

# IPSOS CONTEXT ADVANTAGE

A data-driven, advisory service to help your organization adapt and thrive in a changing landscape



**Context Now**

## Special Supplement Focus on Inflation -- Canada

May 2022

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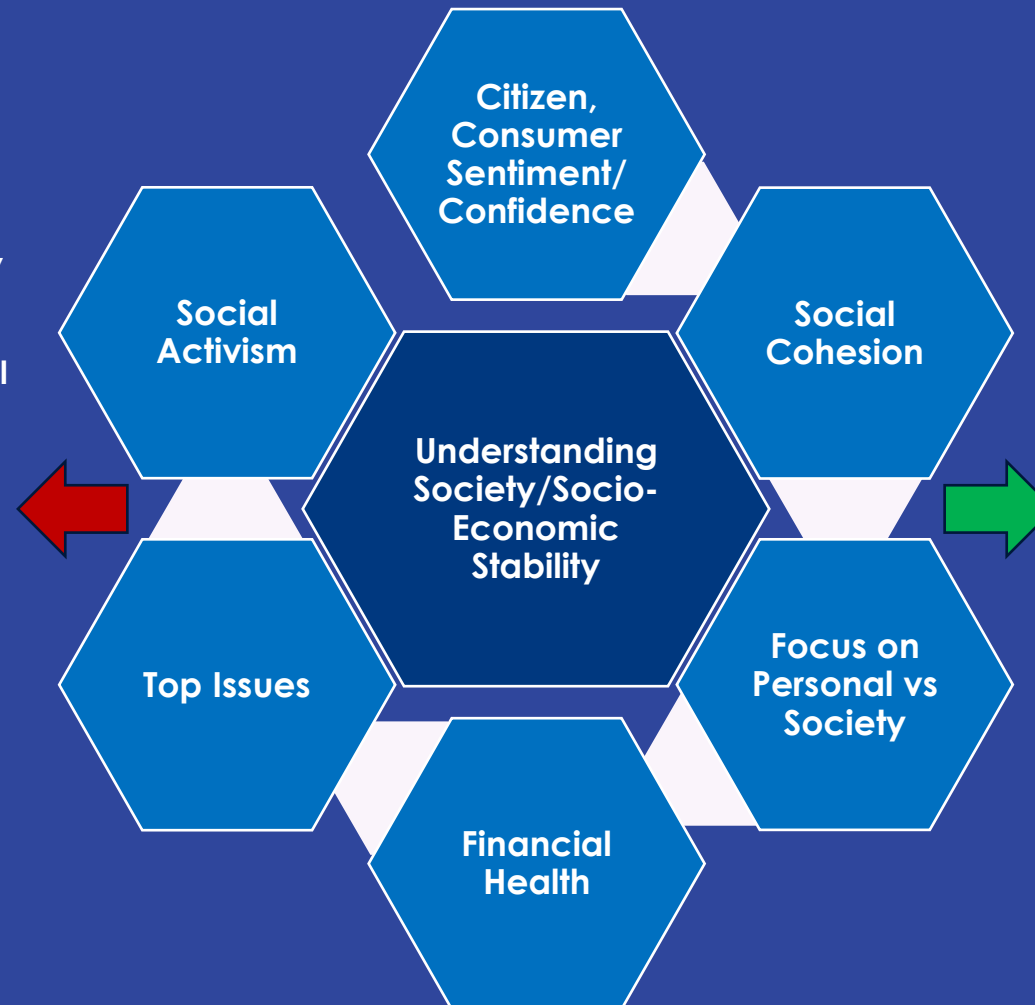
# What this is

- Ipsos has an offer called “Context. This is a suite of tracking reports (quarterly indepth and/or quarterly or monthly snapshots) in 28 countries that provide an indepth understanding of the citizen/consumer “Context” in each market. We have a two streams of monthly data -- general consumers and small business owners.

When the citizen/consumer environment is more negative they...

- Pull-back on their spending
- Are more price sensitive
- Prioritize any new products/services they need, if any
- Pressure companies, government to deal with economic issues
- Want government intervention, regulation in the economy
- Social instability, push for political change
- Are more “me over we” than “we over me”
- Are more insular, exclusive, pessimistic
- Are more critical of their CX and Brand experiences

Our Key Context Metrics are...



When citizen/consumer environment is more positive they...

- Spend more
- Are less price sensitive
- Are more receptive to new products/services
- Pressure companies, government to deal with non-economic issues
- Want market forces to drive the economy
- Social stability, support incumbents
- Are more “we over we” than “me over we”
- Are more tolerant, inclusive, optimistic
- Are less critical of their CX and brand experiences

# What This Is

We periodically provide Context clients with a deep-dive analysis on pressing issues of the day. In light of recent events, we have decided to drill deeper into the **recent spike in inflation** worldwide. We are providing this to non-Context clients as an example of what we do.

Through our recent (April 2022) 11-country survey, we explore...



The **context** in which inflation is playing out



How citizens and consumers view **inflation as an issue**



Inflation's **impact on consumer behaviour**



**Demographic** and **regional** comparisons



# THE BIG PICTURE

# 1





# Key Observations

**Background:** Recent headlines have grabbed the public's attention, reporting that inflation hit a 31-year high of 6.7% in March of this year. This was much higher than what most “experts” had forecasted.

As such, it is no surprise that inflation has become a dominant issue among Canadians and will present significant challenges to marketers, communicators, and policy-makers for the foreseeable future.

**Context:** Unfortunately, the optimism seen in many countries as pandemic restrictions were lifted was short-lived. A spike in inflation, combined with the war in Ukraine, has dampened consumer sentiment. Consumer sentiment has been decidedly negative since the beginning of the pandemic and after rebounding slightly at the end of 2021, it has fallen back into the negative territory.

Additionally, Canadians expect interest rates and taxes to increase and their level of disposable income to decline. They are also increasingly of the belief that “we are not all in this together” and that their financial health remains a net negative.

The context in which inflation is and will be playing out was not encouraging to begin with and is becoming increasingly challenging moving forward. This sets up for significant challenges for communicators, marketers, and policy-makers in balancing “we over me” and “me over we” perspectives.

## CANADA AT A GLANCE (APRIL 2022)



**OVERALL SENTIMENT (CONSUMER CONFIDENCE):**  
**-10%** (↓ vs. December 2021)



**FINANCIAL HEALTH:**  
**-8%** (unchanged vs. December 2021)



**CONCERNED ABOUT INFLATION:**  
**81%**



**MAIN ISSUES:**

1. Inflation
2. Healthcare
3. Taxes
4. Pandemic
5. Poverty/inequality

# Key Observations

**Inflation as an Issue:** Though healthcare has long been the top issue on Canadians' minds, recent events have meant that inflation has dethroned healthcare as the top-of-mind issue. However, this is being played out in an environment where inflation is not the only issue; significant attention is still being paid to healthcare, taxes, the pandemic, and poverty/inequality. While climate change has dropped further down the list of priorities, it remains a significant issue for some.

There will inevitably be a clash of issues in the political space, as Canadians look to government and business to deal with not only inflation, but also all their other top issue concerns.

**Impact of Inflation:** It is not surprising that when consumers are faced with uncertainty, they reign in on other economic behaviours. However, what our research shows is that increasing prices for food, fuel, and utilities will be a focal point for consumers. Furthermore, the top-three things Canadians say they will do to address affordability are: spend less on socializing, delay large purchases, and spend less on general household shopping. One-third say they would even spend less on food as a result of rising prices.

