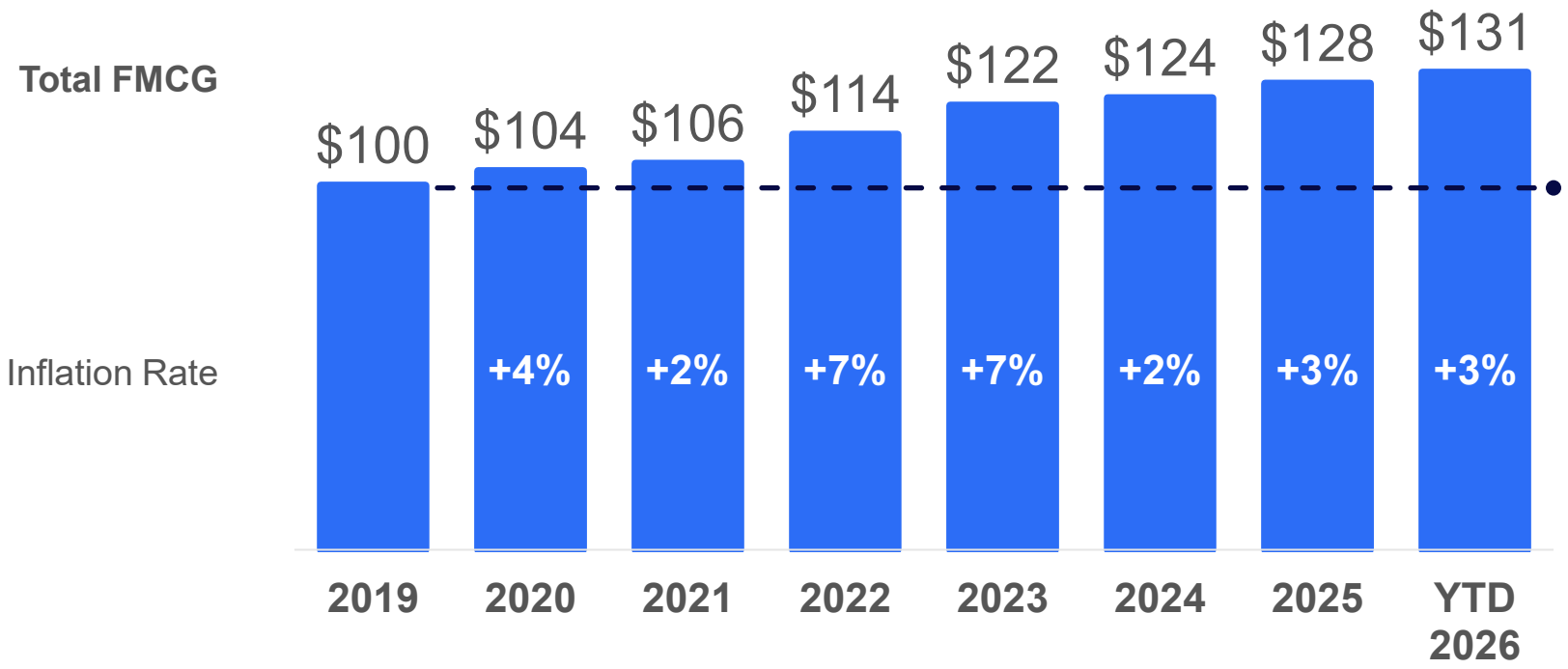
44%	*Rising food costs*
18%	*Housing costs*
16%	*Economic downturn*

Source: NIQ 2027 Consumer Outlook, vs. previous studies. Q: Compared to a year ago, is your household better off or worse off financially? Mid Year

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Compounding FMCG inflation since 2019, Canadians are spending 31% more

Canada: $100 in 2019….



Consumers are spending 31% more than pre-pandemic for FMCG products

Compare to U.S. $139 (USD) over same timeframe

Source: NielsenIQ, MarketTrack Canada Total Tracked Sales All Channels Combined, Annual Periods – YTD 43 weeks to October 24, 2026

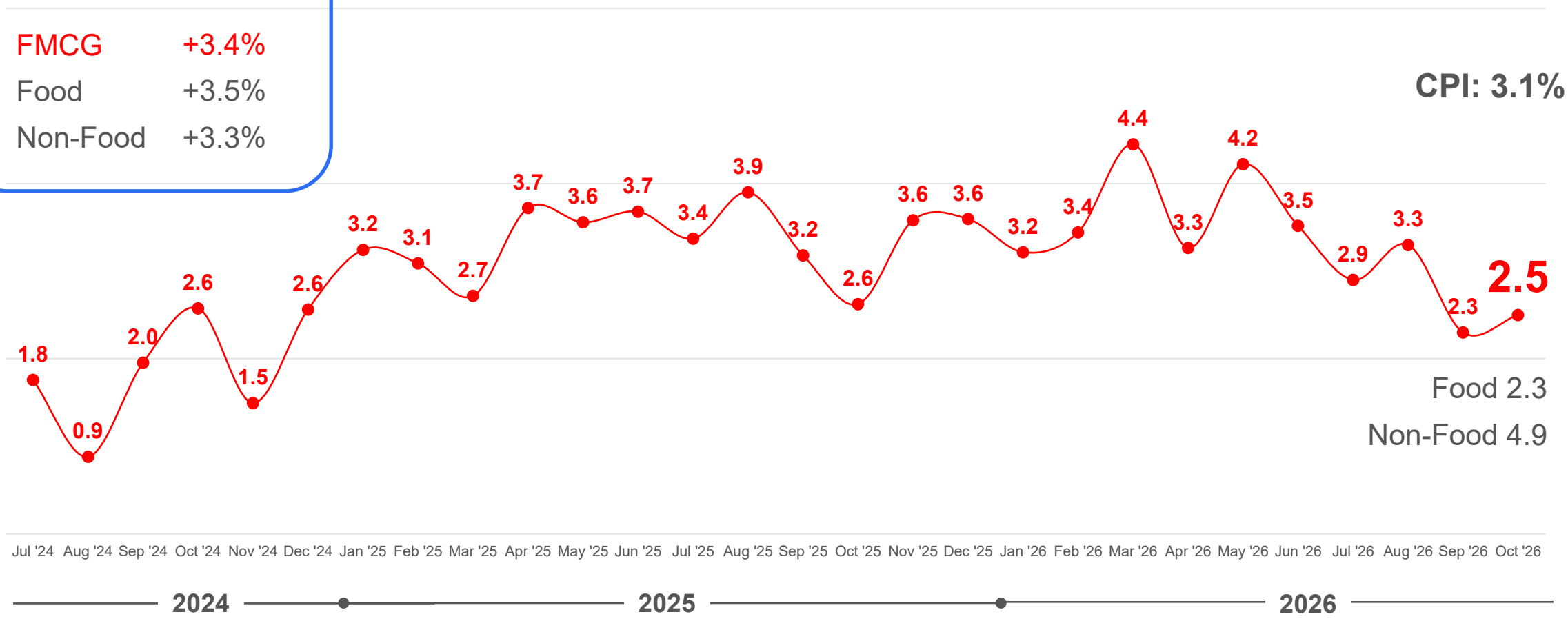
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Despite ongoing cost pressures, Canadian FMCG inflation reaches a 2-year low

L52 Weeks

FMCG	+3.4%
Food	+3.5%
Non-Food	+3.3%

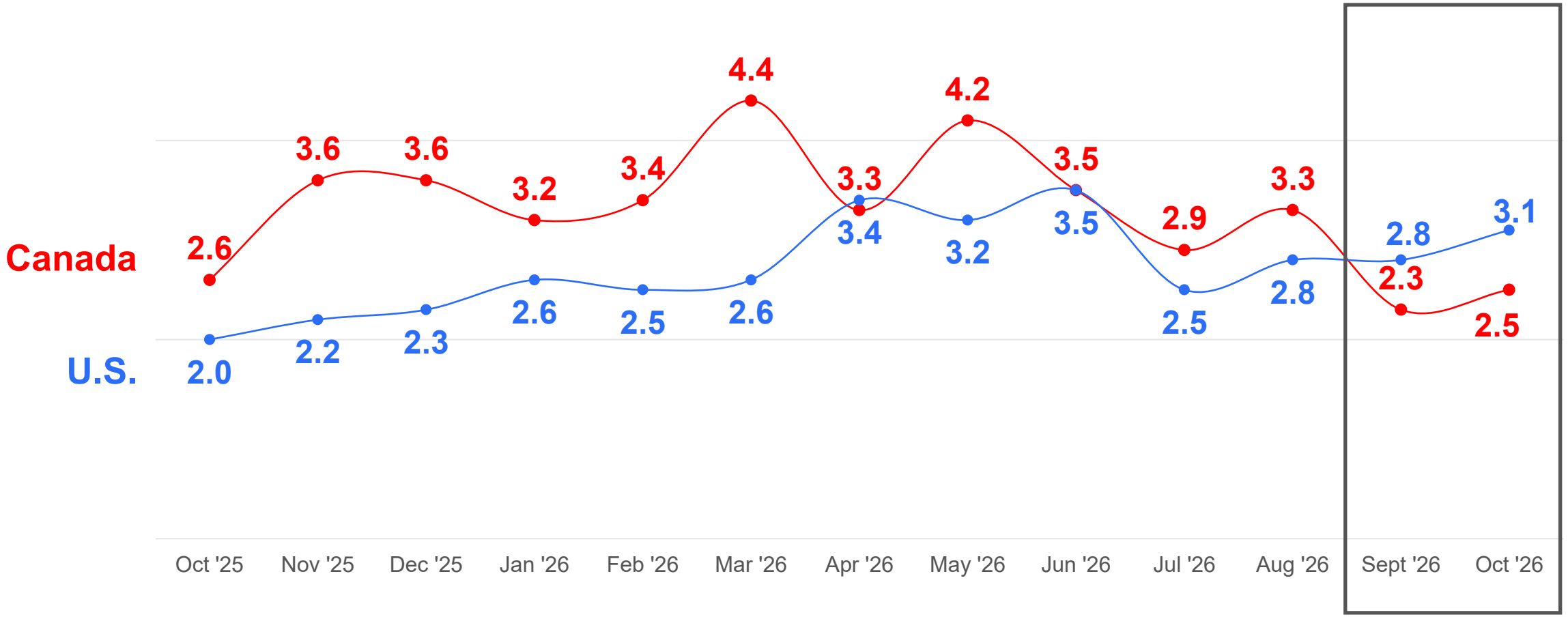
Canada FMCG* Inflation: The 2+ Year trend



Source: NielsenIQ MarketTrack Canada All Channels Combined, Monthly Periods L52 ending October 24, 2026 *Inflation: $ % Chg. less EQ Vol % Chg *Excludes General Merchandise.

