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The shifting spend priorities of Canadian consumers



Background

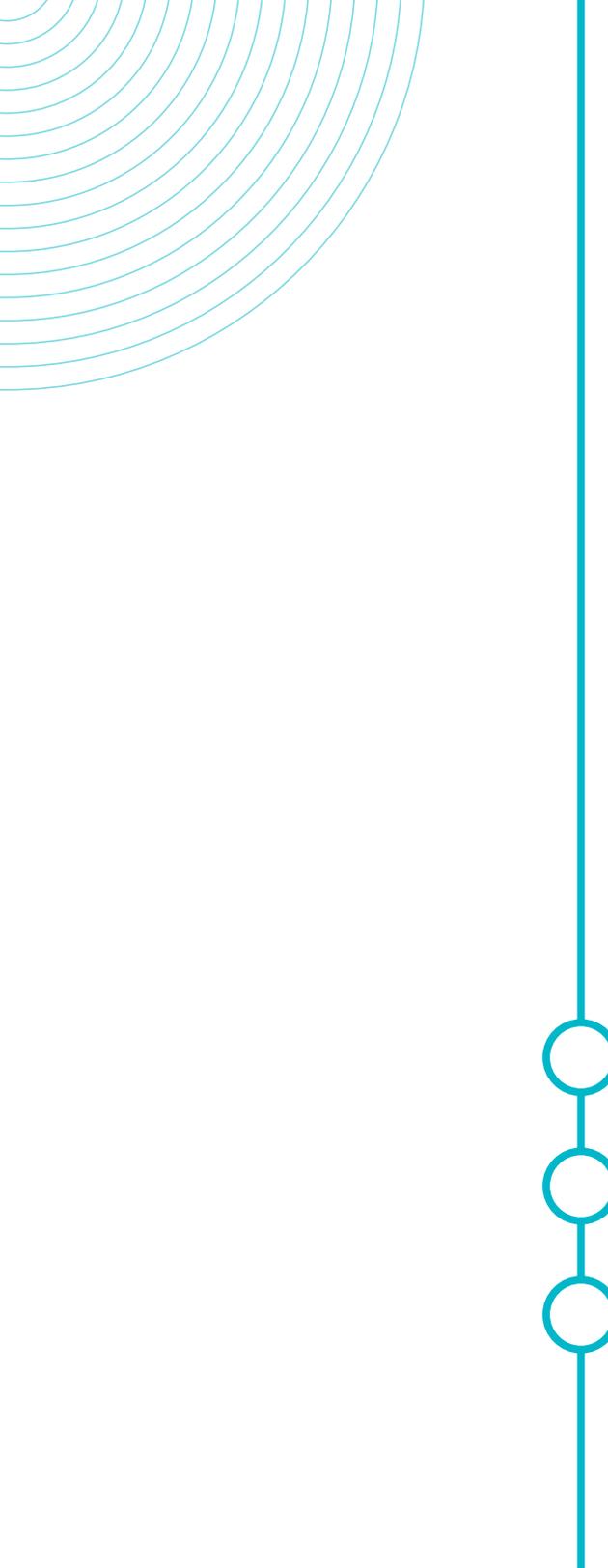
Spend data

Figures are based on a comparison to the same period in the year prior. The period selected for this data set is July 2022, 2021, 2020, and 2019. Moneris reports measure spending in Canada across a range of categories by analyzing credit and debit card transaction data. The figures cited are derived from aggregated and anonymized transaction data being processed by Moneris in the applicable categories.

Survey methodology

In partnership with Moneris, the Angus Reid Group conducted an online survey among a representative sample of n=1,515 adult Canadians. The respondents are members of Angus Reid Forum. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20.





Introduction

From the pandemic and lockdowns to supply chain disruptions and rising inflation, the past few years have been eventful for Canadian consumers and the economy.

With these factors at play, questions surrounding their economic impact are top-of-mind. To provide answers, analyzing transaction data and the sentiment of Canadians as they reflect on the past few years make the identification and interpretation of trends possible.

Through research conducted by Moneris and Angus Reid, findings presented within this report help capture the pulse of Canadian consumers and characterize their spend behaviours in response to these economic influences. Questions answered in this report are:

Looking back

In what ways did consumer behaviour evolve during the pandemic?

Today

As we navigate a post-pandemic economy, how has consumer behaviour changed?