All categories will be impacted by inflation, but Canadians will be first and foremost focused on the cost of food.

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# Key Observations

**Demographic and Regional Comparisons:** No doubt, inflation is a focal point across the board. However, we know that Boomers and those with higher incomes are much better positioned to ride out inflation. By contrast, Ontario and British Columbia are most challenged among the regions in this regard.

But there are some concerning trends in what various groups say they will do to address the challenges of affordability. For example, those with lower incomes are more likely to say they will spend less on food, check for supports, move into cheaper accommodations, and borrow money. Older Canadians and those with higher incomes are more likely to say they will delay large purchases, spend less on the household, and spend less on holidays.

Government and businesses need to be cognizant of the various socio-economic factors that affect how various groups will ride out inflation.

**Implications:** Many Canadians view inflation as a huge threat. They expect that it will significantly impact their lives in many ways and will look to government and business for answers.

Additionally, we can expect significant economic and social disruption for the foreseeable future. While citizens' disruptive mood is not all about inflation, it is certainly exacerbated by it.

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# CONTEXT

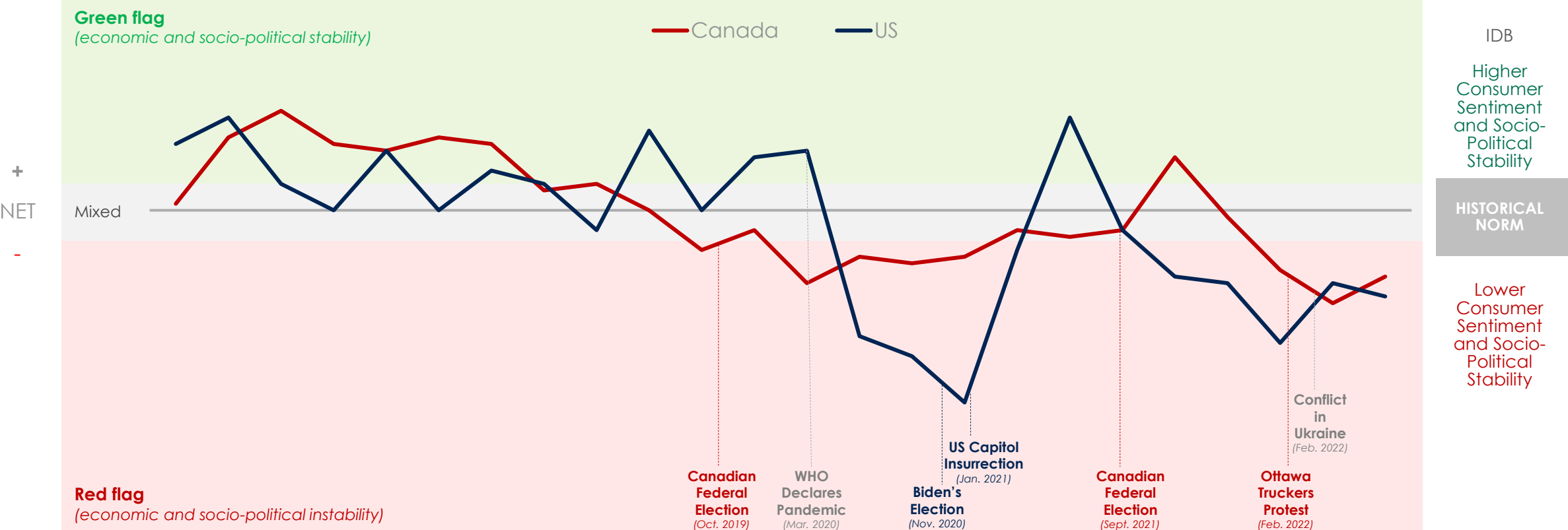
# 2



# Consumer sentiment had started to decline (Oct '21), even before inflation became a growing problem. It now sits in decidedly negative territory.

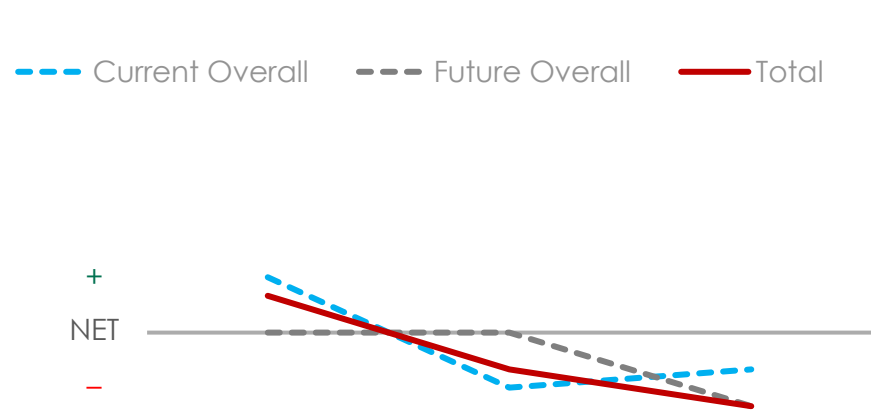
## IPSOS DISRUPTION BAROMETER

(Recalibrated against 5-year norm for each country)

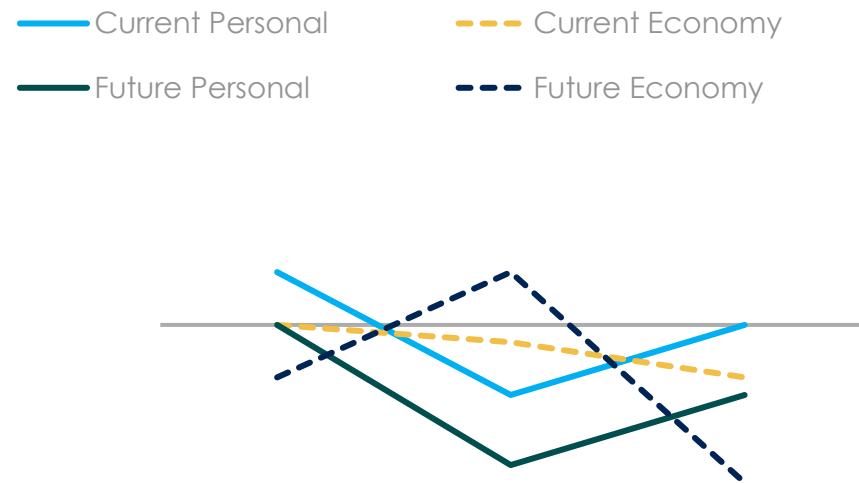


	Mar '17	Jun '17	Sept '17	Dec '17	Mar '18	Jun '18	Sept '18	Dec '18	Mar '19	Jun '19	Sept '19	Dec '19	Mar '20	Jun '20	Sept '20	Dec '20	Mar '21	Jun '21	Sept '21	Oct '21	Dec '21	Feb '22	Mar '22	Apr '22
Canada	1%	11%	15%	10%	9%	11%	10%	3%	4%	0%	-6%	-3%	-11%	-7%	-8%	-7%	-3%	-4%	-3%	8%	-1%	-9%	-14%	-10%
US	10%	14%	4%	0%	9%	0%	6%	4%	-3%	12%	0%	8%	9%	-19%	-22%	-29%	-6%	14%	-3%	-10%	-11%	-20%	-11%	-13%

On pure consumer confidence, confidence in the future is leading the decline, particularly with regard to the future state of the economy. As inflation bites, we suspect that ratings on one’s personal situation will also drop.