Canada’s FMCG rate of inflation has been below the U.S. for the past 2 months

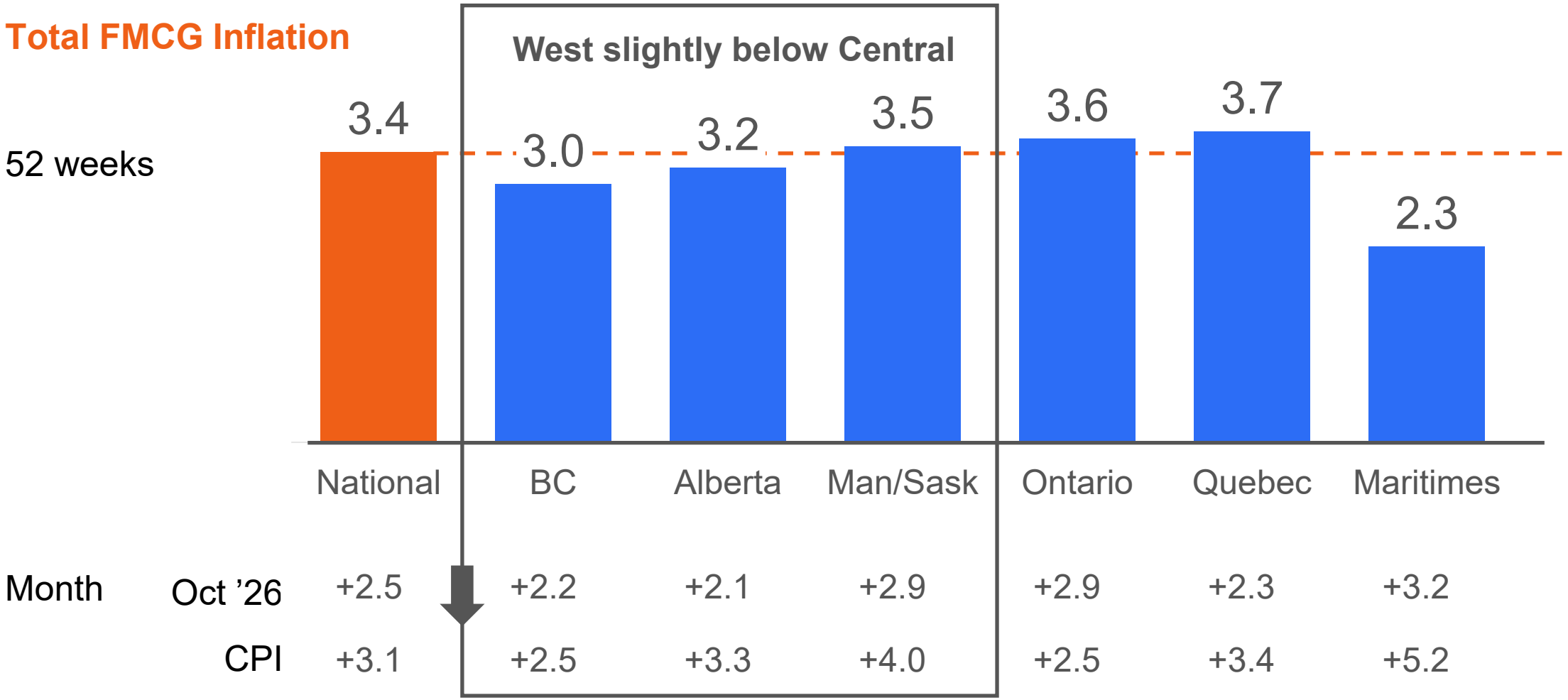
FMCG Monthly Inflation



Source: NielsenIQ MarketTrack Canada Total Tracked Sales All Channels Combined, Monthly Periods *excludes General Merchandise.

Source: NielsenIQ, Total US Full View, Avg Unit Price % Chg.

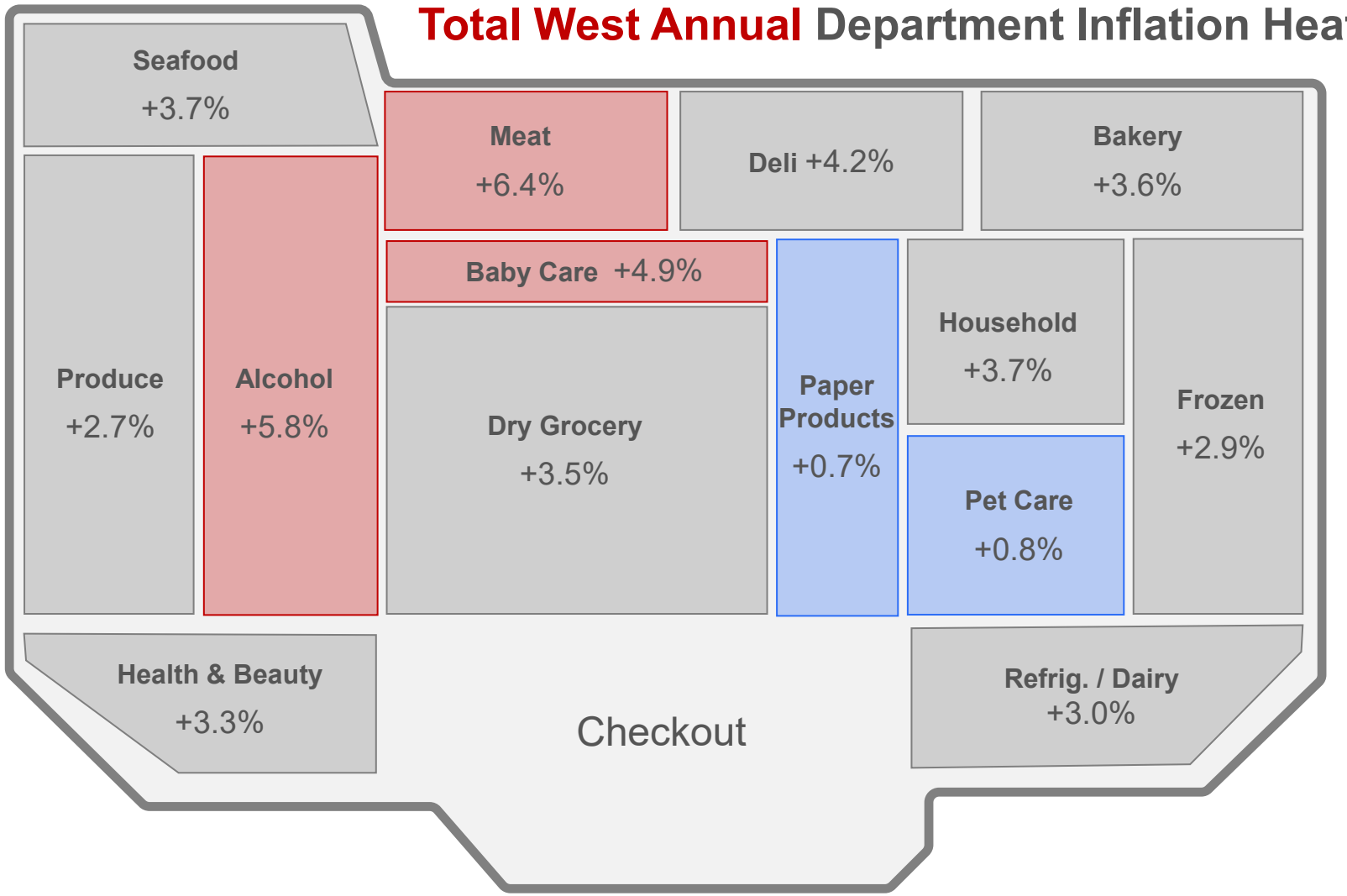
Grocery inflation in western Canada decelerated in October sitting lower than the overall cost of living (CPI)



Source: NielsenIQ, MarketTrack Regional All Channels Combined, 52 weeks to October 24, 2026, Equiv. Vol

The meat department has reported the highest level of price increases

Total West Annual Department Inflation Heat Map



FMCG Inflation*

Total FMCG: +3.2%

> +4% Higher than average

+2-4% Average

<+2% Below Average

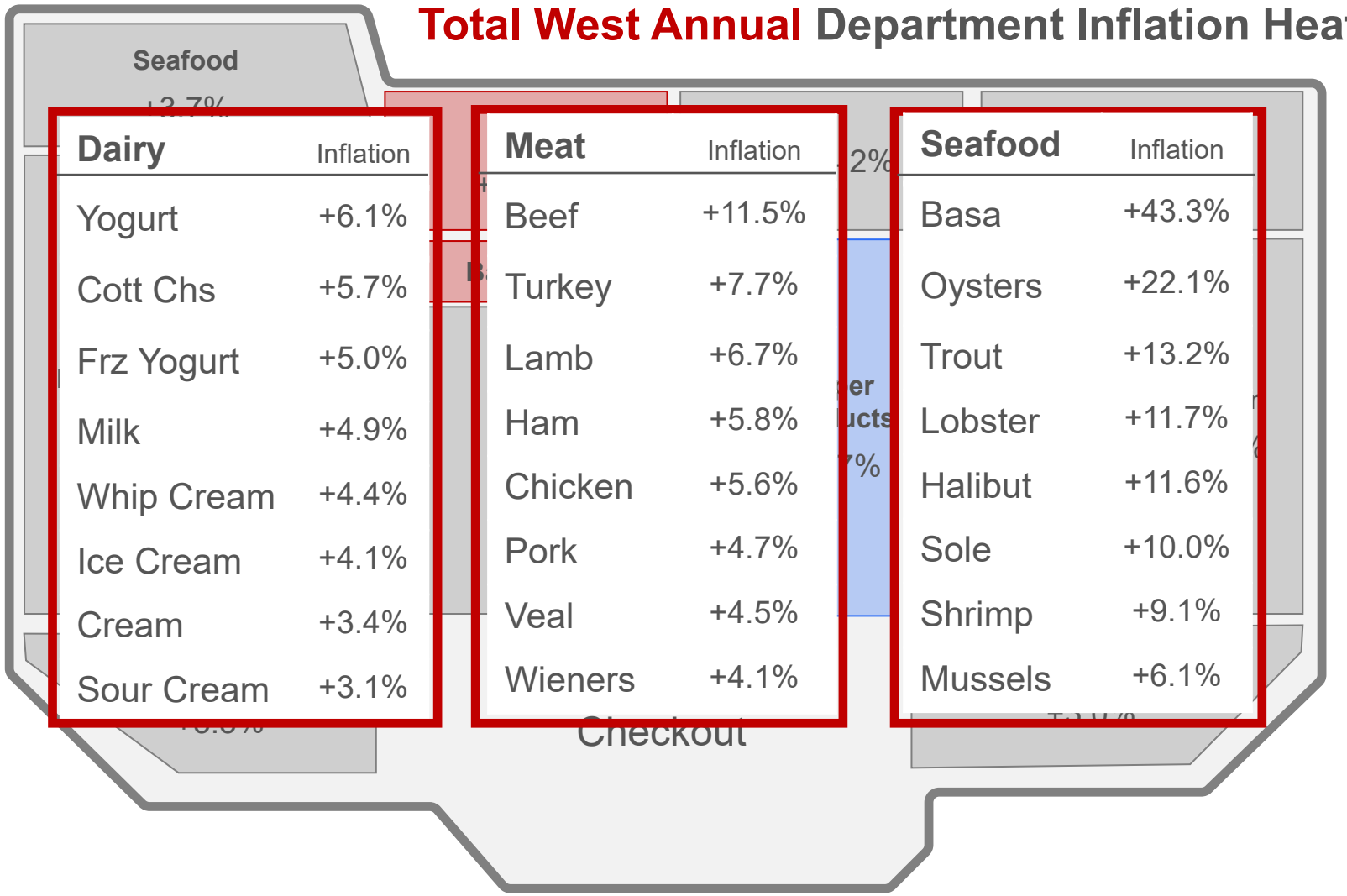
Total Dairy Cross Department

+4.0%

Source: NielsenIQ MarketTrack Total West All Channels Combined, 52 weeks ending October 24, 2026 *Excludes General Merchandise - Inflation: $ % Chg. less EQ Vol % Chg.