Looking ahead

With new economic pressures like rising inflation, how will Canadian's adjust their spending?



Looking back.



To what extent do you agree...

Perception statement	Respondents agreeing
I spend more time with my hobbies and personal activities around the home than I used to (pre-pandemic)	66%
Compared to before the pandemic, I have less of a need to buy clothes	63%

New normal, new you

When asked, most Canadians indicated that through the pandemic they spent more time pursuing hobbies and activities around their home.

Complimentary to that, Canadians also found they had less of a need to re-stock their wardrobe. As we navigated the new normal, Canadians likely revamped their attire to reflect work from home and fewer in person events to attend.

These perceptions of Canadians are also reflected in transaction data captured over the pandemic.

Sample of business categories comparing transaction count each year to 2019

Business category	Examples	2022	2021	2020
Apparel	Clothing stores.	-11%	-5%	-15%
Entertainment	Amusement parks, movie theatres, golf courses, etc.	20%	1%	-26%
Household	Hardware, furniture, lumber, masonry, etc.	0%	8%	18%
Restaurant	Bars, full service, & quick service.	-4%	-2%	-14%
Specialty	Antiques, bikes, jewelry, sporting goods, etc.	4%	3%	-4%

Substitution Spend

Comparing transaction count between 2020 and 2019, essentials became evident, and so did consumer choices for substitution spend. With restrictions impacting what Canadians were able to purchase, spend within the Household group increased by 18% while other categories saw a decrease.

Relatively unchanged were groups essential to everyday life, like Gas and Convenience, as well as Grocery. Meanwhile, we see a meaningful decrease in transaction count, which was observed for Apparel, Entertainment, Restaurant, and Specialty, possibly to do with reduced consumer confidence and hampered desire from restrictions.

Sample of business categories comparing average transaction size each year to 2019

Business category	Examples	2022	2021	2020
Apparel	Clothing stores.	18%	13%	5%
Entertainment	Amusement parks, movie theatres, golf courses, etc.	-1%	-4%	-8%
Grocery	Supermarkets, bakeries, candy, and confection, etc.	15%	13%	17%
Household	Hardware, furniture, lumber, masonry, etc.	17%	10%	1%
Restaurant	Bars, full service, & quick service.	15%	5%	-6%
Specialty	Antiques, bikes, jewelry, sporting goods, etc.	15%	14%	19%

Stocking up

Comparing average transaction size (ATS) between 2020 and 2019, Canadians hunkered-down to weather-out lockdowns and restrictions. Possibly motivated to reduce the number of trips and make the most of each one, average transaction size went up 17% for Grocery.

Through the pandemic, and as mentioned before, Canadians took the opportunity to take-up hobbies and explore their interests, possibly contributing to a 19% increase in ATS for Specialty. At the same time, lockdowns and restrictions may have dampened spend for Entertainment and Restaurant.



Today.

Spend is back, but not quite the same.

Overall, consumer spending has returned to pre-pandemic levels, even improving as volume is up 12% when comparing spend in July 2022 versus July 2019. However, the return is driven largely by an increase in average transaction size, up 14%, rather than transaction count, down at -2%.

The nuance of this return is also present in the survey response of Canadians as they reflect on their spend behaviour compared to before the pandemic. At a high-level, respondents to the survey indicated they were doing/purchasing less, in contrast to what the spend data shows.

Comparing the spend and survey data, the primary explanation is likely the impact of rising inflation. For spend data, this presents itself through an increase in average transaction size. Meanwhile, in the survey data, Canadians may perceive they are doing/purchasing less as their dollar no longer carries the same purchasing power.

Spend data for a sample of business categories comparing July 2022 to July 2019

Business category	Examples	ATS % Change	Txn % Change	Vol % Change
Apparel	Clothing stores.	18%	-11%	5%
Entertainment	Amusement parks, movie theatres, golf courses, etc.	-1%	20%	18%
Gas & convenience	Automated fuel dispensers & service stations.	31%	-14%	13%
Grocery	Supermarkets, bakeries, candy, and confection, etc.	15%	2%	17%
Household	Hardware, furniture, lumber, masonry, etc.	17%	0%	18%
Restaurant	Bars, full service, & quick service.	15%	-4%	10%
Specialty	Antiques, bikes, jewelry, sporting goods, etc.	15%	4%	20%
Total	Including categories not listed.	14%	-2%	12%

Would you say that you're doing/purchasing more or less than before?