	Truckers Protest	War in Ukraine	
	Feb '22	Mar '22	Apr '22
--- Current Overall	3%	-3%	-2%
--- Future Overall	0%	0%	-4%
— Total	2%	-2%	-4%



	Truckers Protest	War in Ukraine	
	Feb '22	Mar '22	Apr '22
— Current Personal	3%	-4%	0%
--- Current Economy	0%	-1%	-3%
— Future Personal	0%	-8%	-4%
--- Future Economy	-3%	3%	-9%

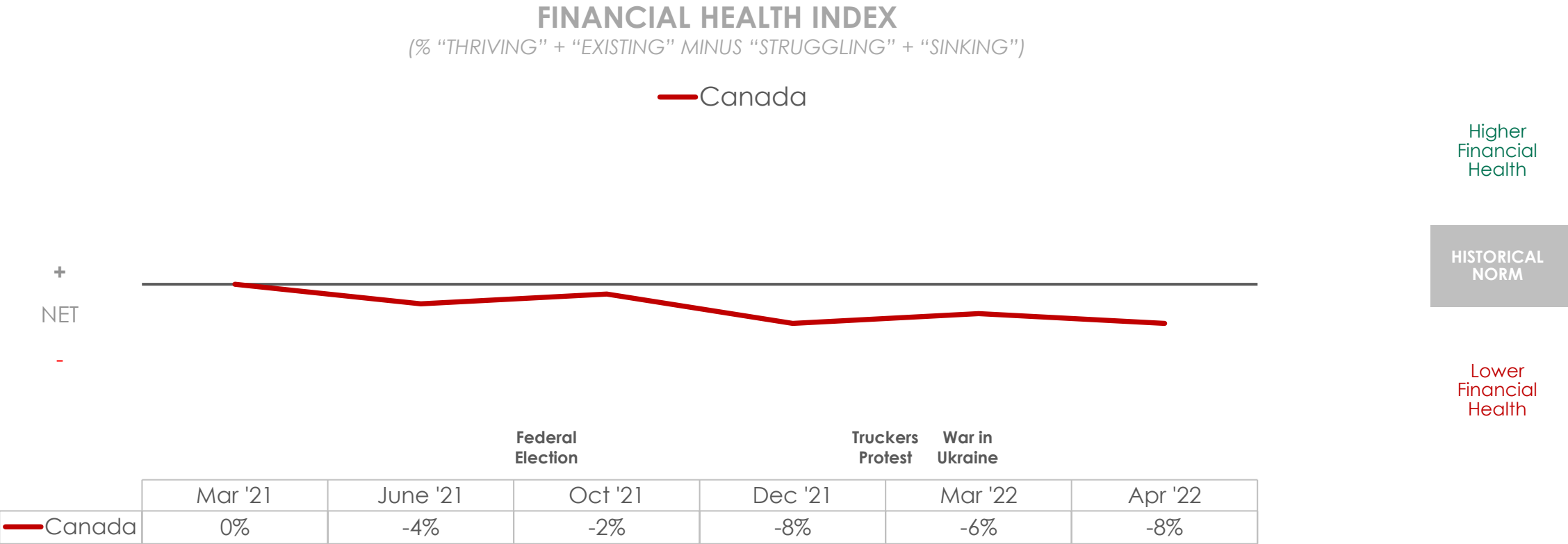
Higher  
Current  
Consumer  
Confidence

HISTORICAL  
NORM

Lower  
Current  
Consumer  
Confidence



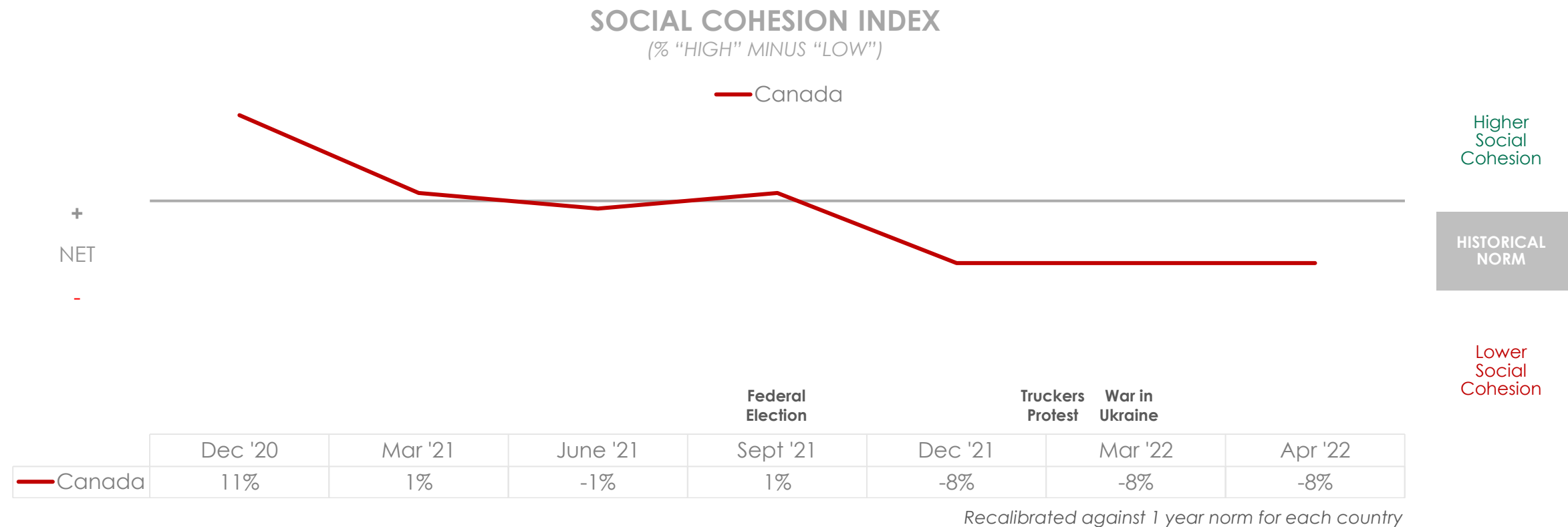
At the same time, there are increasing challenges on overall financial health.



Measures level of financial health by combining 4 themes:

- SPENDING** – 2 items; spending within means; can pay bills on time
- SAVING** – 2 items; Have enough money on hand to cover at least 3 months of living expenses; doing enough to meet my household's longer-term financial goals such as saving for...
- PLANNING** – 2 items; have sufficient insurance for emergency; household plans ahead
- BORROW** – 2 items; have to borrow pay bills; have manageable debt

In addition, there is an increasing perception that we are not ‘all in this together.’