Inflation in several dairy categories is trending above average

Total West Annual Department Inflation Heat Map



Dairy	Inflation
Yogurt	+6.1%
Cott Chs	+5.7%
Frz Yogurt	+5.0%
Milk	+4.9%
Whip Cream	+4.4%
Ice Cream	+4.1%
Cream	+3.4%
Sour Cream	+3.1%

Meat	Inflation
Beef	+11.5%
Turkey	+7.7%
Lamb	+6.7%
Ham	+5.8%
Chicken	+5.6%
Pork	+4.7%
Veal	+4.5%
Wieners	+4.1%

Seafood	Inflation
Basa	+43.3%
Oysters	+22.1%
Trout	+13.2%
Lobster	+11.7%
Halibut	+11.6%
Sole	+10.0%
Shrimp	+9.1%
Mussels	+6.1%

FMCG Inflation*

Total FMCG: +3.2%

> +4% Higher than average

+2-4% Average

<+2% Below Average

Total Dairy Cross Department

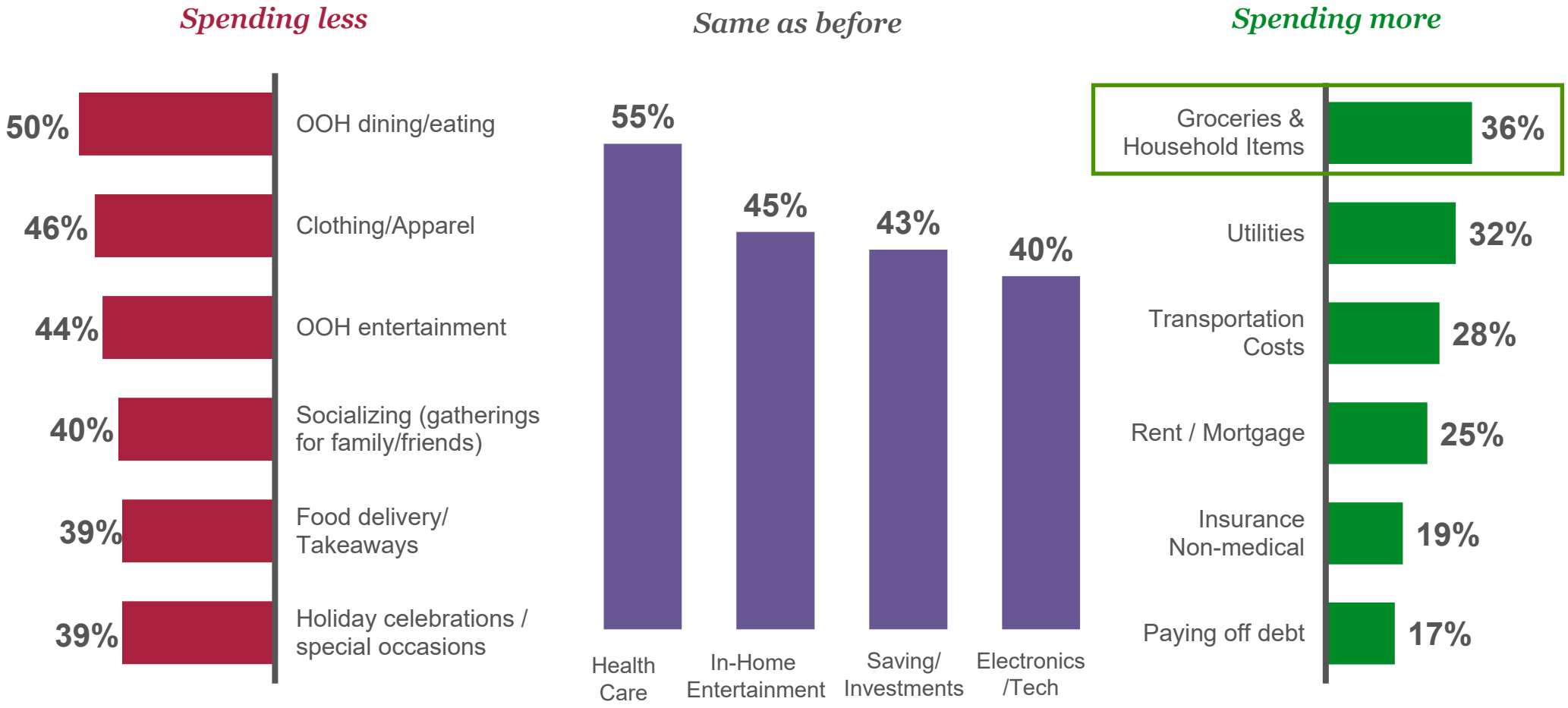
+4.0%

Source: NielsenIQ MarketTrack Total West All Channels Combined, 52 weeks ending October 24, 2026 *Excludes General Merchandise - Inflation: $ % Chg. less EQ Vol % Chg.

Consumers to prioritize core expenses including groceries and household items

Spending intentions for the balance of 2026 and first half of 2027 (next 12 months)





Source: NIQ 2027 Consumer Outlook survey - Canada

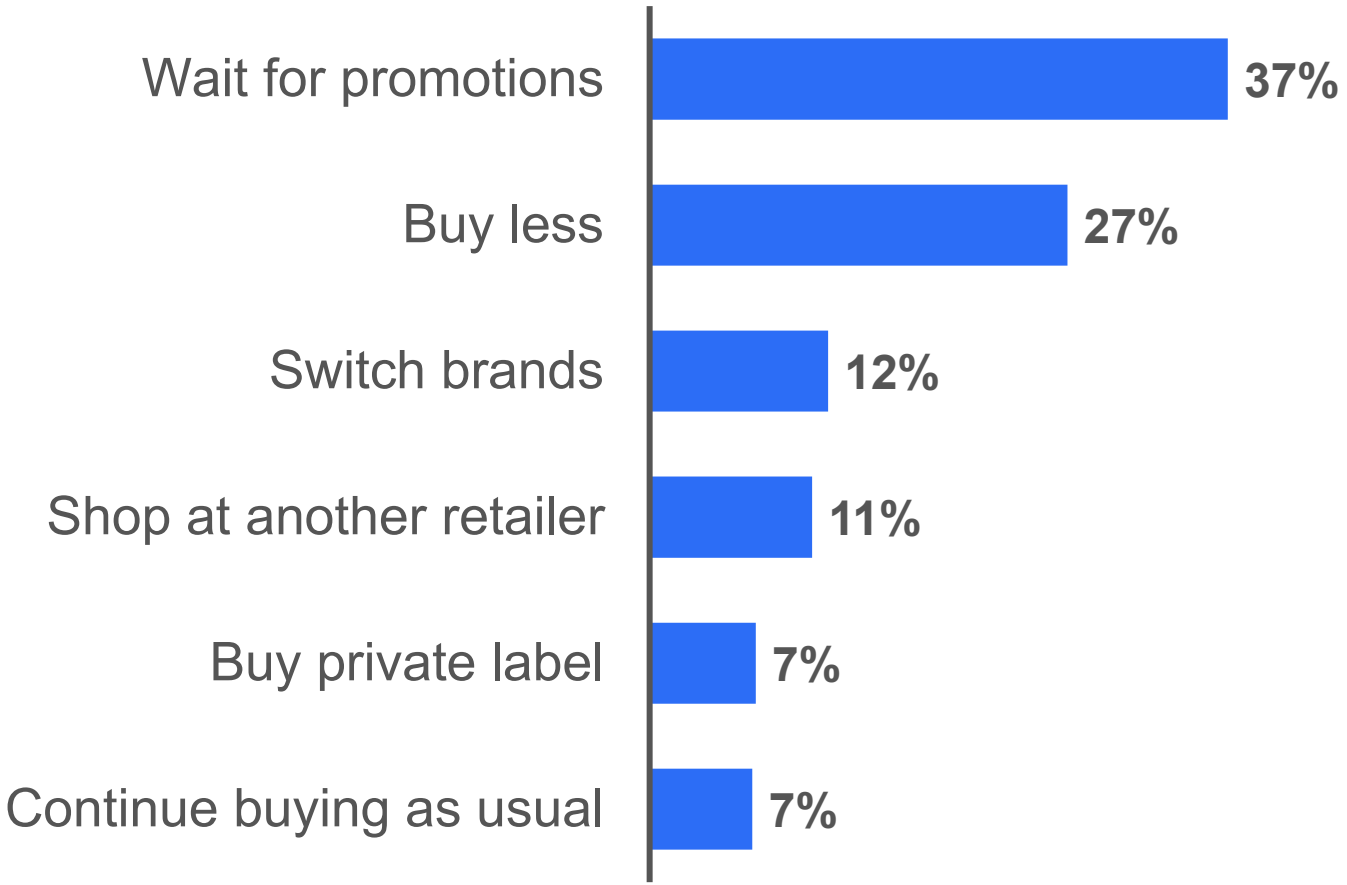
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Rising grocery prices have influenced western shopping behaviour

93%

have changed their behaviour





Source: NIQ 2026 Shopper Opinions Survey– August 2026 – Total West

Canadians are spending more, yet consuming less

Pricing has fueled dollar growth, but volume remains the industry's greatest challenge

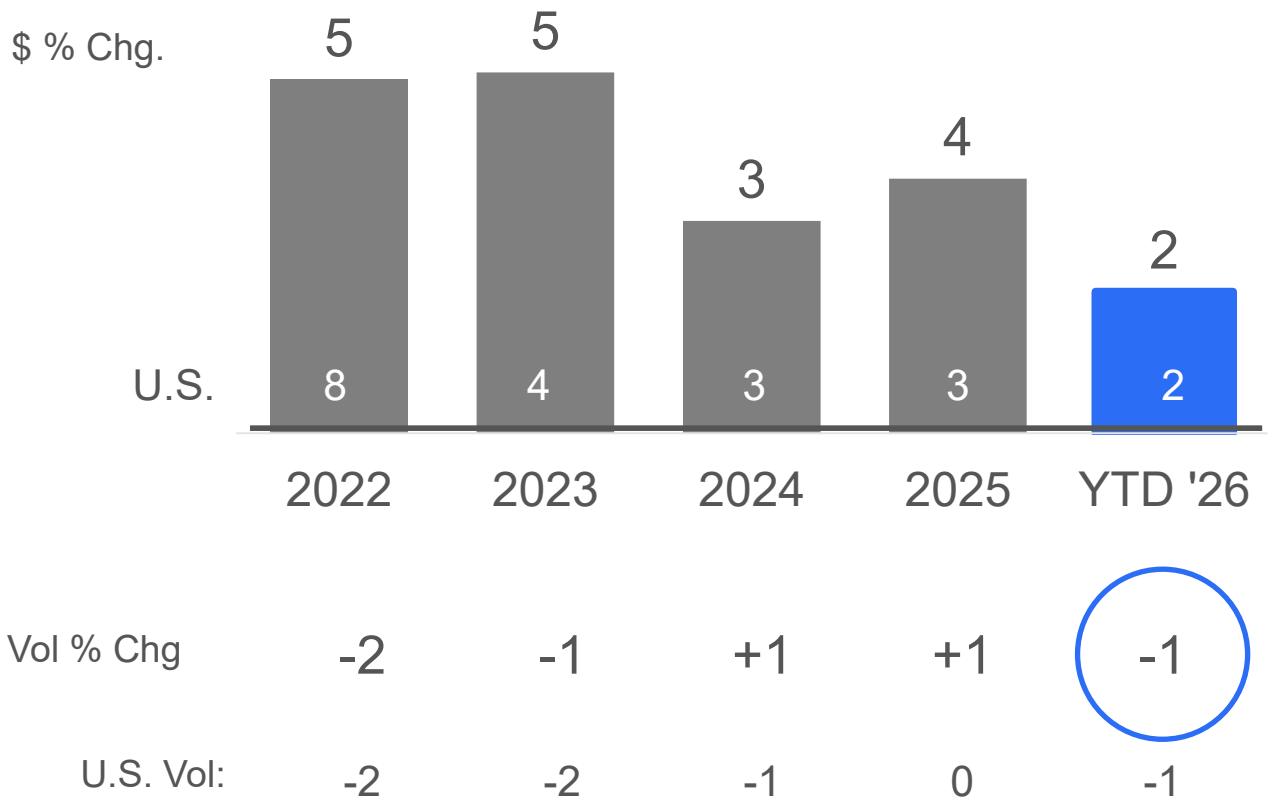
Growth has not disappeared, it has shifted. Success depends on finding where consumers are still expanding their baskets



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Dollar performance continues to be fueled by inflation while volume lags

