CANADIAN LIFESTYLES 2017
PRIDE AND PURSE STRINGS
Here’s the thing about Canada today... The make-up of the population is changing. Growth is now primarily driven by immigration, we’re seeing changes in household structure and the median age of Canadians is one of the oldest in the world.

Currently, the size of the population sits at just over 35 million, with one in five people being foreign-born. Immigrants tend to settle in the most populated cities (i.e. Toronto, Montreal, Vancouver), meaning that infrastructure and social services in these urban areas are impacted by this shift in population dynamics. What’s more, single parents continue to make up a small, but growing proportion of Canadian households. With Seniors now representing the fastest-growing age group – a trend that’s expected to continue for the next several decades – the population has reached a first: there are more over-65s than under-14s for the first time.

Record-high household debt levels and concerns over the economy continue to weigh on the minds of consumers, leading them to clutch to a conservative mindset when it comes to spending. However, there is slight improvement in perceived financial health this year, meaning that consumers have a little more wiggle room than they did in 2016. While some are looking to make discretionary funds work harder for their future, others are allowing for small indulgences.

In the pages that follow, you’ll find an overview of consumer spending and changes that occurred in 2016, as well as purchase priorities for 2017 and the economic conditions and issues making an impact. We also share our predictions for the markets that are set to soar and those that will spin-out in the next five years.

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In 2016, consumers increased their spending 3.5% over the previous year. Canadian expenditures continue to be driven by essential goods and services, accounting for three of the four largest categories. Clothing, footwear and accessories, home and garden and foodservice were the most robust areas of growth in 2016 – each showing improvements of around 5% from the previous year. However, not all categories fared as well with technology and non-alcoholic drinks seeing only minor increases of about 1%. The vacations and tourism sector faced a dismal decline of nearly 3%.

Total Canadian consumer expenditure, at current prices, 2016

- Housing: $285.5bn
- Miscellaneous Expenditure: $102.3bn
- In Home Food: $93.5bn
- Home & Garden: $66.0bn
- Food – Dining Out: $59bn
- Transportation: $175.9bn
- Personal Finance: $100.9bn
- Technology & Communications: $58bn
- OTC Healthcare (at home): $21bn
- Non-alcoholic Beverages (at home): $17bn
- Alcohol: Drinks (at home): $11bn
- Beauty & Personal Care: $16.9bn
- Leisure & Entertainment: $44.8bn
- Vacations & Tourism: $39.8bn

Clothing, footwear and accessories, home and garden and foodservice were the most robust areas of growth in 2016.
CANADA TODAY

THE TRUE NORTH STRONG AND FREE!

Canadian pride is alive and well, with three quarters of consumers proud to be living in Canada. This stems, in part, from the fact that most Canadians believe that Canada has a good reputation globally and is a good place to live for both the young and the old. This is reflected in the fact that just over two thirds of people believe that Canada is a good place to raise children, and just under two thirds feel Canada is a good place to grow old.

As a nation that is growing due to immigration, attitudes of acceptance are seen with just over half of Canadians agreeing that Canada is more open to diversity than other countries. For some two in five, pride translates into the support of its economy and its people via buying made-in-Canada products when possible.

STANDING SHOULDER TO SHOULDER

With just over half of Canadians identifying as ‘middle class,’ there is a general sense of shared commonality amongst consumers – at least in terms of how they see themselves. This is evidenced by the fact that most Canadians feel their values align with others, with only a small percentage who feel their values are different than most.

When it comes to personal finances, three in 10 consumers feel satisfied, with slightly less than half reporting that their financial situations are ‘healthy’ in 2017. Similar to last year, today, Canadians are feeling the economic pinch, as ‘paying off debt’ remains the top category where consumers are most likely to spend their discretionary funds.

The upside is that Canadians are aligned in the sense that they perceive others to be facing similar financial struggles. This suggests that there is cohesion in terms of Canadians working side-by-side to achieve greater financial stability and striving for more or less similar end goals.

FINANCIAL CONCERNS FOR 2017

- Do Canadians have concerns about the current state of the economy?
- What percentage of the population are worried about the value of their savings and investments in light of the 2016 US presidential election results?
- Which demographics are most likely to be concerned about their immediate financial situation?
- How do ‘middle class’ Canadian values compare to those of ‘middle class’ Americans?