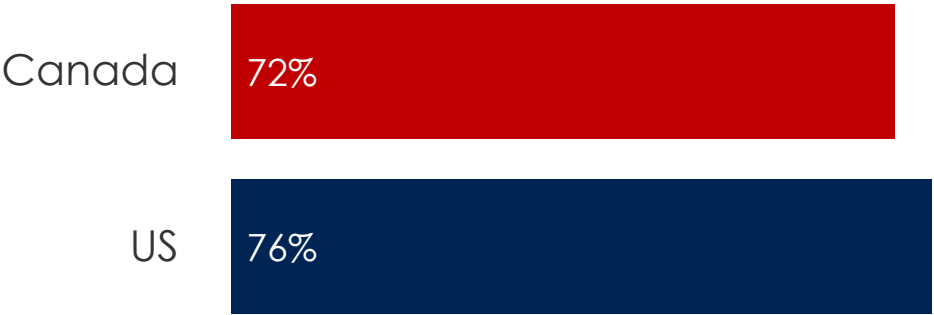
Measures overall health of society by combining 3 themes:

- CONNECTEDNESS** – 3 items; I define myself as a (country citizen) first before anything else; I trust government/our political system to do what is right; I am treated fairly as a (country citizen)
- COMMON GOOD** – 3 items; I have a responsibility to help other (country citizens); I respect our laws and ways of doing things; Our society/system is corrupt
- SOCIAL RELATIONS** – 3 items; I trust other (country citizens) to do what is in the best interests of the country; Having a diverse population, with different ethnicities, cultures, etc. is a very good thing for the country; I have the same outlook on life, opinions on important issues, etc. than other (country citizens)

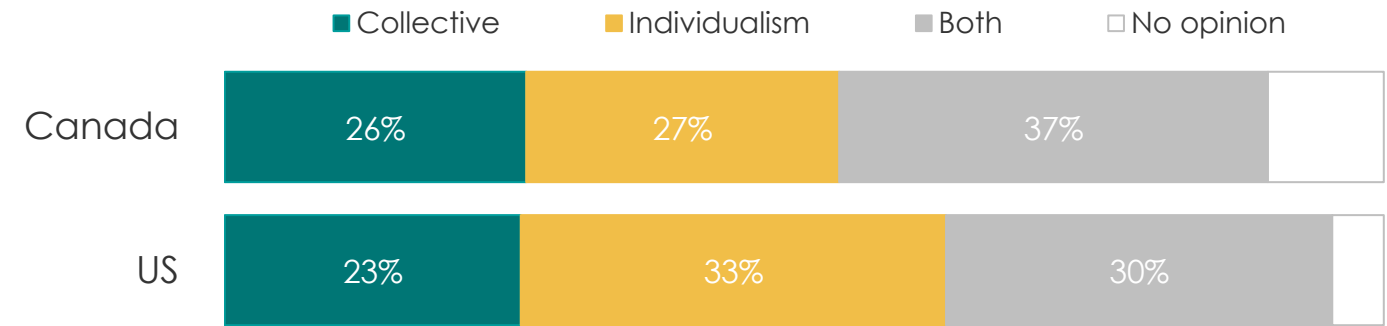


Relatedly, Canadians believe we should be focusing on our own domestic issues, given the current economic challenges and are divided about whether society should focus on the collective or the individual.

“Given the difficult economic issues in my country today, my country needs to focus less on the world, and more at home.”  
% ‘Agree’



“The ideal society...  
Emphasises the social and collective provision of welfare; or  
Is where the individual is encouraged to look after him or herself”



# INFLATION AS DOMINANT ISSUE

# 3



Not surprisingly, **inflation** is now the top issue among Canadians.

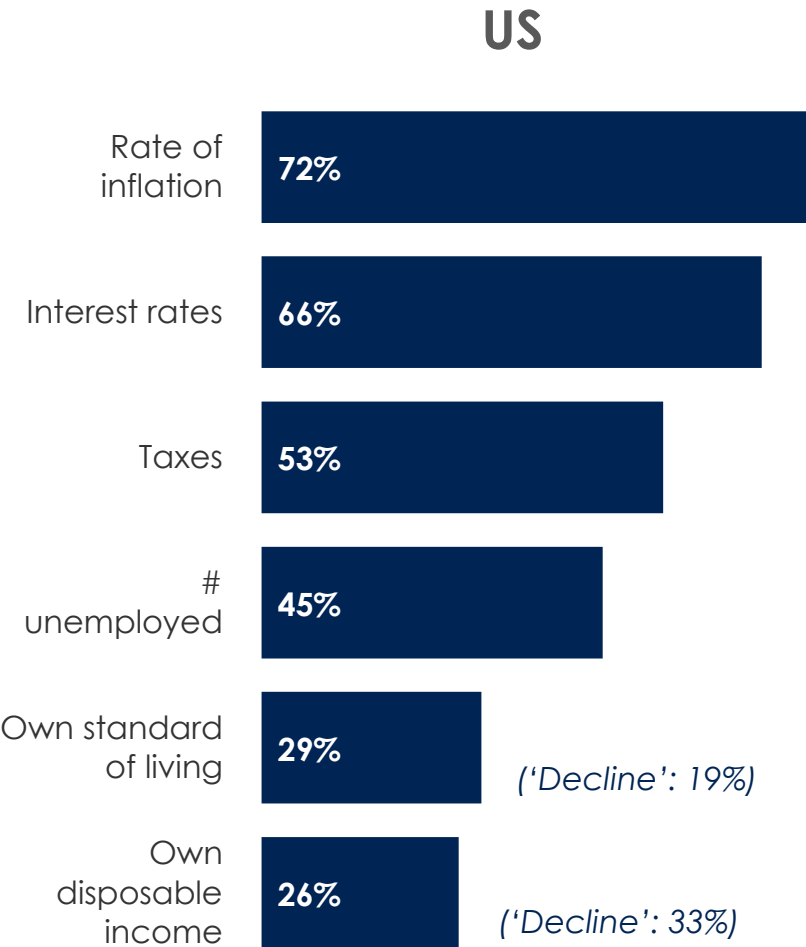
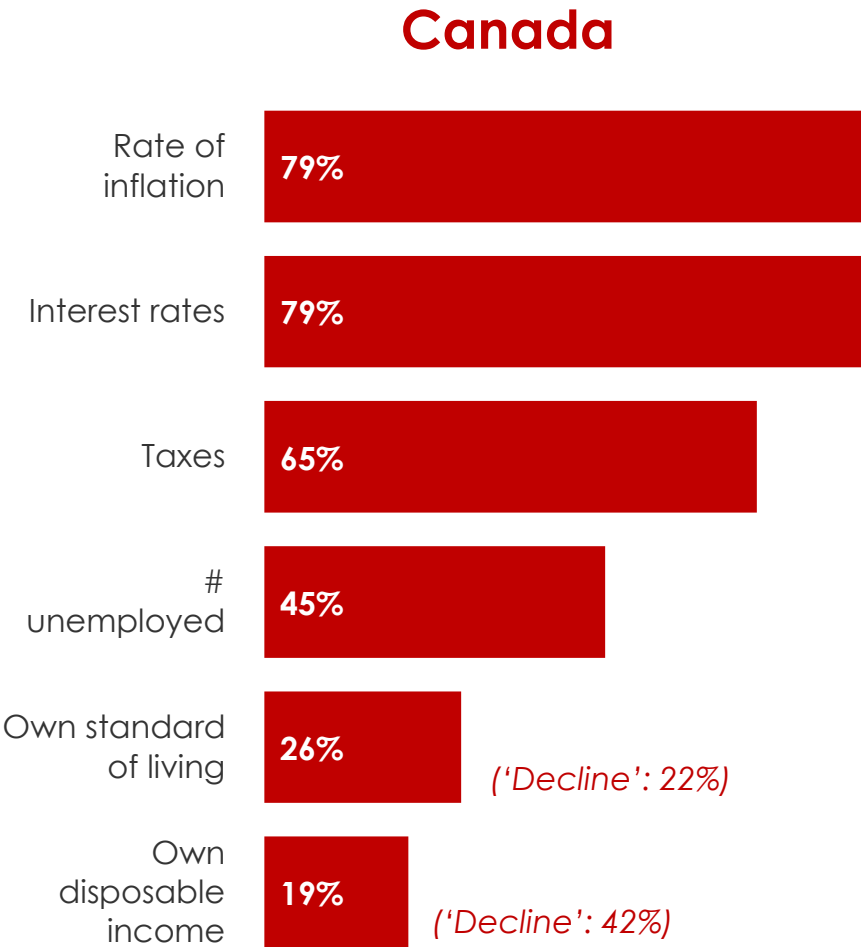
	Canada (April 2022)	US (April 2022)
<b>Inflation</b>	<b>48%</b>	<b>39%</b>
Healthcare	37%	22%
Taxes	29%	16%
Pandemic	27%	18%
Poverty, inequality	25%	22%
Corruption	20%	21%
Climate Change	20%	16%
Jobs, unemployment	18%	16%
Crime, violence	11%	27%
War, conflict, Ukraine	11%	20%
Rise extremism	10%	12%
Moral decline	9%	17%
Immigration	8%	18%
Education	7%	9%
Threats environment	7%	8%
Maintaining social programs	5%	4%
Terrorism	2%	7%