5 Year Canadian FMCG Performance



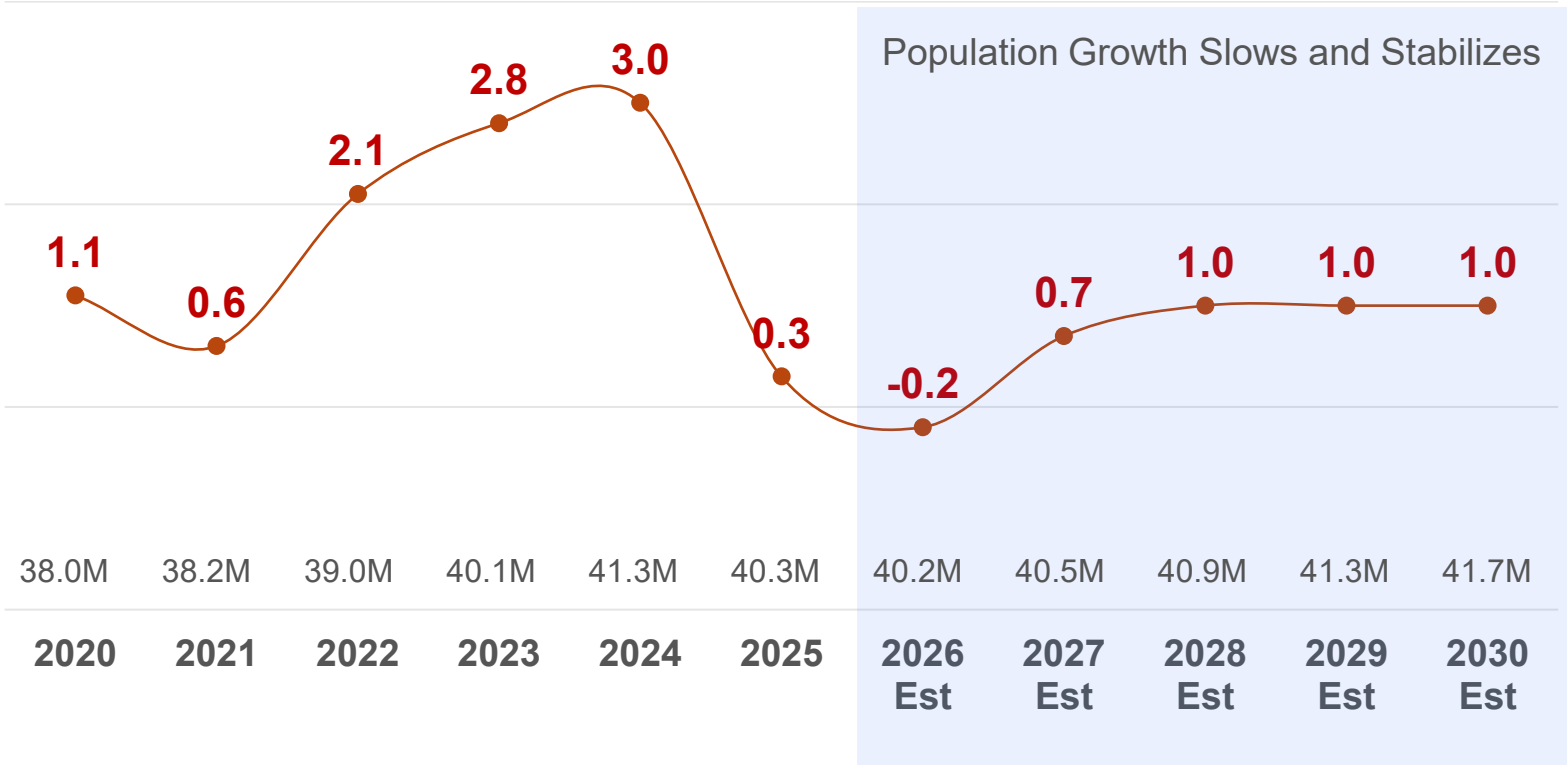
Growth Slowing in Ontario and BC

2026 YTD Growth	Dollars	Volume
National	2	-1
Maritimes	2	0
Quebec	3	0
Ontario	2	-1
Man/Sask.	3	0
Alberta	3	0
B.C.	2	-1

Source: NielsenIQ, MarketTrack Canada Total Tracked Sales All Channels Combined, Annual Periods YTD 43 weeks to October 24, 2026

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

Canada’s Population Growth % Chg



By 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**.

Source: Statistics Canada 2026 Estimate: Immigration + Births – Deaths

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Factors impacting volume trends in FMCG – today and tomorrow

Financial Pressures



48% are reducing nonessential spending

41% plan shopping ahead to control spend & impulse

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

Eating Habits



35% eating leftovers more often

19% are skipping meals

<u>Volume Shifts</u>
Baking +3%
Canning Acc. +4%
Insecticides +6%
Fertilizers +7%

Food Insecurity



+99% increase in food bank visits since 2019

Food bank usage exceed 25 million visits in 2026

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

GLP-1 Impact



16% of Canadians are using GLP-1 medications

Prescriptions, 7.0M in ’25 and est. 8.8M in ’26 (+25%)

Dollar +3% / Unit -1%
Beverages +8%
Cosmetics +3%

Source: NielsenIQ 2026 Omni Surveys and Consumption Reports

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Consumers are spending with purpose

Consumers are asking, ‘Is it worth it?’

Today’s consumer is prioritizing:

- Stretching Every Dollar
- Maximizing Essentials
- Trading Within Categories
- Paying for Outcomes, Not Products

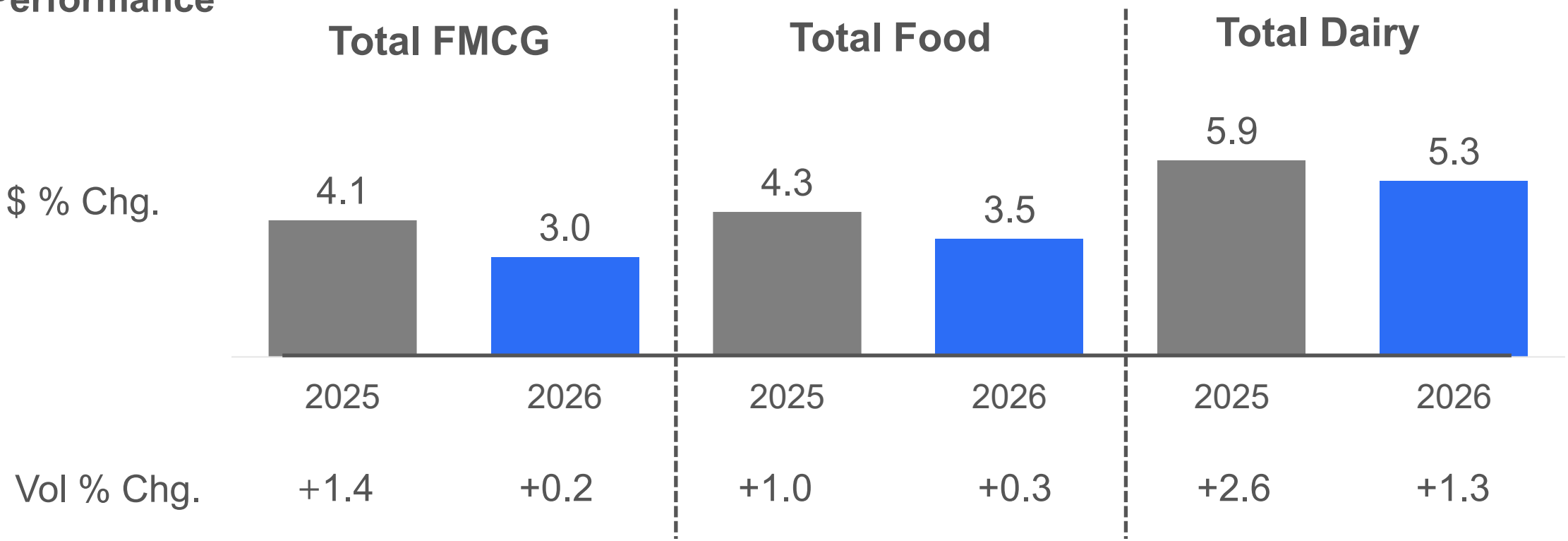
Consumers have become far more selective about where, when, and how they spend. **Growth belongs to brands and retailers that help shoppers maximize value**, not simply minimize price.

NIQ

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Dairy outperforming total FMCG and Food both on dollars and volume

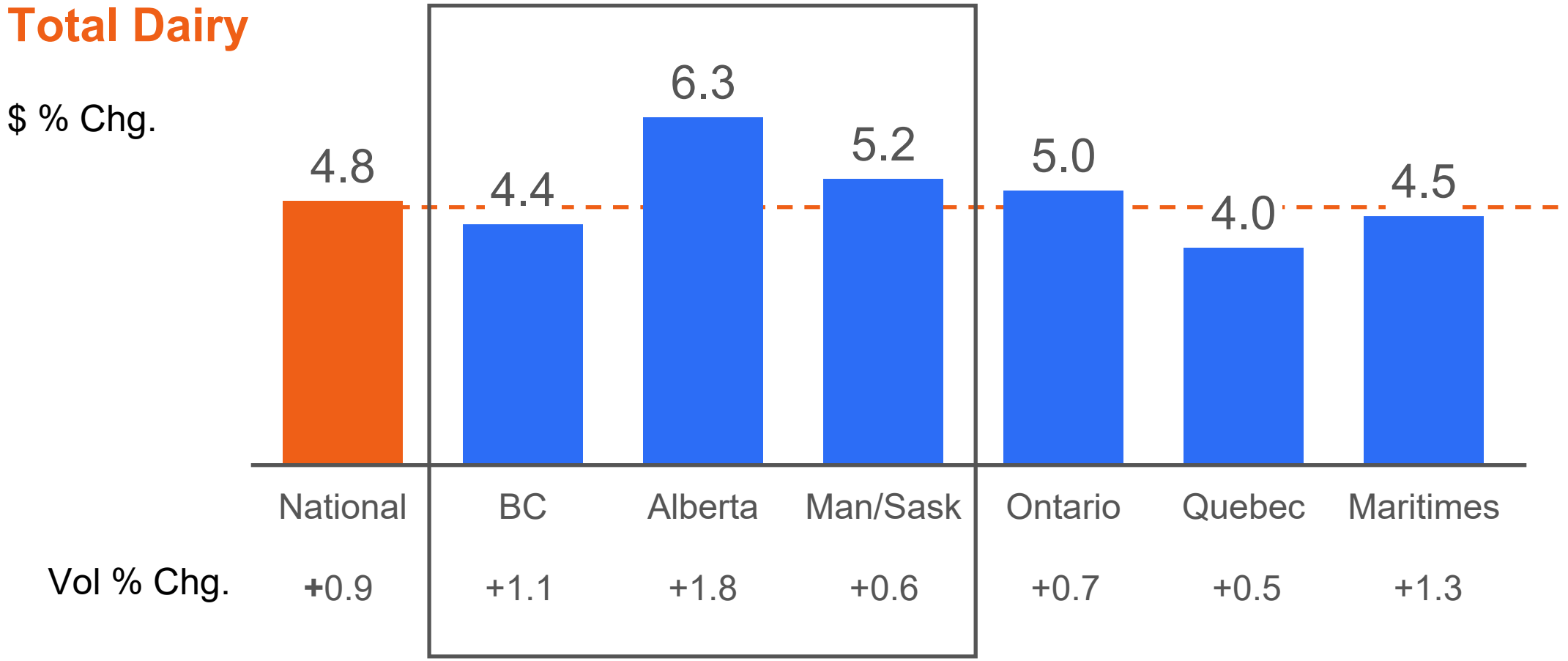
Total West Performance



Source: NielsenIQ, MarketTrack Total West All Channels Combined, 52 weeks to October 24, 2026.

