

The Budget Shopper - Canada - 2023

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This report looks at the following areas:

- How Canadians budget and monitor their finances.
- Category analysis of responses to tighter budgets.
- How the circular economy can be used as a budgeting tool.
- Usage of credit cards, buy now pay later and self-imposed budget limits.
- Consumer behaviours to find the best value.
- Retailer usage across consumer groups.

Formal budgeting is actually relatively uncommon in Canada; only one in six consumers say that they follow a strict budget. There are twice as many Canadians who have a budget but don't always follow it, while the most common approach is to not have a budget at all and simply keep an eye on finances. As a result, Canadians' budget shopping behaviours are more often a pursuit of good value rather than an adherence to a specific numerical budget limit. Consumers want financial security, but they also want the flexibility to spend as they see fit.

Current economic conditions are impacting budget shopping behaviours because they are directly impacting Canadians' personal finances. Prices that are rising faster than incomes means consumers have less money left over after making their typical purchases. Climbing interest rates make borrowing more expensive, adding even more pressure to household budgets. That money needs to come from somewhere, meaning consumers are putting less into savings, going further into debt or else cutting back on typical expenditures.

Certain categories are more vulnerable to budgeting decisions than others. Personal care, groceries and household care products are the categories where consumers are the most likely to maintain their spending habits or find a way to keep buying what they want – but restaurant meals, clothing and footwear are the purchases they're prepared to cut back on. Those categories will bear the brunt of any behaviour changes resulting from tighter budgets.



“Anyone can be a budget shopper – even the highest income consumers consider themselves frugal and enjoy hunting for a good deal. Budgets are generally flexible. Consumers seek out value rather than simply adhering to a strict budget. Market factors like inflation create added incentive to find the best possible value.”
– **Scott Stewart, Associate Director, Lifestyles & Retail**

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That said, the flexibility that consumers want in their budgets means there is always an opportunity to make a sale. Tighter budgets make them more critical of every purchase, but they will continue to gravitate towards great value. So while inflation and other economic challenges create hurdles for certain consumer industries, strategic stakeholders can still succeed despite those barriers.



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- **'Fish where the fish are'**

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