From Ipsos's April 2022 "What Worries the World?" study



A majority of Canadians expect to be hit with higher inflation, but also higher interest rates and higher taxes in the next year; over twice as many think their disposable income will decline than rise.

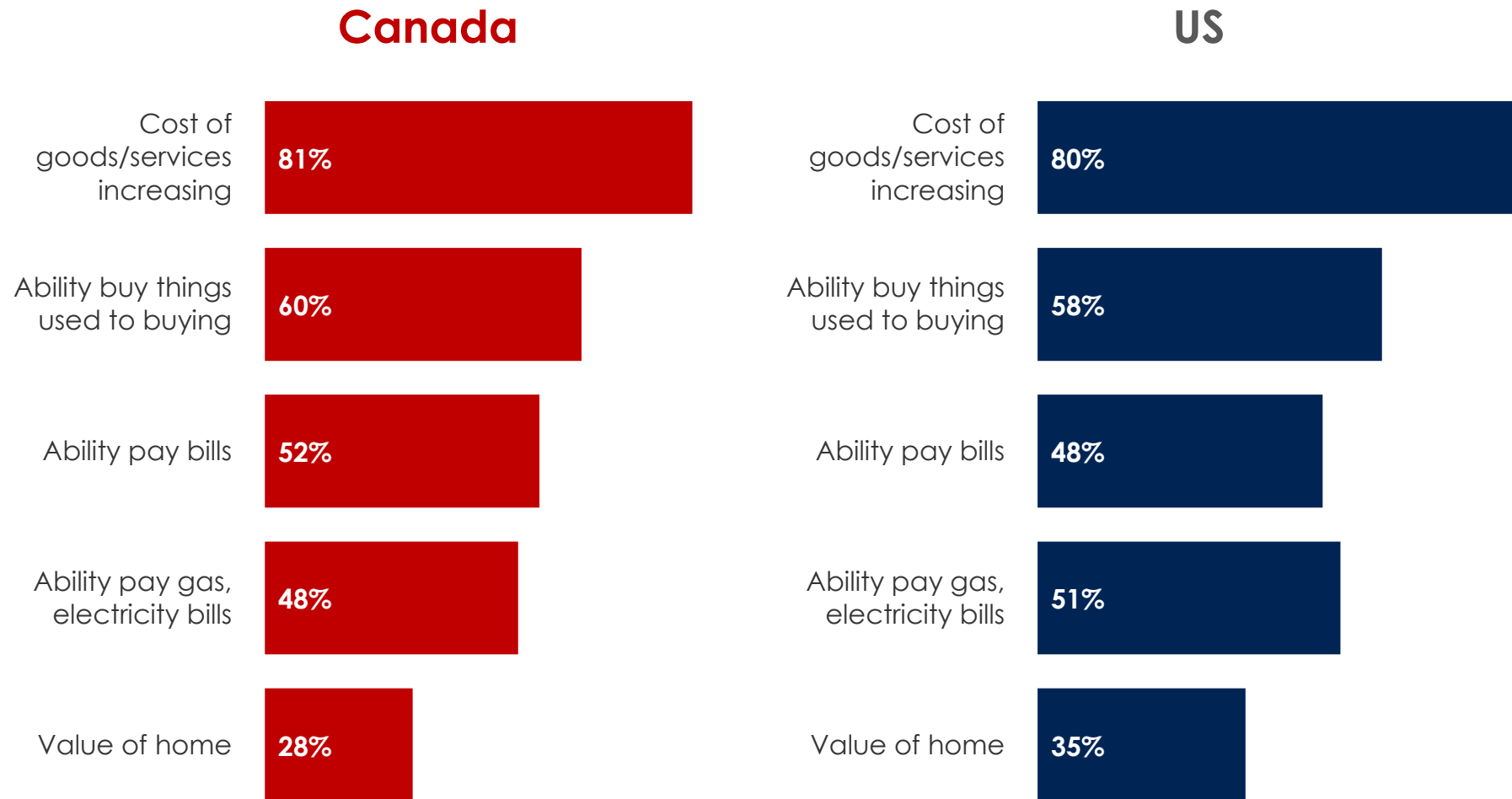
“Over the next year, do you think each of the following will rise, decline, or stay at about the same level?”  
  
(‘Rise’)