Alberta is leading regional dairy growth both on dollars and volume

Total Dairy



Source: NielsenIQ, MarketTrack National All Channels Combined, 52 weeks to October 24, 2026, Equiv. Vol

Western Canadians continue to spend and expand their dairy consumption

Top 5 Dollar Sales

	$'s MM	$ % Chg	Vol % Chg
Milk	$1,160.3	+5	0
Prepack Cheese	$1,014.9	+2	+1
Yogurt	$878.7	+11	+5
Butter	$333.0	+2	+4
Deli Cheese PP*	$286.8	+3	0

Top 5 Volume Gains

	$'s MM	$ % Chg	Vol % Chg
Cottage Cheese	$128.8	+25	+19
RW* Cheese	$70.3	+6	+6
Yogurt	$878.7	+11	+5
Whipping Cream	$102.2	+9	+5
Butter	$333.0	+2	+4

Source: NielsenIQ, MarketTrack Total West All Channels Combined, 52 weeks to October 24, 2026, Equiv. Vol

* PP: Prepack RW: Random Weight

Plant-based products continue to lag total dairy performance

Total Plant Dairy & Meat Alternatives

Total West

$238.1 Million

Dollars +1%

Volume -2%

	$ Millions	$ % Chg	Vol. % Chg
SOYA, RICE & ALT. BEV,	$132.3	+1	-3
ALMOND	$56.6	-1	-5
OAT	$40.8	-4	-4
SOYA	$24.1	+25	+14
COCONUT	$6.3	-4	-10
CASHEW	$3.2	-7	-17
RICE	$0.5	-19	-25
OTHER*	$0.9	-7	-28

	$ Millions	$ % Chg	Vol. % Chg
TOFU & MEAT DAIRY ALT.	$105.8	0	+4
MEAT ALT	$51.9	-2	-8
TOFU	$38.9	+12	+14
SOYA CHEESE	$12.3	-13	-11
OTHER TOFU	$2.6	-18	-19

*Hazelnut, Walnut, Pea, Chickpea

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

Winning today is continuously adapting to changing consumer needs



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

Top 10 consumer saving strategies for FMCG – Total West



Average of 4.5

Saving Strategies

Per Shopper



Source: NIQ 2026 Shopper Opinions Survey– August 2026 – Total West

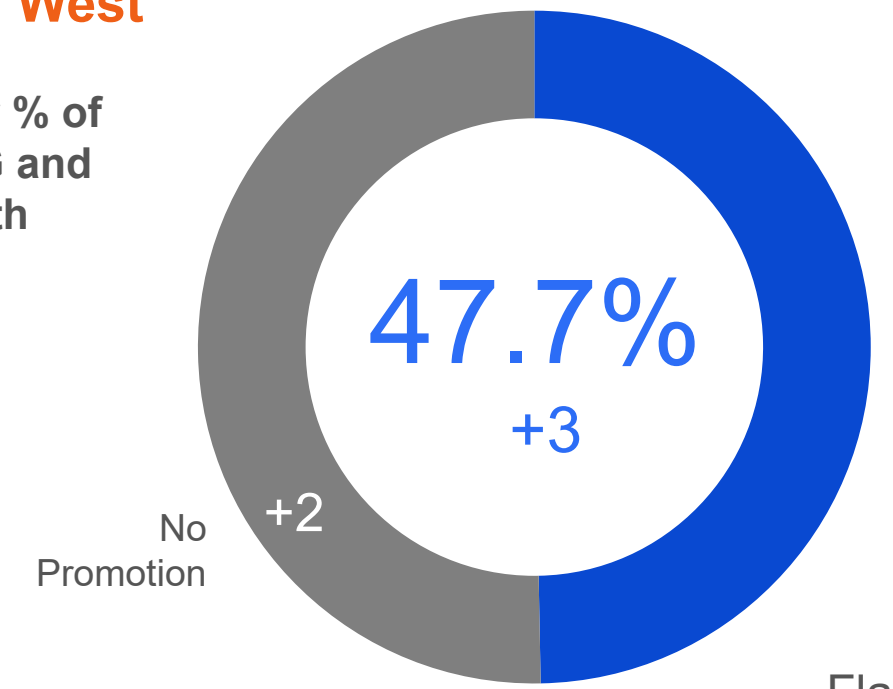
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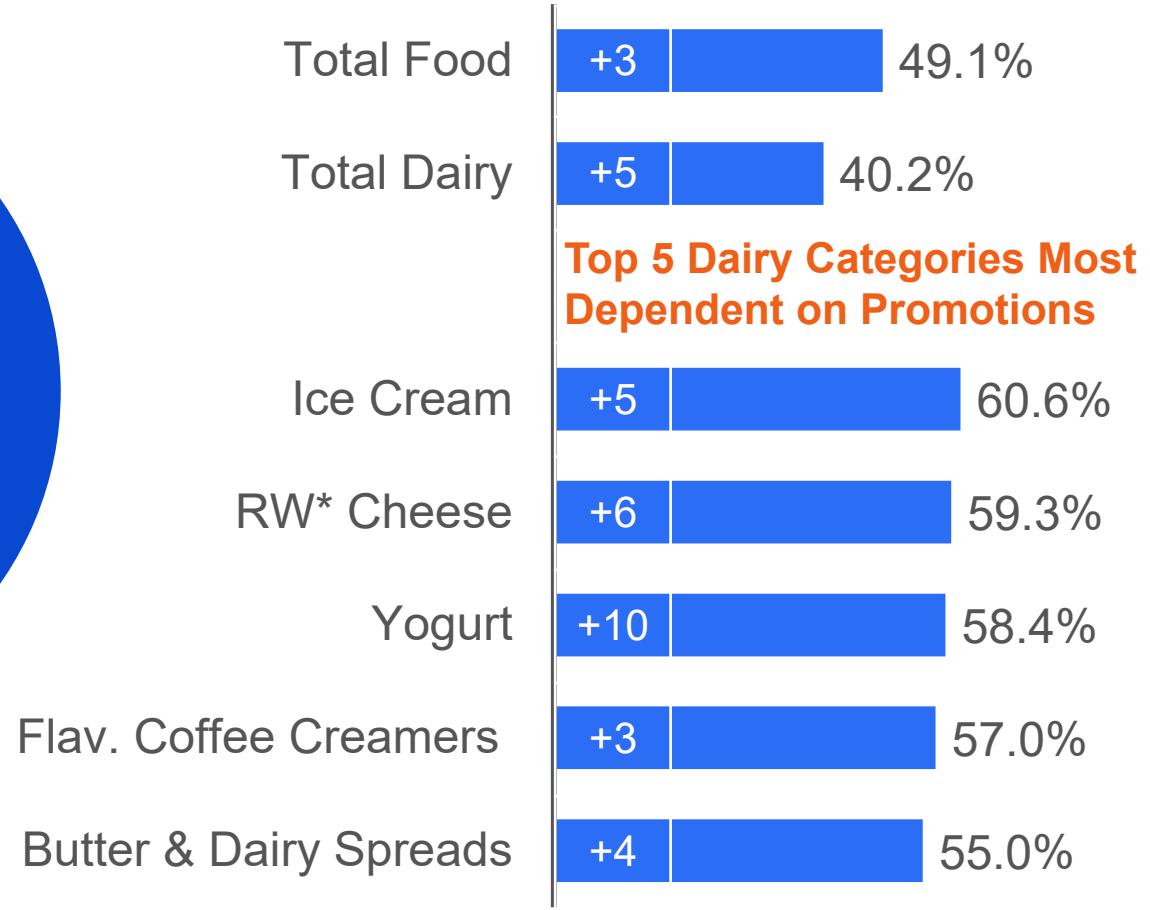
The consumer need for value continues to fuel overall FMCG growth

Buying on **Promotion**

Total West

Dollar % of FMCG and Growth

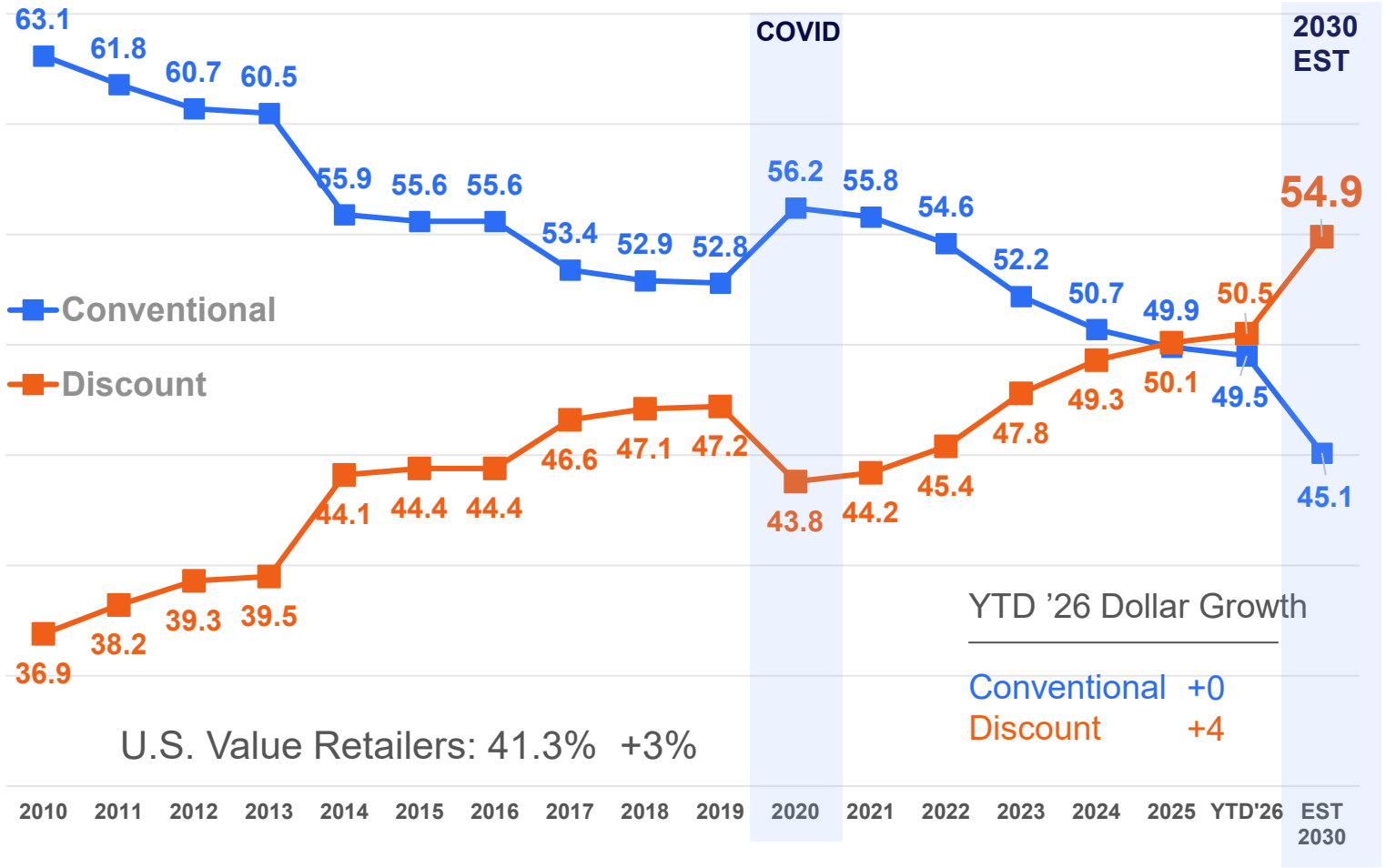




Source: NielsenIQ Total West GDM Total Tracked Sales, 52 weeks ending October 24, 2026, *Random Weight

Canadians have shifted spending to Discount retailers – with more to comer!

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

Private Label: **21.6% +5**
(Convent 16.4% 0)

Total Dairy	$ Share	$ % Chg	Vol Share	Vol % Chg
Discount	53.2%	+7	59.0%	+2
Convent.	46.8%	+2	41.0%	-2

Source: Syndicated DB GDM2021-2017 - Presidents Report (All Channels GDM - includes Costco) | 2016-2014 - Presidents Report (GDM) | 2013-2008 - Homescan Grocery Comp YTD '26: 43 weeks ending to October 24, 2026 *L52 weeks Sept 26 Shopping Behaviour: ^Omnishopper Total Discount vs. Total Conventional

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Retailers have made their bet on value

Where is retail investing?