Spend category	More	Less
Items of clothing you buy	9%	49%
Items to furnish or update your home	16%	36%
Number of food items you buy at the grocery store	19%	22%
Number of food or drink items you buy when you go to a restaurant (including take-out)	13%	34%
Number of restaurant outings (including take-out, fast food or bars)	15%	53%
Number of entertainment outings (e.g. movie theatres, amusement parks, golf courses etc.)	7%	67%
Number of trips to the gas station	11%	39%

Some differences from the spend data

Most perceptions of spend are roughly in align with spend in practice. For example, where Canadians perceive to be spending less, transaction counts are also below pre-pandemic levels – groups like Apparel, Gas and Convenience, as well as Restaurant for example.

Contrary to Canadian perceptions, however, is spend related to entertainment. While the 67% believe they are purchasing/doing less, transaction counts are up 20%. Entertainment is a broad topic. Although we may believe or even wish to spend less on discretionary categories, spend on entertainment still contributes significantly to the lifestyle of Canadians. In addition, as restrictions lift many are also eager to enjoy entertainment experiences that were not possible during the pandemic.

The background is a dark blue color. In the top-left corner, there are several concentric circles of varying sizes, drawn with thin, light blue lines. A large, bright yellow rounded rectangle is positioned in the center of the page, containing the text. In the bottom-right corner, there are more concentric circles, similar to the ones in the top-left, also drawn with thin, light blue lines.

Looking ahead.

To what extent do you agree...

I am more likely to try to find deals/sales than I used to be.

76% agree

I am more inclined to save my money than to spend it

72% agree

I feel stressed about my financial future

61% agree

Bargains over breaking the bank

Looking for deals and opportunities to save are nothing new, however, given the stress Canadians are feeling about their financial future there is a clear message for businesses. If they want to grab the attention of consumers, deals/sales may be the best way to do it. Especially as businesses also need to overcome the consumer's desire to save.

If you had \$1,000 less, what would you cut back on?

Spend category	Selected first overall	Selected top three
Travel	21%	47%
Restaurants	20%	50%
Entertainment outings	14%	56%
Specialty items or hobbies (jewellery or sporting goods)	14%	46%
Home furnishing and house renovation	10%	35%
Clothing and apparel	8%	34%
Groceries	6%	13%
Vehicle maintenance and updates	5%	18%

Based on your first choice are you more likely to...

Statement	Selection
Buy fewer items	80%
Buy fewer premium items/experiences	20%

In search of savings

Elevated inflation means a higher cost of living for Canadians. When characterizing reduced buying power as having \$1,000 less to spend, areas like travel, restaurant, and entertainment were where respondents looked to economize. Meanwhile, more essential, and everyday items like clothing, groceries, and vehicle maintenance were less likely to be selected.

In contrast to trends during pandemic, where clothing was an area Canadians cut back on, it now appears to be far from their first choice on where to save. One possible explanation is that Canadians have already saved what they can in this category during the pandemic, which still has some room to improve.

When asked how Canadians would cut back, the vast majority responded with managing quantity over quality.



If you had an extra \$1000, where would you spend it?

Spend category	Selected first overall	Selected top three
Travel	27%	52%
Groceries	20%	46%
Home furnishing and house renovation	18%	48%
Vehicle maintenance and updates	12%	35%
Clothing and apparel	7%	37%
Specialty items or hobbies (jewellery or sporting goods)	7%	23%
Entertainment outings	6%	31%
Restaurants	4%	28%

Based on your first choice are you more likely to...

Statement	Selection
Buy more items	61%
Buy more premium items/experiences	39%



Combating the cost of living

Travel as a first choice is to be expected. What might be unexpected is how high grocery placed. Rather than spend additional disposable income on more discretionary experiences, Canadians would rather allocate it to offset the rising cost of living. Along the same vein is directing the additional funds back into the home, which aligns as many Canadians opt to continue working from home.

When asked how Canadians would spend an additional \$1,000, they again selected more quantity over more quality.

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For more information, please visit www.moneris.com and follow [@moneris](https://twitter.com/moneris).





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Data is collected through a suite of tools utilizing the latest technologies. Prime among that is the Angus Reid Forum, an opinion community consisting of engaged residents across the country who answer surveys on topical issues that matter to all Canadians.



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