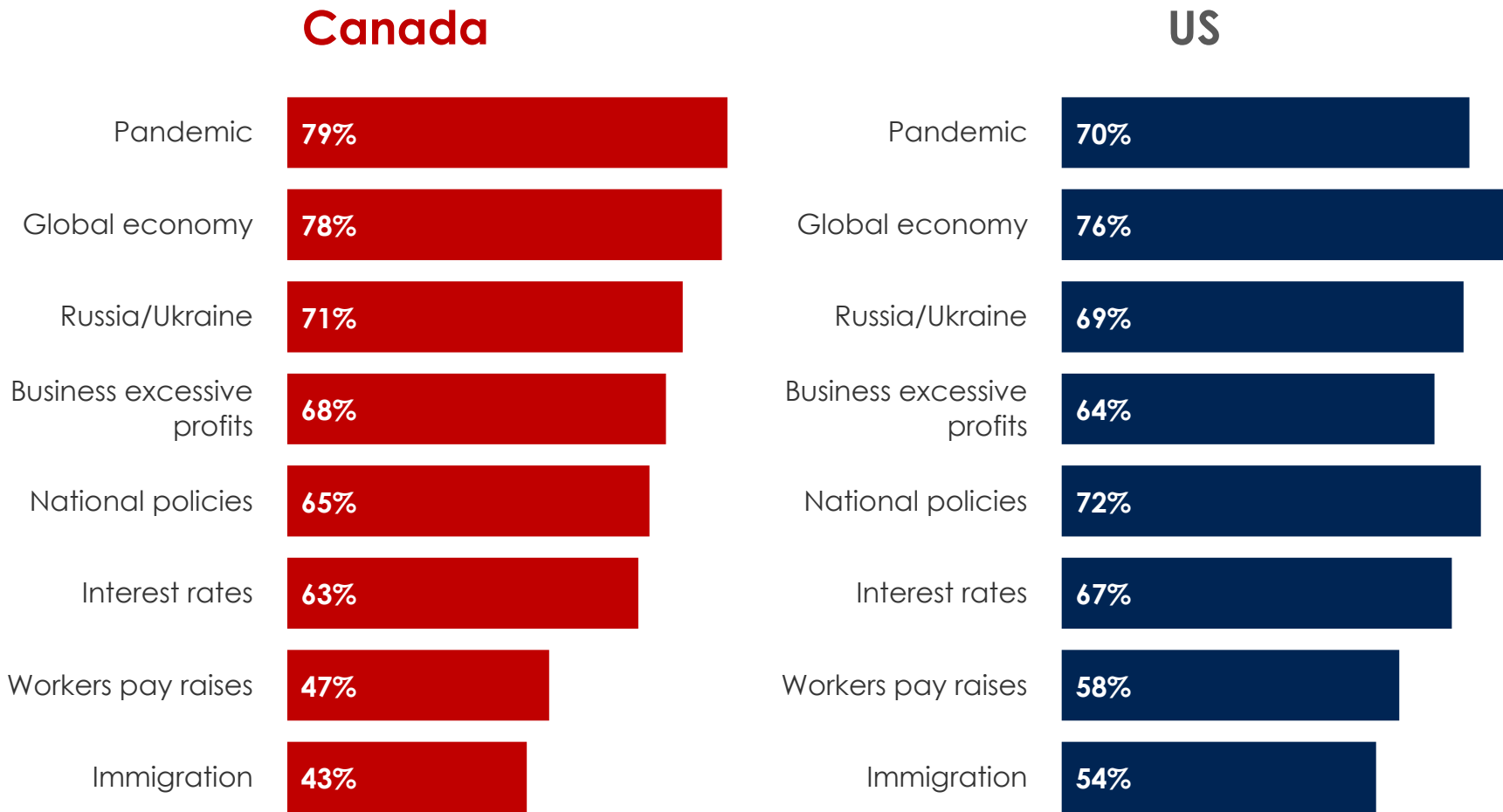
A majority of Canadians are obviously concerned with rising costs for goods and services, but the second highest concern is with the ability to buy things they are used to buying more so than bills.

“Thinking about your personal financial situation over the next six months, how concerned, if at all, are you about each of the following over the next six months?”  
  
(‘Very’/‘fairly concerned’)



# Canadians perceive many causes for current inflation with the pandemic, global economy and Ukraine topping the list. But business profits and national policies don't escape blame.

“How much, if at all, do you think each of the following are contributing to the rising cost of living in [COUNTRY] today?”  
  
(‘A great deal’/‘fair amount’)