(% of 2026-2027 store openings)

- **60%** Discount Grocery & Walmart
- **15%** Dollar Stores
- **15%** Costco
- **10%** Conventional & Premium

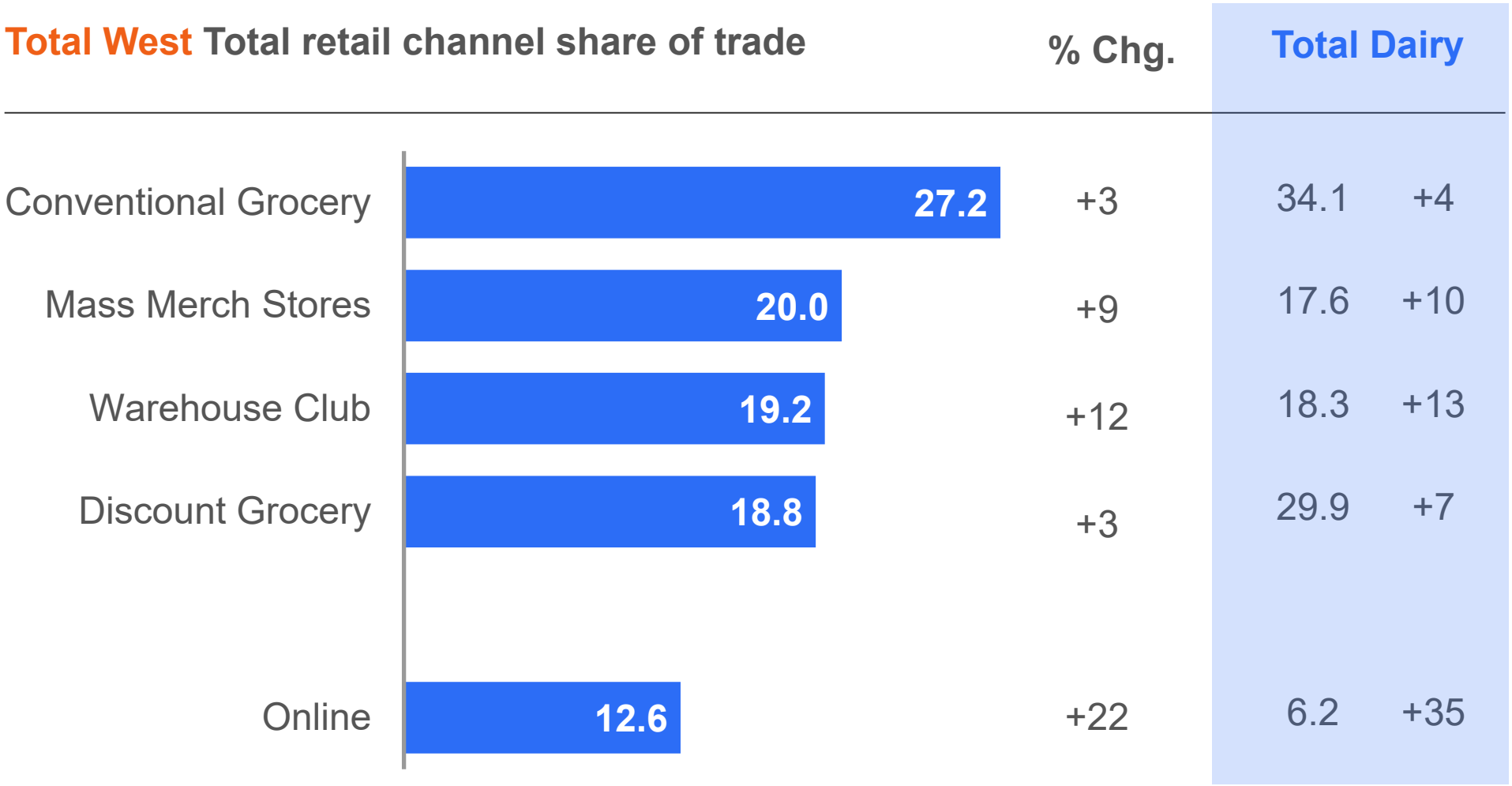
Approx. 1/3 of the new stores
will be in Western Canada

Methodology: Analysis of publicly announced 2026-2027 store expansion plans reported by leading Canadian grocery and retail trade publications and retailer disclosures, with openings grouped by retailer and format to estimate where future retail investment is being concentrated



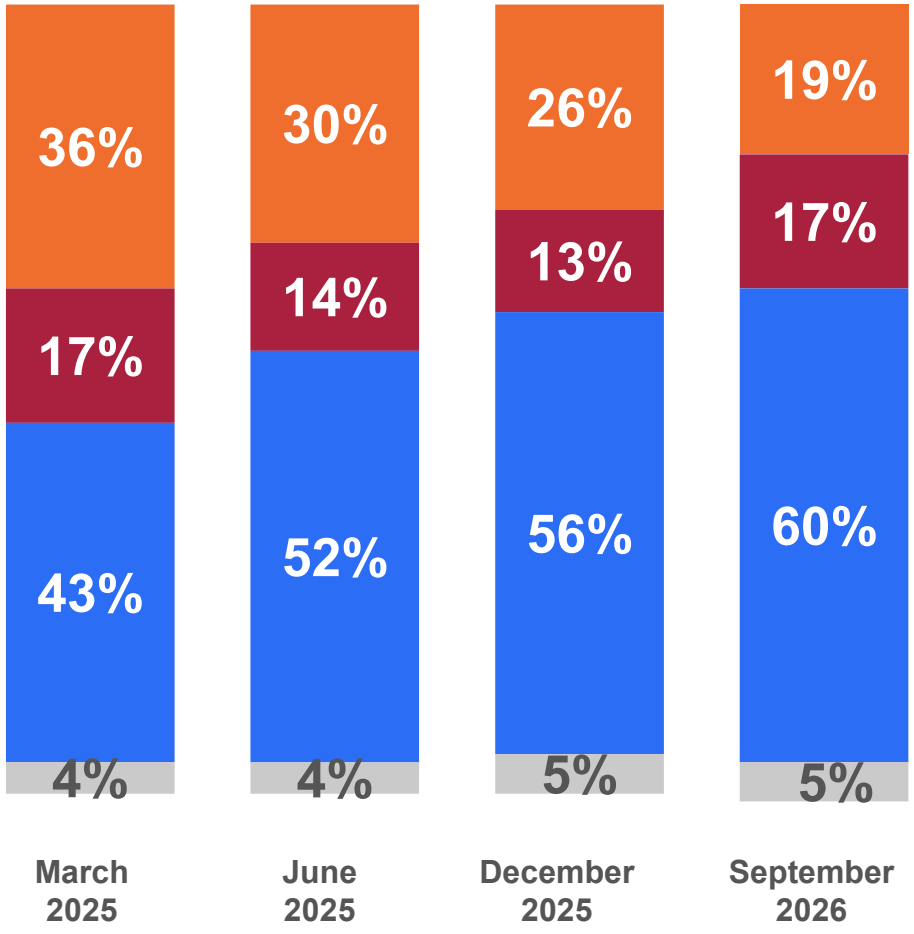
NIQ

As expected, the consumer wallet is growing in value-based retail formats



Values vs. Value: Canadian shoppers are becoming more pragmatic when deciding which products to purchase

% of Canadian Households.



U.S. Good Avoiders
I will boycott U.S.-made products and **refuse to purchase them**,

Canadian Loyalists
I will **only buy Canadian-made** alternatives and will go without if a Canadian option isn't available.

Pragmatic Canadian Supporters
I will **prefer Canadian-made** products whenever possible but **will still buy U.S. products** if they remain my best option

Unchanged
I will **continue buying U.S.-made** products as usual

The Maple Leaf Isn't Enough to Close the Sale

Total West

52 Week	$ % Chg	Vol % Chg	Promo Vol % Chg
Canada	+1	-1	-2 ▼
US	-2	-5	-1

Q3 2026	$ % Chg	Vol % Chg	Promo Vol % Chg
Canada	-2	-3	-4 ▼
US	-4	-2	+3 ▲

Source: Nielsen MarketTrack, Total Tracked Sales Total West All Channels –52 weeks Ending September 26, 2026 – NPI Canadian Origin and Made in the USA

- Source: NIQ Tariff Survey on NIQ Omnishopper Panel in September 2026;

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76%

of Canadians are concerned about future health problems

6 Barriers hindering healthier life choices

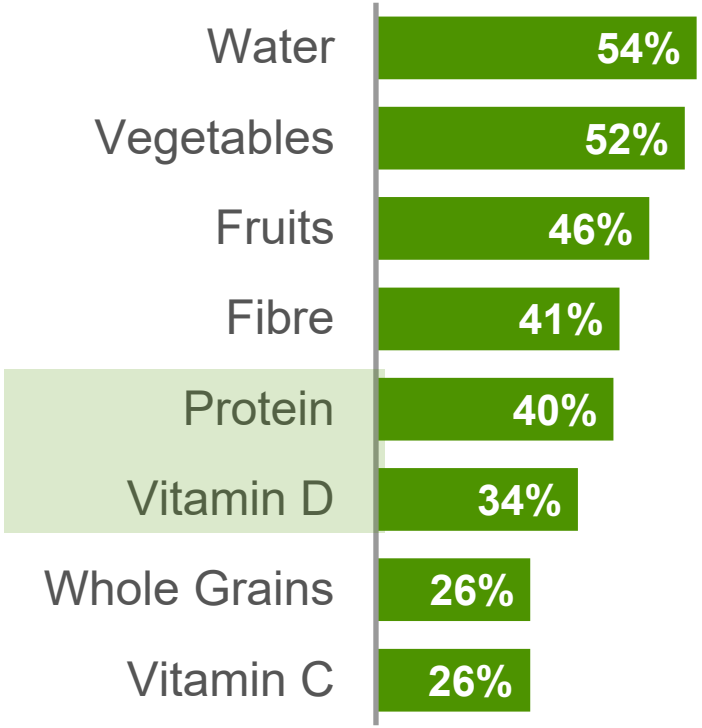
1	**Cost**	**59%**	Say healthier alternatives are too expensive
2	**Motivation**	**28%**	Don’t feel driven to make healthier choices
3	**Time**	**24%**	Don’t have time to make healthier choices
4	**Availability**	**23%**	Have difficulty finding healthier alternatives
5	**Trust**	**19%**	Don’t trust that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

Source: NIQ’s 2025 Global Health & Wellness survey – Canada. 2025 Health & Wellness Report

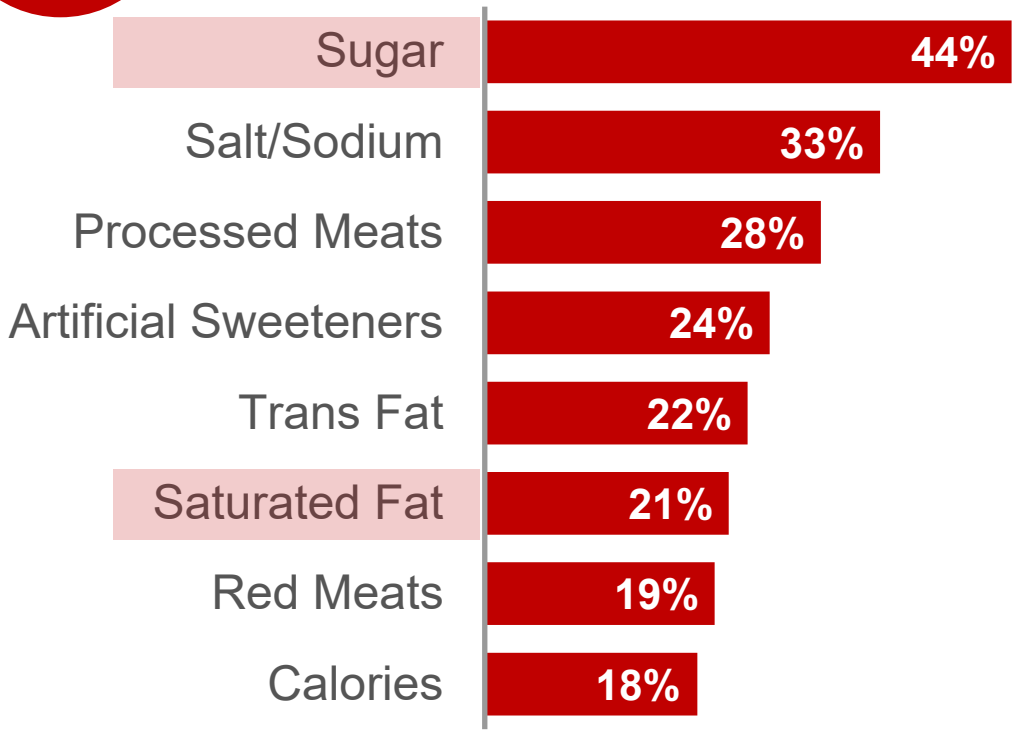
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What Canadians are changing in their diets

