



## Canadian Consumer Grocery Shopping Simulation Study



Past research has indicated that the majority of Canadian consumers have a strong stated preference to buy Canadian food products over imports. Do their actions speak as loud as their words?

In March 2010, Agriculture and Agri-Food Canada conducted a shopper simulation study to determine if there is a difference between consumers' stated preference and their actual purchase choices. This study was also designed to provide practical information to industry and stakeholders on how to best promote Canadian origin on food product labels, in line with Product of Canada guidelines, in a way that will resonate with Canadian consumers and ultimately increase sales. Specifically, this study helped to identify product labels Canadian consumers are most inclined to select under varying scenarios.

The shopper simulation study showed that while consumers claim price is the key factor, shopping behaviour shows that consumer purchases are actually influenced more by brand and Canadian origin labelling. Of the numerous product origin statements tested, "Made with 100% Canadian (specific ingredient)" is easily the most effective in two ways: consumers' understanding of its meaning, as well as an influencer of food purchase behaviour.

The shopper simulation demonstrates that the inclusion of a prominent Canadian origin label and a maple leaf image on the front of a label can significantly lift sales.

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## ► Approach and Methodology

TNS, the world's largest custom market research specialist, was selected to undertake the contract through a competitive process. The study was conducted as a quantitative online survey of three parts: shopping simulation, highlighter exercise, and survey questions.

This quantitative online survey ran from March 25 to 29, 2010. The sample group that participated in the survey consisted of a total of 1,713 consumers who self-identified as the primary grocery shoppers of their households.

### Online Survey

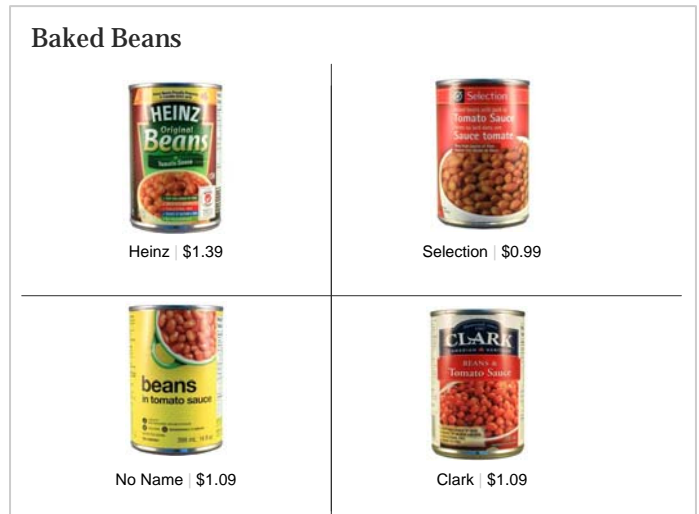
#### (Part 1: Shopping Simulation)

A shopper simulation exercise was implemented as the first part of the online study.

Respondents went through a series of 20 scenarios in which they were presented with four products within the same category and had to select one.

In each category, there was a mix of national and store brand products, and some categories also had premium brands. Efforts were made in each category to have products with varying displays of different Canadian origin and import statements. Respondents were also given the actual retail price of each product.

For example, the baked beans category included two national brands and two store brands. Origin information varied from (respectively) 'Proudly Prepared in Canada since 1909' [+ Leaf], 'Made in Canada from Domestic and Imported Products', No origin mention, 'Canadian Heritage' [+ Leaf].



The sample group of consumers was split into two cells for the purpose of the shopper simulation. Half the sample saw 20 product categories and the other half saw a different series of 20 categories. There were 2 categories shown in both samples, for a total of 38 categories.

They were given the opportunity to look at each product in detail, flipping the product to see the back and side labels and be exposed to country origin information, if available.

The following is an example of the visuals a respondent would have observed for a specific product. Alterations to a product label (such as the inclusion of a maple leaf image and the Canadian content statement in the E.D. Smith example) were only conducted in cases where express approval was provided by the manufacturer.



### Example 1: *no modifications to label*








### Example 2: *modifications to label*



























The study was designed to ensure that consumers did not become aware that the goal of the simulation was to determine the effect of Canadian origin on their purchase choice.