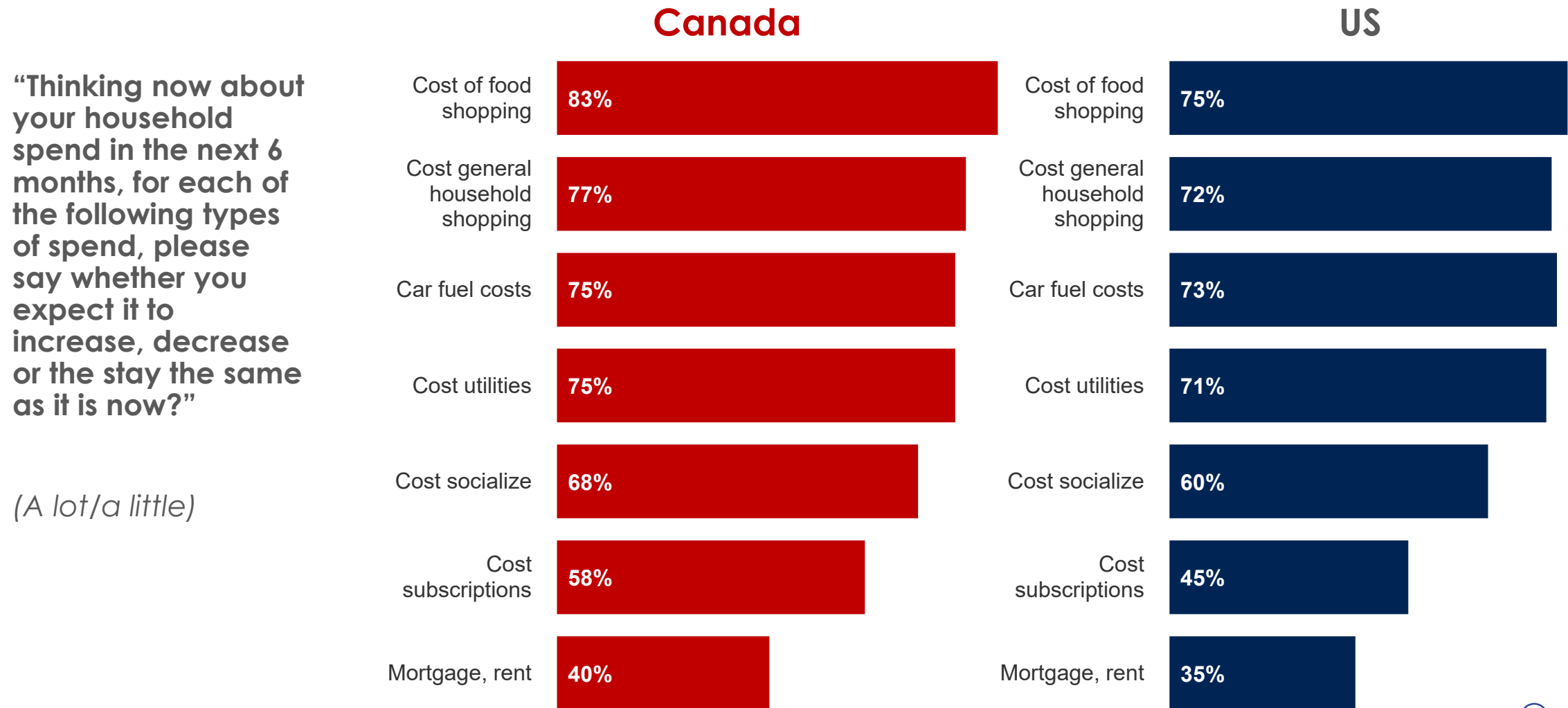


# INFLATION AND CONSUMER BEHAVIOUR

# 4

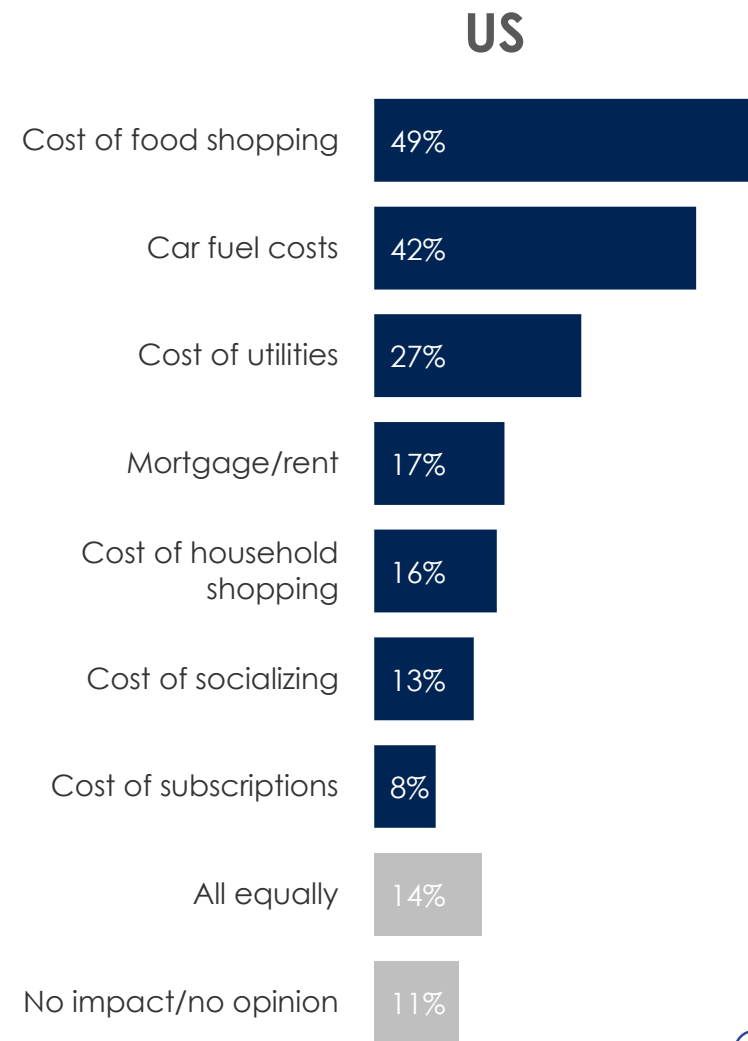
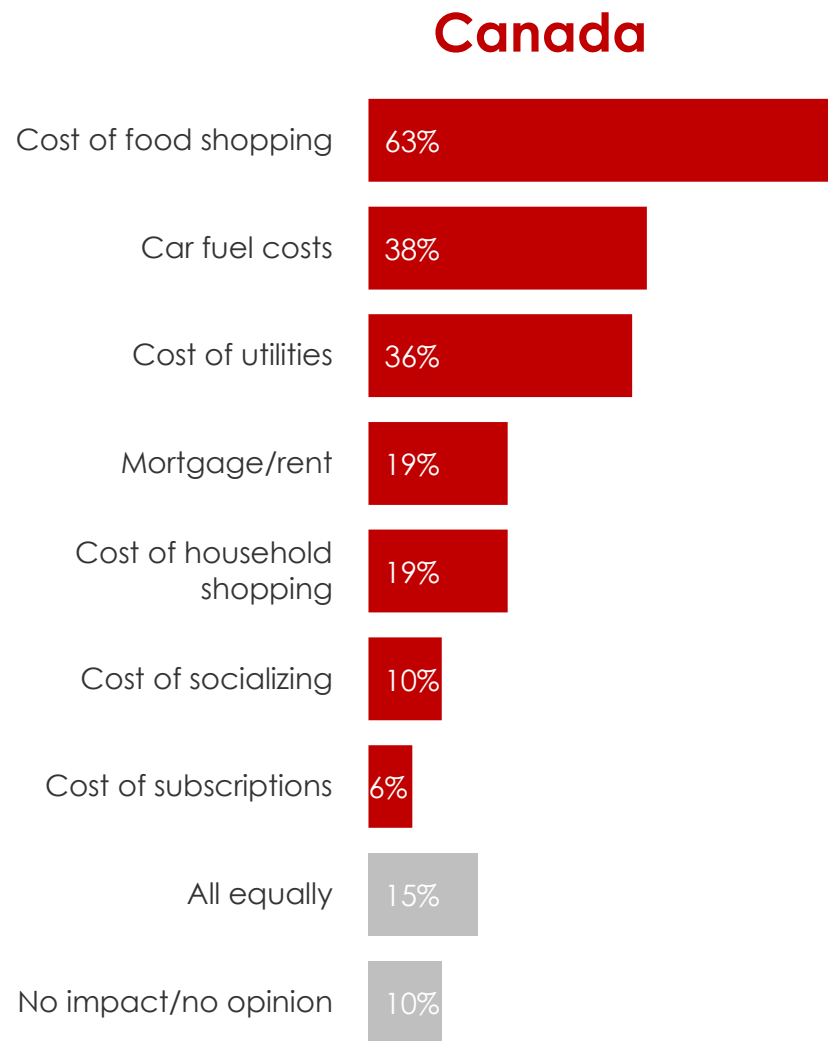


# Canadians will be price sensitive across all categories but the largest proportion expect to be spending more for food.



# Canadians say rising costs for food would have the most negative impact on their lives, followed by fuel and utilities.

“Where would price rises have the most negative impact on your quality of life, if any? Please select up to three.”



# The top 3 things Canadians say they will do to address affordability challenges are spend less on socializing, delay large purchases and spend less on general household shopping. One third would even spend less on food.

“And if price rises meant that you could no longer afford your normal lifestyle, which, if any, of the below actions would you be likely to take?”

(Select as many as apply)

	Canada	US
Spend less money on socialising	51%	42%
Delay large purchase decisions	47%	38%
Spend less money on other household shopping	44%	37%
Spend less on holidays	39%	29%
Spend less money on food	33%	28%
Use a car/motor vehicle less often to spend less on fuel	28%	26%
Use savings	25%	24%
Save less	24%	21%
Use less heating, electricity or water	23%	24%
Seek employment	15%	13%
Check what benefits/support are available to me	14%	14%
Move into cheaper accommodation	11%	9%
Seek higher-paid work from another employer	10%	11%
Borrow money	9%	9%
Spend less on healthcare	9%	8%
Ask for a pay rise from my employer	6%	9%
Spend less on education	5%	6%

