

Canada's Shoppers Want Value Certainty, Not Coupons

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Economic insecurity is reshaping how Canadians think about every dollar they spend. Household fragility is widespread, confidence is low, and just one in three feel better off than five years ago. Even high earners are pulling back.

The result is a market where price sensitivity is pervasive. But a BCG survey of over 3,000 consumers reveals that promotions alone no longer work.

Buyers aren't just looking for discounts – they're looking for predictable value. That means fairness, quality, and trust – and everyday low prices they can count on.

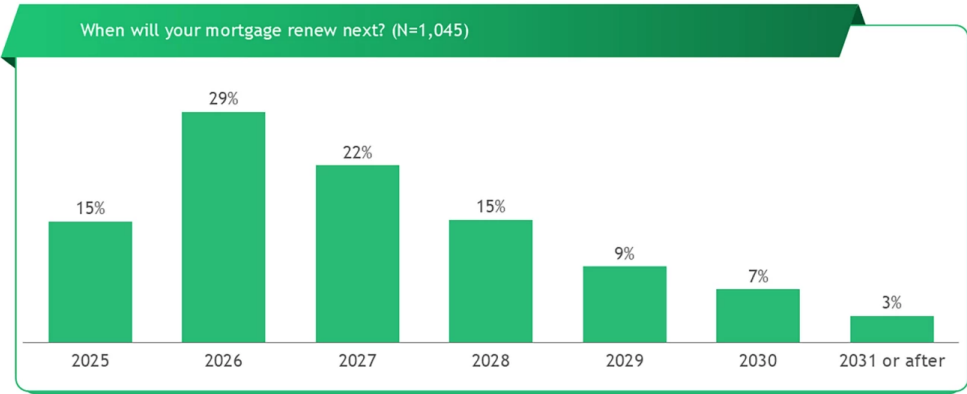
The Consumer Mood Is Shaped by Insecurity

Across Canada, household finances are under visible strain. Only 38% of those we surveyed believe they are better off than five years ago. (See Exhibit 1.) And 45% feel less secure than just last year.

High housing costs, job insecurity, and thin financial cushions are driving the unease. By 2027, two-thirds of Canadian mortgages will reset – many at higher rates than during the pandemic, when a five-year fixed mortgage sat below 2%. (See Exhibit 2.) For a \$500,000 mortgage, a single

percentage-point increase would add roughly \$400 to monthly payments – the equivalent of a car payment for an entry level car.

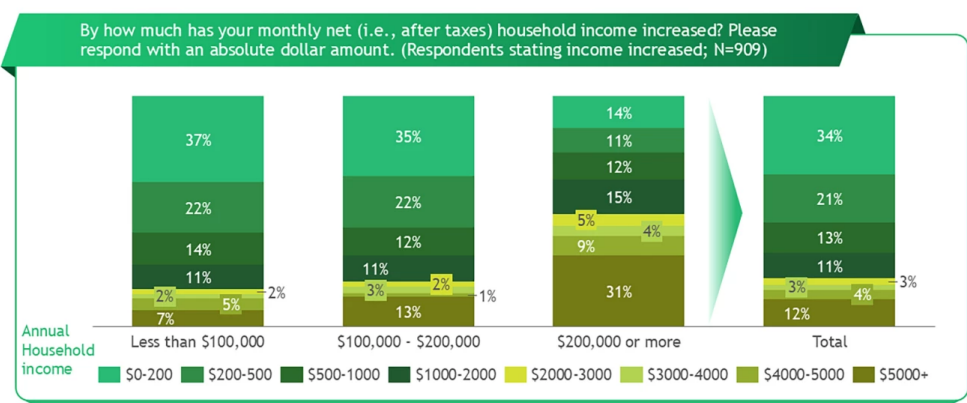
Exhibit 2 | A Majority of Canadian Mortgages Will Renew by 2027



Sources: Canada Consumer Sentiment Survey June 2025, N = 3,025; BCG Analysis

Job insecurity is rising as well. Nearly half of the Canadians in our sample reported layoffs at their workplaces in the past six months, and 58% worry more are on the way. Income dynamics have compounded the anxiety. Seven in ten Canadians report flat or declining household income. Of those who received raises, more than half gained less than \$500 per month. (See Exhibit 3.) The stagnation leaves little room to keep pace with higher living costs.

Exhibit 3 | Income Growth is Limited—Even for Higher Earners



Sources: Canada Consumer Sentiment Survey June 2025, N = 3,025; BCG Analysis

Savings are also scant. More than one in three households say they could not cover expenses beyond a month if their income stopped.

These concerns are prompting Canadians to tighten their wallets: 46% of households report spending less than a year ago, up from 37% in 2024 and 34% in 2023. (See Exhibit 4.) Price sensitivity is so high that most Canadians believe prices have increased by 10% over the past year, even though actual inflation rates are significantly lower. Higher-earning households are also curtailing spending, continuing a trend that began last year.

Predictable Value Matters More than Ever

Bargains are no longer enough. In survey results, consumers ranked product quality for the price first, followed by low regular prices. Promotions trail well behind. (See Exhibit 5.)

Nearly three-quarters of Canadians who report being less financially secure said low regular prices are their top priority. But the demand for predictable value cuts across income bands. Nearly half (46%) of consumers with more financial cushion also want everyday low prices.

In addition, buyers are looking for goods and services to demonstrate value in other ways. Durability, performance, and independent validation play a central role in purchase decisions, shaping perceptions of which retailers earn trust.

Companies Can Meet This Moment

Retailers and brands can use these cues to refine their go-to-market approaches. Here is what we recommend.

- **Champion everyday value.** Prioritize low prices and fairness on key value items, and streamline promotions to avoid consumer fatigue. Highlight third-party references to underscore product quality and convert buyer caution into confidence.
- **Reinvest in private labels.** Build lines that match national brands in performance and design, but sell at lower prices, making them symbols of resilience and rational decision-making.

- **Reframe loyalty.** Combine points with everyday rewards that matter now—such as guaranteed discounts on staple categories, fuel or grocery tie-ins, or “members pay less” pricing that reinforces trust at the shelf.
- **Address household fragility directly.** Communicate how your value proposition helps households protect against uncertainty. Highlight flexible payment programs, simplified return policies, or no-surprise billing. Messaging that communicates empathy can build trust as much as price does.

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