### ► Analysis

Through the simulation, TNS tracked and measured the following components:

-  Rate at which an item was picked up: Consumers were able to 'pick up' an item by clicking on the product to see close-up images
-  Rate at which an item was flipped over: Continuous clicking on the product would expose the other sides
-  Rate at which a product was selected to be purchased
-  Picked up to purchase ratio: Conversion ratio from picking up a product to making a purchase
-  Average time spent looking at an item, among those who picked up the item

### Example:

Strawberry Jam		Average Time Spent on Category: 27 seconds	
 <p><b>Selection</b> \$2.49 Made in Canada From Domestic and Imported Products (Side)</p>	 38%  16%  24%  0.63  8 sec.	 <p><b>Irresistible</b> \$3.29 No origin mention</p>	 24%  16%  10%  0.42  11 sec.
 <p><b>E.D. Smith</b> \$3.49 Made with 100% Canadian Strawberries (Front)</p>	 45%  18%  35%  0.78  7 sec.	 <p><b>Smuckers</b> \$4.59 No origin mention</p>	 44%  16%  31%  0.70  6 sec.

Given the sample size and product categories included, TNS was able to determine the relative impact of Canadian origin on its own and in relation to price and/or brand.



## ► Key Findings

The following conclusions were drawn from the shopper simulation exercise:

- Brand plays more of a role than price in the actual shopping choices of consumers
  - When looking at which products were selected to be purchased based upon types of brands, national brands performed best. National brands consisted of 46% of products in the sample yet accounted for 60% of sales
  - When looking at which products were selected to be purchased based upon least expensive to most expensive, TNS found that the 2nd most expensive brand was selected most often; accounting for 33% of sales
- Product labeling containing a specific Canadian ingredient statement (i.e. apple juice that includes the statement “made with 100% Canadian apples”) provides a lift in sales; while the lack of any type of product origin labeling has the opposite effect
  - Products containing a Canadian ingredient statement made up 11% of products used in the shopping simulation sample, yet accounted for 26% sales
  - Products containing the Product of Canada statement made up 23% of products used in the shopping simulation sample, yet accounted for 26% of sales
  - *It's important to note that in many examples the Product of Canada label was positioned on the back of the product; which significantly reduces awareness*
- Inclusion of a maple leaf provides a lift in sales; especially for national brands
  - Products containing the stylized maple leaf on their label made up 17% of products used in the shopping simulation sample, yet accounted for 29% of sales
- Positioning a prominent Canadian origin label at the front of a product lifts sales – the lack of any form of origin labeling decreases sales
  - Products containing a prominent Canadian origin label at the front made up 15% of products used in the shopping simulation sample, yet accounted for 31% of sales
  - In contrast, products which did not contain any origin information made up 38% of products used in the sample, yet accounted for only 26% of sales

### Online Survey

#### (Part 2: Highlighter Exercise)

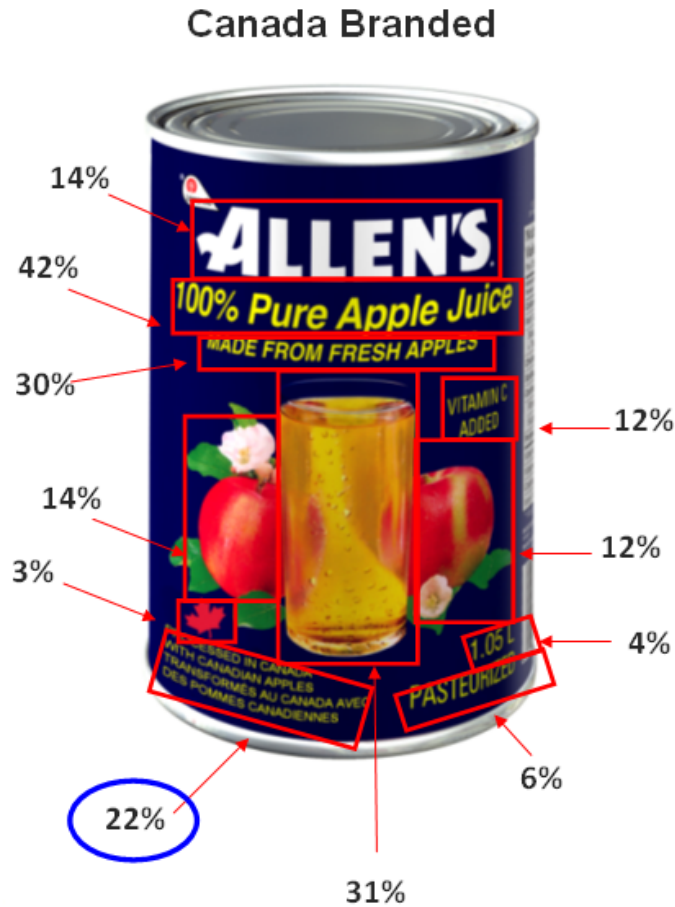
The second part was an exercise called “Highlighter”, where respondents were shown the front and back label of various products (some of which had a mention of Canadian origin along with a red maple leaf).