For answers to these questions and more, check out Canadian Lifestyles: Pride and Purse Strings 2017 in the Mintel Store or contact your account manager.

Today, ‘paying off debt’ remains the top category where consumers are most likely to spend their discretionary funds.
BRIGHT SPOTS FOR 2017

Mintel’s expert category analysts make their predictions for how the consumer markets will rise and fall in 2017. Here’s what we think.

BEAUTY AND PERSONAL CARE
The spotlight is on men. The adoption of a more casual, relaxed style combined with a rise in men’s styling tips help bolster the pride men take in crafting their look. Men’s facial skincare and shaving products will do well as subscription services and brand extensions reinforce that for the modern man, grooming is a must – be it for the clean shaven or those with a well-manicured beard.

NON-ALCOHOLIC BEVERAGES
Mintel predicts the drivers of growth in this industry are likely to be concentrated from a category perspective. Where the largest categories, like milk, carbonated soft drinks (CSDs) and juice, are losing their share other categories, such as coffee, bottled water and energy drinks, will gain in the long term.

PERSONAL FINANCE
Feeling financially squeezed, consumers will be keen for value-oriented deals across the board. Personal finance apps and loyalty programs will resonate as Canadians grapple with juggling multiple financial priorities.

GROCERY
Automation in the grocery sector presents an opportunity for retailers to provide more customized consumer engagement. Eliminating some of the more time-consuming and redundant aspects of shopping in a store by implementing automated processes will likely prove a huge value proposition to increasing time-stretched consumers.

CLOTHING AND APPAREL
The off-priced category is one of Canada’s fastest-growing retail segments. Giving consumers lower-priced options for the clothing, footwear and accessories they desire is clearly the way to go moving forward.

ALCOHOLIC BEVERAGES
By the decade’s end, wine’s share of value sales will reach close to that of beer’s. This shift can be attributed in part to demographic forces related to an aging population. While Mintel research indicates that beer usage decreases as age increases, there is no drop-off in the share of Canadians who drink wine as they age.
Mintel predicts stable increases in consumer spending over the next five years, with an annual increase estimated at just under 3% year over year. Essential spending categories are likely to see the greatest gains through 2021.

Canadian expenditures on the transportation category have generally seen strong and steady growth over the past five years and are predicted to climb in the next five years, although at the more moderate pace of 5% year over year through 2021. Increased spending is due, in part, to an increase in new car sales, which is also forecast to increase at a moderate pace through 2021.

The need for downtime, convenience and social outings leaves the foodservice category well positioned for growth as it meets consumer needs on each of these levels. Indeed, it continues to be the category which consumers are most inclined to put their discretionary funds towards, second only to paying down debt. Mintel predicts the dining out sector will see annual increases of 4% through 2021.

Given that the high levels of food inflation consumers’ experienced in early 2016 dissipated as the year progressed, Mintel forecasts value sale of the grocery sector to pick up in 2017 and beyond, growing at an average annual rate of about 3% over the next five years. Inflation in food prices is likely to emerge as a significant contributing factor in the growth of food sales in the coming years.

As consumers continue to prioritize debt reduction above all, they will cling to a conservative mindset when it comes to discretionary spending. This means that spend on the non-essential categories will be less of a priority. This includes the leisure and entertainment category, which is expected to see a meagre 1.1% annual growth in the next five years, as well as the household care sector, slated to climb 1% (or less) annually through 2021.

Essential spending categories are likely to see the greatest gains through 2021.

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In general, there is an air of concern among Canadians, with the majority expressing some worry about their personal financial situation as well as the current state of the economy. While it is to be expected that consumers will be cognizant of these elements, there is a small proportion of Canadians who are very concerned. The perception of their current financial situation may be exasperated by debt and outside factors, including housing costs and the cost of childcare.

Looking forward, the outlook doesn’t change as the majority of Canadians report some concern about the future of the economy, maintaining their standard of living and saving for the future. As such, consumers continue to hold a conservative mindset when it comes to spending. However, as the majority of Canadians perceive their financial situation to be stable, there is some wiggle room to be had for small splurges and further investments.

All in all, Canadians are proud and view the nation as globally reputable, caring of its citizens and inclusive. This opens opportunities for companies to connect with consumers by showcasing how these values are core to a brand’s philosophy. As economic conditions continue to loom, consumers will expect companies to deliver more in exchange for their attention and patronage.

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