Adding more to their diets



Removing from their diets



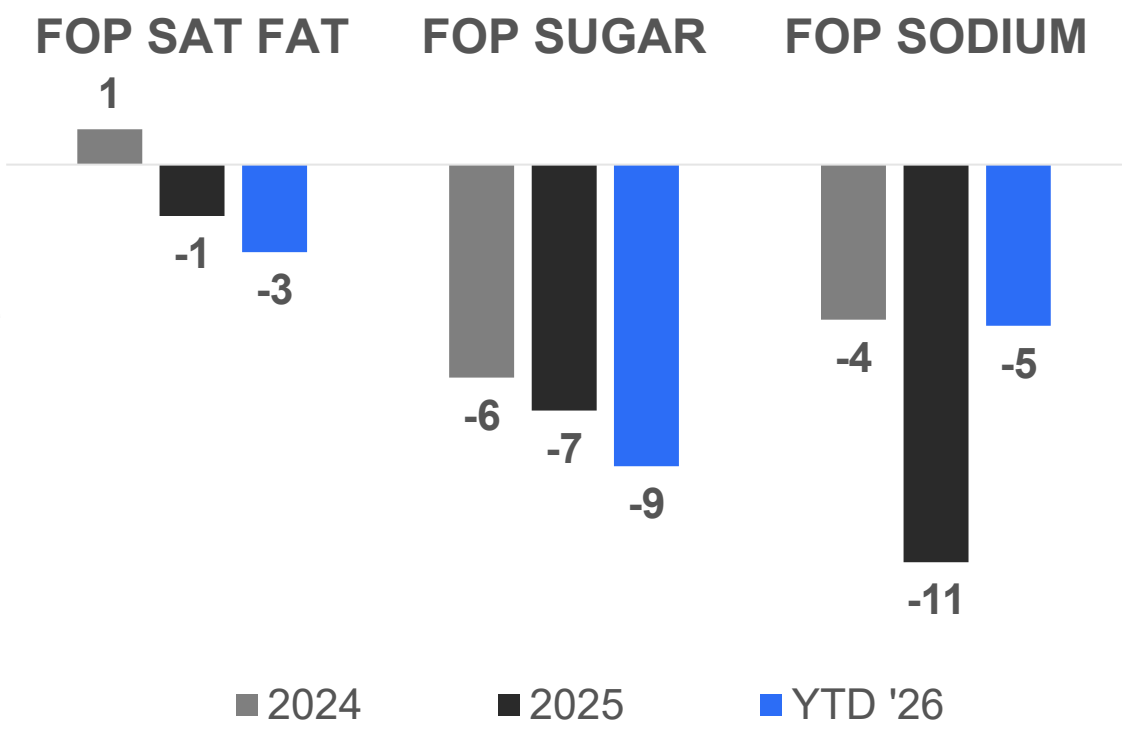
Source: NIQ's 2025 Health & Wellness Report – Total Canada

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Consumption of high sodium, saturated fat and sugar foods continues to decline with FOP

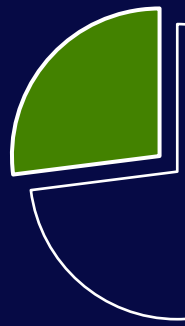
Front of Pack Nutrition Symbol (FOP)

Food and Beverage Vol. % Chg.



77%

Of Canadians are aware of Health Canada's FOP Nutrition Symbol



29% *of food and beverage sales in Canada contain more than 15g of sugar per serving*



31% *of food and beverage sales in Canada contain more 300MG of sodium by serving*



29% *of food and beverage sales in Canada contain more of 3G of sat fat by serving**

**Based on products with a nutrition facts label*

Source : National All Channels, 52 weeks PE March 21, 2026

Source: NIQ, RMS – NIQ Product Insight; National GB+DR+MM+C&G, Based on Grocery (Grocery+Deli+Bakery), PE *August 22, 2026*

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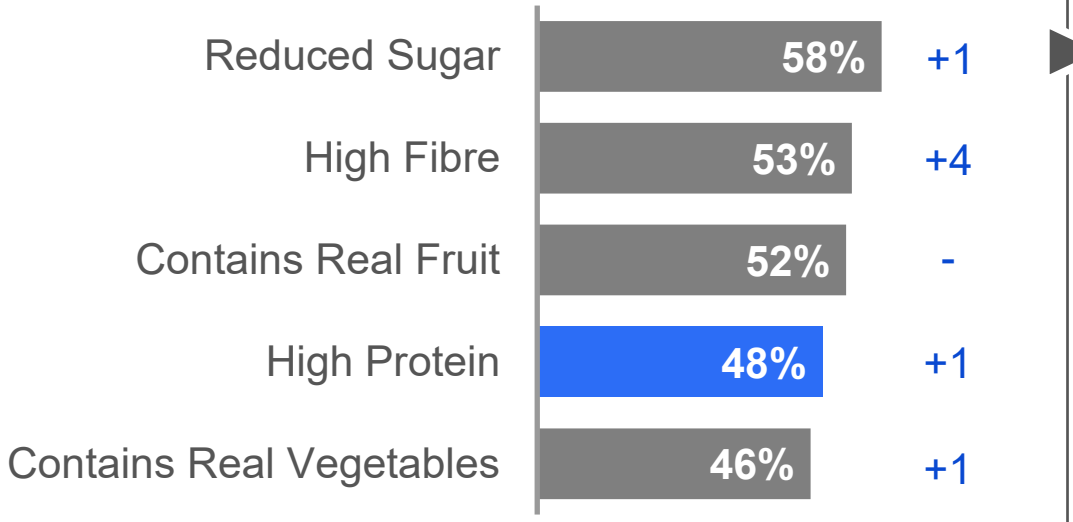
The protein movement meets the needs of Canadians

48%

+1 points vs YA

of Canadians are looking for products with high protein claims

Desired Health Claims (% Chg.)



NPI Protein Stated Claim or Qualified	Vol % Chg.
MORE PROTEIN STATED	+14
CONTAINS PEA PROTEIN QUALIFIED	+10
SOURCE OF PROTEIN STATED	+5

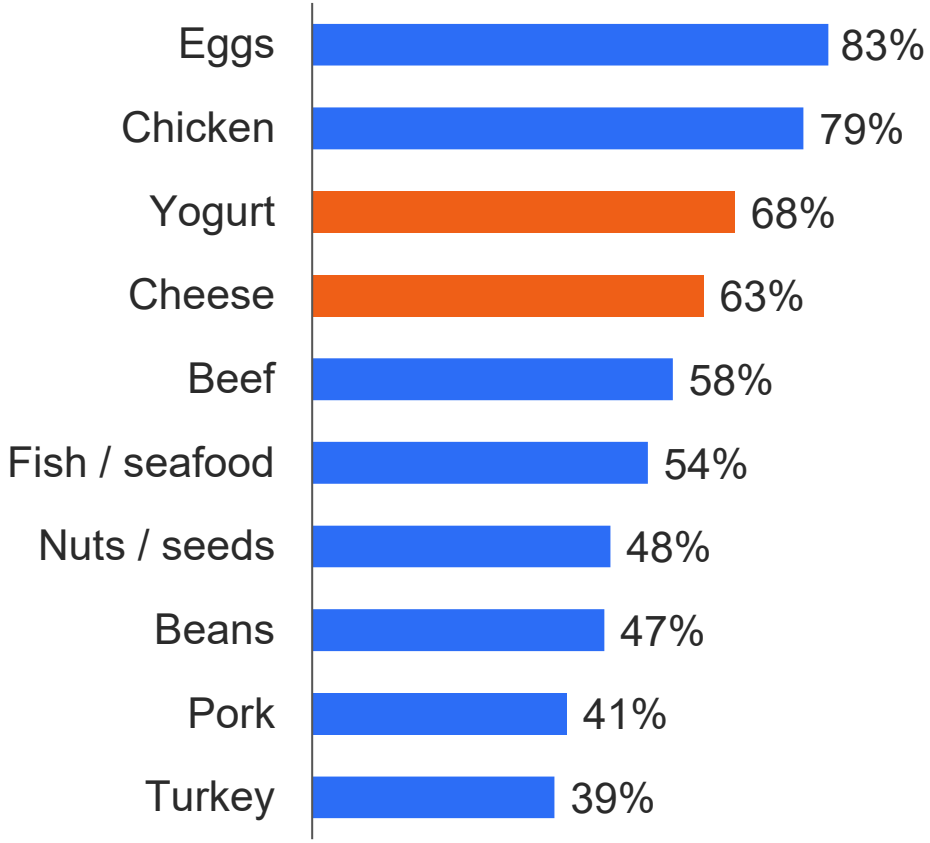
Protein Based Categories	Vol % Chg.
COTTAGE CHEESE	+18
ENERGY & NUTRITION PRODUCTS	+9
EGGS	+5
YOGURT - REFRIGERATED	+4
CANNED TUNA	+4

Source: NielsenIQ 2025 Health & Wellness Study NIQ NPI: Total Canada All Channels 52 weeks to September 26, 2026

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Yogurt and cheese are a primary source when increasing their protein intake

Primary source of increased protein intake (%)





Source: 2025 Total Health Syndicated Survey on NIQ Homescan Panel
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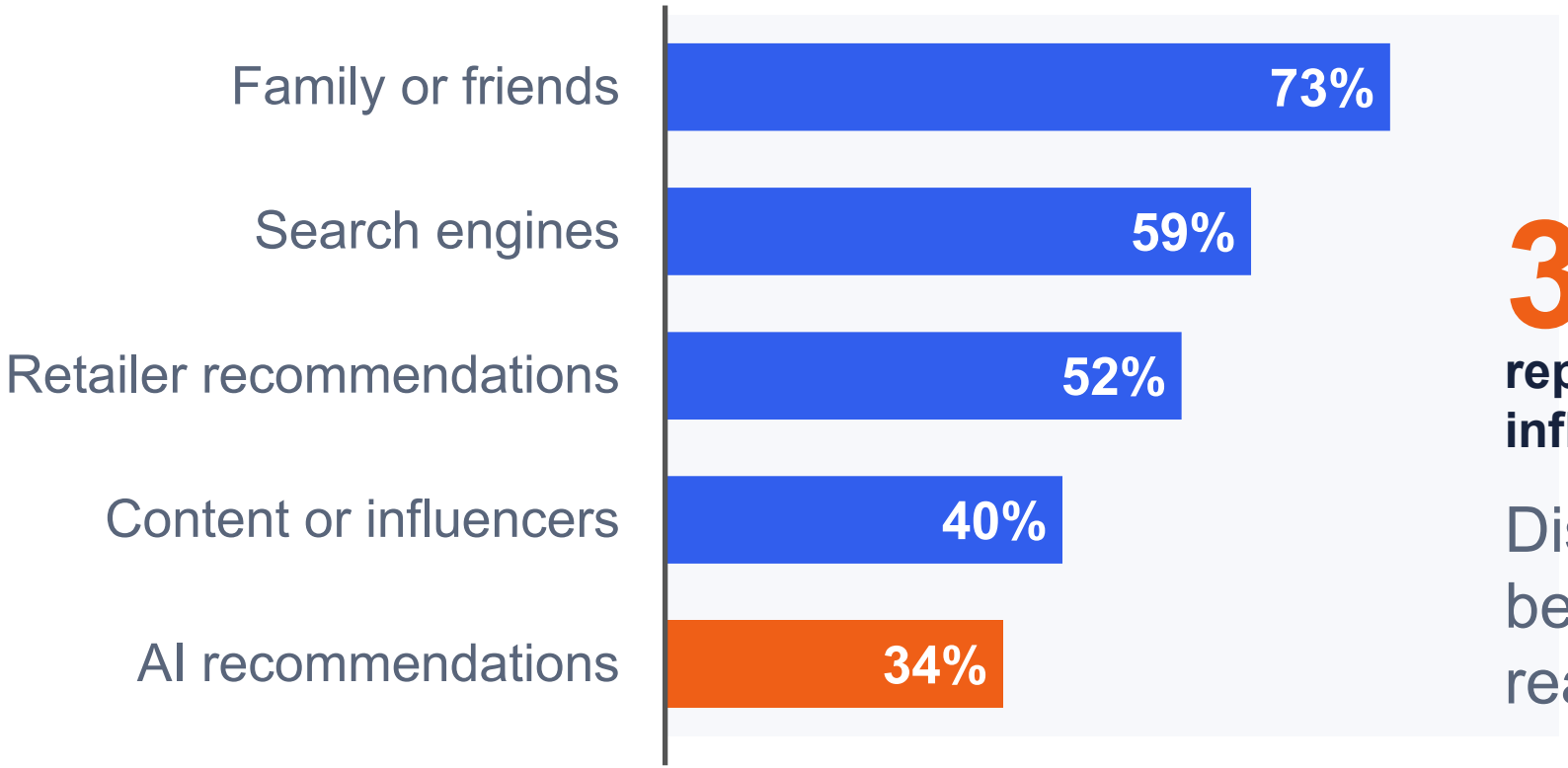
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AI is entering the shopping conversation and reshaping discovery