Respondents were asked to click on areas of the product that captured their attention and they would notice if the product was in a store.



Each respondent saw four products, two of which had a Canadian origin mention.

**Highlighter Exercise Example:**



► **Key Findings**

Based upon the most commonly clicked areas of the product labels, TNS was able to draw the following conclusions:

- On a crowded or cluttered product label, positioning (front, middle) and prominence (size) are important factors in drawing the attention of shoppers

- The word “Canada” (in some form of origin labelling) and a maple leaf have the potential to draw attention
- However, a Canadian origin statement or maple leaf that is not well positioned or prominently displayed does not attract much attention

**Online Survey**  
(Part 3: Questionnaire)

The third part of the survey was a short questionnaire. The majority of the questions were open-ended with the intention of gaining a wider understanding of consumers’ perception of Canadian food products and their labels.

The open-ended question style was optimal in that respondents were able to provide detailed, unbiased opinions.

Questions were asked for to the following:

- What consumers look for on product packaging
- The importance of product origin information
- Consumers’ understanding of various product origin claims

► **Key Findings**

- In terms of Canadian origin statements, Canadian consumers best understand clear content statements such as “Made with 100% Canadian [ingredient]”
- The image of the maple leaf is strongly associated with the product being Canadian (or having Canadian content)



- Consumers also tend to confuse grading statements with origin definitions. Only 21% of consumers understand the intent of the “Canada Grade A” statement. Many misinterpret its meaning. For example, when shown a product with “Canada Grade A” on a label, 30% of consumers interpreted it to mean ‘processed in Canada’
- When directly asked which statement on a processed food label would most positively affect their purchase decision, 48% of consumers decided “Made with 100% Canadian apples” (or other specified ingredients such as beef, potatoes, etc.) has the most positive impact; relative to other statements listed. The “Product of Canada” statement on a label was ranked second highest by 28% of consumers
- 81% of consumers claimed it is important for Canadian origin information to be displayed on labels
- 80% of consumers claimed they would be more likely to buy a food product that is clearly labelled as Canadian

### ► Key Conclusions

The shopper simulation demonstrates the inclusion of a Canadian origin label and a maple leaf image can significantly lift sales.

However, for the labelling to be effective it has to be prominent (sizable), and should be positioned on the front of the product.

- The simulation clearly shows that a prominent Canadian origin label that is not on the front of a product does not impact sales positively

Of the numerous product origin statements tested, “Made with 100% (specific Canadian ingredient)” is easily the most effective in two ways:

- Consumers’ understanding of its meaning
- As well as an influencer of food purchase behaviour

### ► Recommendations

Based upon the conclusions gathered, TNS proposed the following three key recommendations:

Descriptive statements such as “Made with 100% (specific Canadian ingredient)” are the most effective as they are not as open to interpretation in comparison to other statements.

Food producers should consider including a prominent Canadian origin statement accompanied with a maple leaf image on the front of product labels as this could increase sales.

Do not bury the Canadian origin statement or maple leaf in the design as it will be lost in the label clutter and will not have a measurable impact.

Should you wish to obtain a copy of the full shopper simulation report please contact:

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