Sources influencing Canadian purchase discovery





34%

report AI purchase influence (Global 55%)

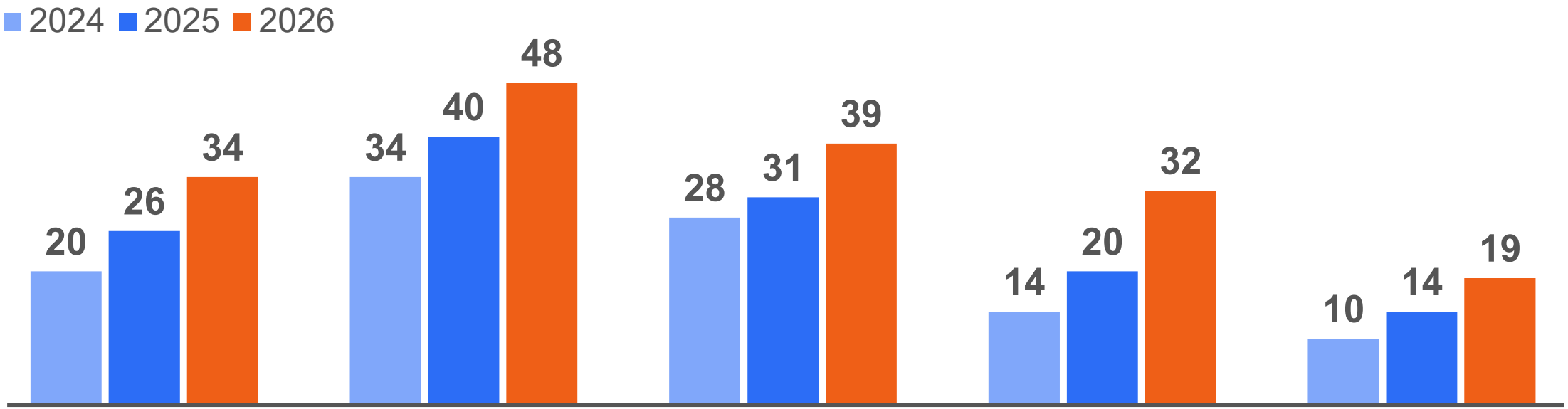
Discovery is changing before the shopper reaches the shelf.

Source: NIQ 2026 Consumer Outlook, Canada. Purchase influence reported sometimes, often or always.

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AI usage in Canada continues to rise across all demographics

34% of Canadians used AI apps or tools in the past 30 days, **+14 pts** from 2024



	Total	Gen Z	Millennials	Gen X	Boomers
2 yr Pt Chg	+14	+14	+11	+18	+9

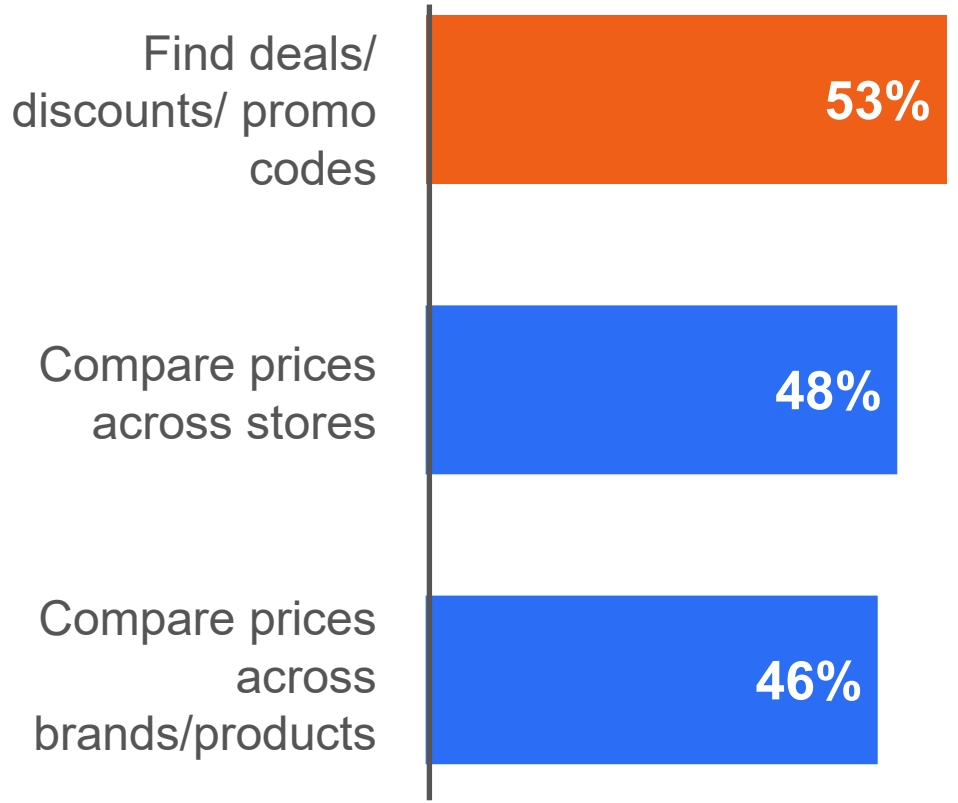
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The first 2 questions when using AI are: “Can I save money and how?”

Top 3 motivations for using AI



Top 3 tasks when using AI



Source: NIQ Future of Shopping in Canada, September 2026, Canadian AI shopping study. Reported motivations.

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The new retail front door: Visibility becomes part of your availability

The new path to consideration and purchase



Will you make the shortlist?

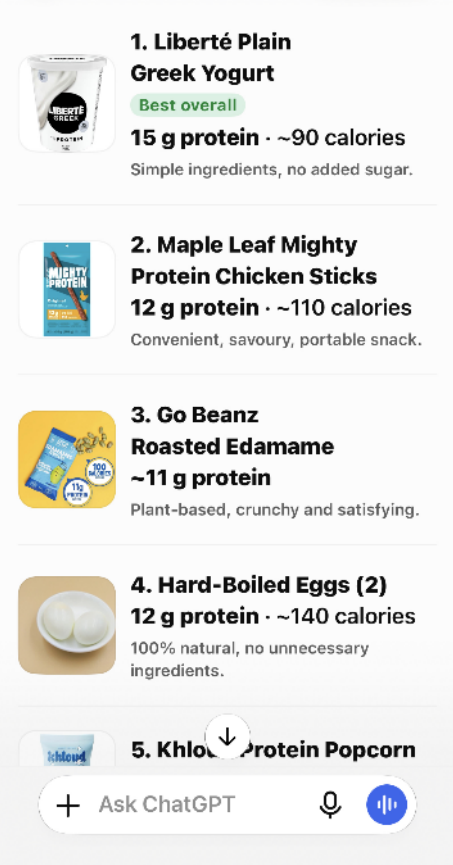
Make sure:

- Complete product information
- Clear reasons to choose the product beyond price.
- Consistent facts across retailer sites.

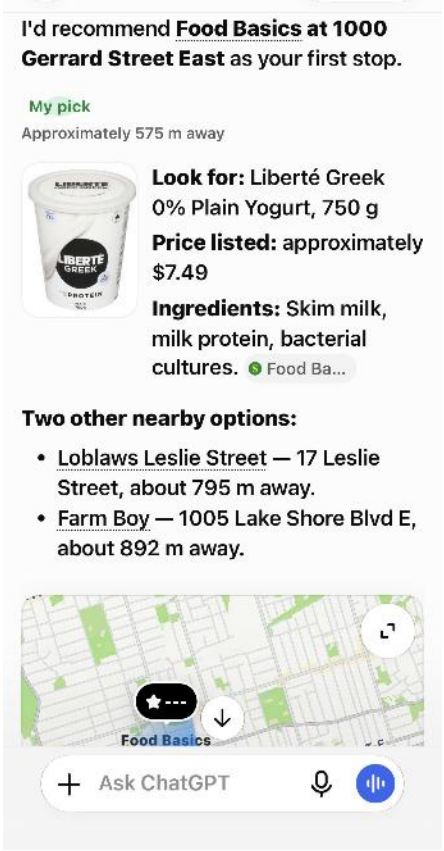
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What does ChatGPT recommend for my need for a high-protein snack?

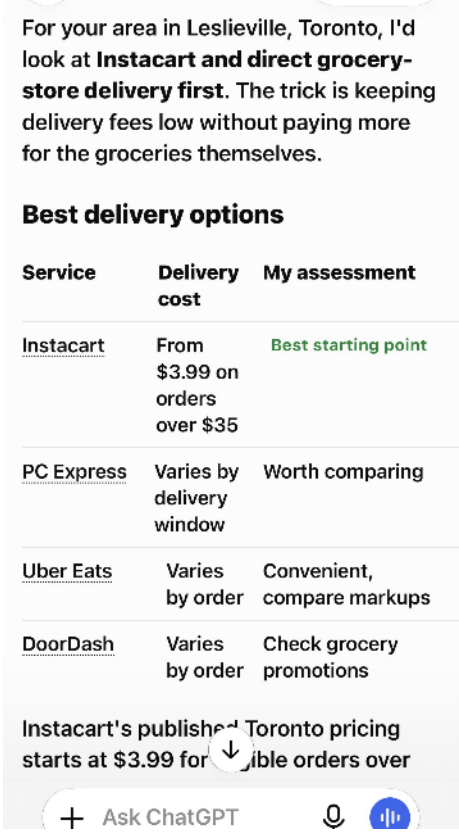
Recommend a high-protein snack with natural ingredients



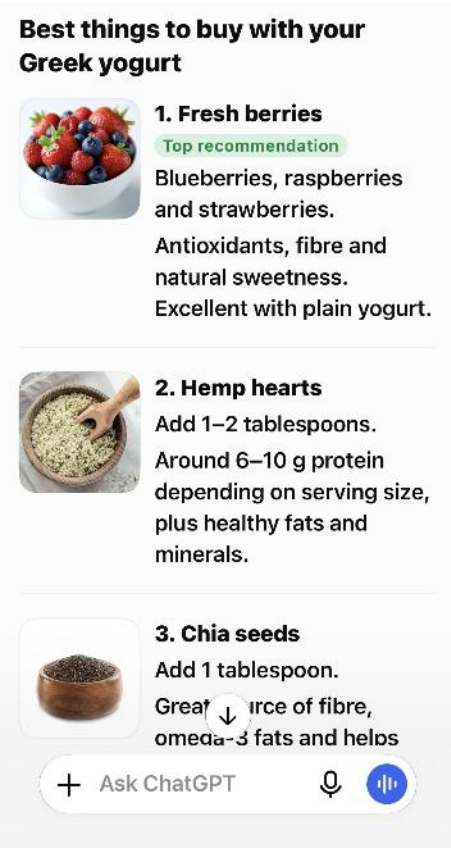
Where can I find it close to me?



What is the best delivery option?



Recommend something to go with my yogurt?



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From Pressure to Progress – Finding Growth in Dairy

Value Velocity

Where Wallets Wander

Value-seeking consumers are changing where and how they shop. Success will come from tracking those shifts and **ensuring dairy is present wherever demand emerges.**

Living Well

Nourish to Flourish

The protein movement is creating a significant opportunity for dairy. Consumers are adding more protein and Vitamin D to their diets, positioning yogurt, cottage cheese, milk and cheese as natural solutions for healthier living.

AI Influence

The New Retail Front Door

As AI becomes part of product discovery, **dairy brands must clearly communicate benefits** such as protein, nutrition, and value. Products with strong digital content and clear health credentials will be more likely to make the AI-generated shortlist.

NIQ

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Thank You!

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

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TOTAL DAIRY DEFINITON

Refrigerated

- Butter & Dairy Spreads
- Coffee Creamers
- Cottage Cheese
- Cheese - Prepack
- Cream
- Cream Cheese
- Milk
- Milkshakes & Eggnogs
- Sour Cream
- Whipping Cream
- Whipped Toppings
- Yogurt

Deli

- Cheese - Prepack
- Cheese - Random Weight
- Cream Cheese - Random Weight

Frozen

- Ice Cream
- Frozen Yogurt

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