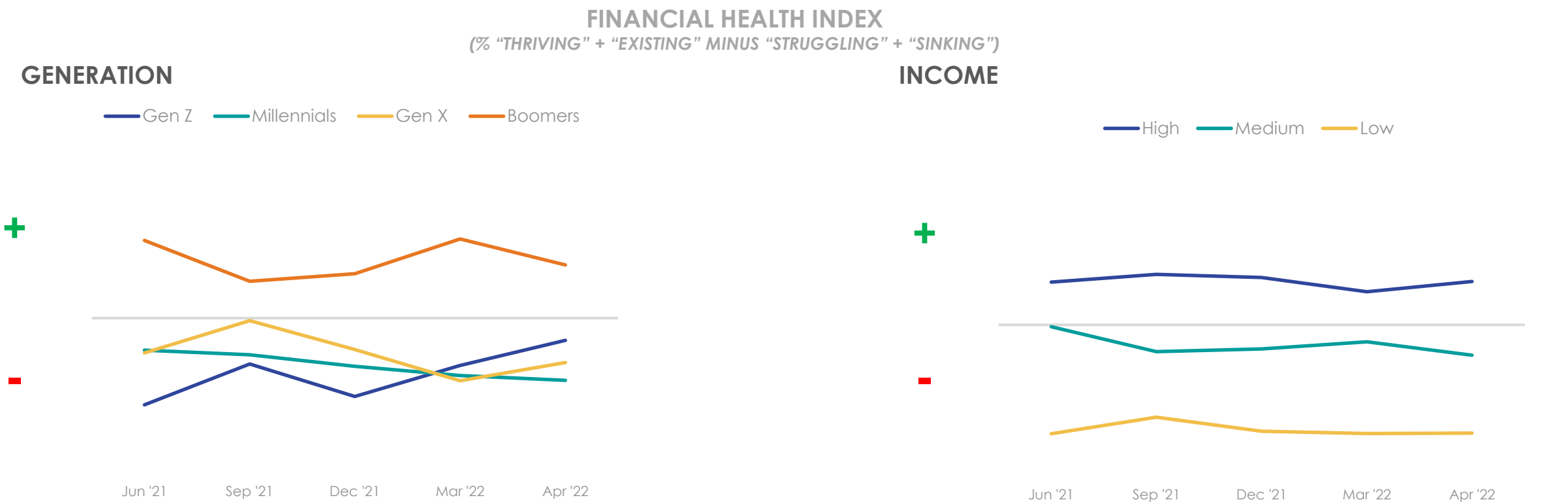


# UNEVEN DISTRIBUTION OF BURDEN

# 5



# Based on their current financial health, Boomers and higher-income individuals are understandably much better positioned to ride out inflation.



# Demographic differences in expectations for increases in inflation, interest rates, etc.

Atlantic Canadians tend to lead the country in terms of saying they are expecting increases across the board. Boomers and those with higher household incomes tend to be more likely to say they expect increases in what they will have to lay-out (such as taxes and interest rates).

% rise 'a lot', 'a little'	Men	Women	Gen Z/ Millennial	Gen X	Boomer	Lower \$	Mid \$	Higher \$
Inflation	81%	77%	70%	83%	84%	77%	82%	79%
Interest rates	83%	75%	67%	79%	87%	74%	80%	83%
Taxes	67%	63%	59%	73%	64%	58%	69%	68%
# unemployed	42%	47%	47%	50%	39%	58%	42%	42%
Own standard living	24%	26%	39%	24%	17%	38%	25%	24%
Own disposable income	20%	16%	29%	14%	14%	22%	21%	18%

% rise 'a lot', 'a little'	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
Inflation	82%	78%	80%	77%	77%	87%
Interest rates	82%	83%	76%	76%	76%	88%
Taxes	64%	62%	73%	64%	63%	71%
# unemployed	45%	54%	43%	46%	36%	52%
Own standard living	31%	19%	27%	26%	24%	30%
Own disposable income	18%	16%	15%	21%	18%	17%



# Demographic differences in expectations for spending increases

Boomers and Atlantic Canadians tend to have higher expectations for increases, except for mortgage/rent which is higher among younger Canadians and lower income.

% expect to increase 'a lot', 'a little'	Men	Women	Gen Z/ Millennial	Gen X	Boomer	Lower \$	Mid \$	Higher \$
Food shopping	83%	85%	73%	83%	92%	82%	85%	83%
General household shopping	75%	79%	69%	74%	85%	76%	80%	76%
Car fuel	74%	75%	64%	75%	83%	62%	78%	78%
Utilities	75%	76%	64%	75%	84%	69%	76%	77%
Socialize	67%	70%	65%	67%	72%	67%	67%	71%
Subscriptions	60%	56%	53%	62%	59%	48%	56%	64%
Mortgage, rent	38%	42%	48%	42%	34%	52%	39%	37%

% expect to increase 'a lot', 'a little'	BC	Alberta	Prairies	Ontario	Quebec	Atlantic
Food shopping	89%	85%	91%	79%	81%	94%
General household shopping	76%	82%	89%	72%	77%	84%
Car fuel	72%	81%	90%	71%	70%	91%
Utilities	78%	81%	83%	69%	76%	87%
Socialize	69%	66%	71%	67%	67%	77%
Subscriptions	66%	66%	62%	56%	50%	62%
Mortgage, rent	42%	46%	27%	40%	41%	38%



# Minor, but noteworthy, demographic differences in actions likely to be taken to cope with inflation

For example, lower income are more likely to spend less on food, check for supports, move into cheaper accommodations and borrow money. Older Canadians and higher income to delay large purchases, spend less on household and holidays.

	Men	Women	Gen Z/ Millennial	Gen X	Boomer	Lower \$	Mid \$	Higher \$
Spend less money on socialising	51%	52%	48%	54%	51%	42%	45%	59%
Delay large purchase decisions	46%	48%	40%	49%	51%	37%	47%	52%
Spend less money on other shopping	40%	48%	38%	44%	49%	48%	37%	50%
Spend less on holidays	41%	38%	32%	42%	43%	35%	35%	47%
Spend less money on food	30%	34%	35%	30%	32%	47%	29%	30%
Use a car less often to spend less on fuel	29%	27%	20%	25%	35%	26%	28%	29%
Use savings	21%	28%	18%	28%	28%	22%	27%	25%
Save less	23%	24%	18%	27%	26%	16%	26%	26%
Use less heating, electricity or water	20%	25%	26%	22%	20%	25%	24%	21%
Seek employment	12%	17%	23%	15%	9%	18%	17%	12%
Check what benefits/support are available	12%	16%	20%	13%	11%	26%	17%	8%
Move into cheaper accommodation	10%	11%	20%	9%	5%	22%	11%	6%
Seek higher-paid work from another employer	9%	10%	17%	10%	4%	3%	10%	13%
Borrow money	9%	10%	17%	8%	5%	18%	8%	7%
Spend less on healthcare	8%	10%	13%	9%	6%	12%	9%	6%
Ask for a pay rise from my employer	6%	5%	10%	5%	3%	1%	6%	7%
Spend less on education	6%	3%	7%	5%	2%	5%	6%	4%



# These are the findings of a **Global Advisor** wave conducted between April 10-20, 2022.

The survey was conducted in 11 countries around the world via the Ipsos Online Panel system. The countries are Canada US, Great Britain, Australia, France, Germany, Italy, Japan, Poland, Spain and Turkey.

For the results of the survey presented herein, an international sample of 11,000 adults aged 18-74 were interviewed. Approximately 1000+ individuals participated on a country-by-country basis for each country. The precision of Ipsos online polls are calculated using a credibility interval with a poll of 1,000 accurate to +/- 3.5 percentage points. For more information on the Ipsos use of credibility intervals, please visit the Ipsos website.

In all countries except Turkey the study generates nationally representative samples in their countries. In Turkey, the sample is more urban & educated, and/or more affluent than the general population. They are not nationally representative of their country. The survey results for these countries should be viewed as reflecting the views of the more “connected” segment of their population.

# Contact

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Our research professionals, analysts and scientists have built unique multi-specialist capabilities that provide powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. We serve more than 5000 clients across the world with 75 business solutions.

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In our world of rapid change, the need of reliable information to make confident decisions has never been greater.

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This is why our passionately curious experts not only provide the most precise measurement, but shape it to provide True Understanding of Society, countries and People.

To do this we use the best of science, technology and know-how and apply the principles of security, simplicity, speed and substance to everything we do.

So that our clients can act faster, smarter and bolder.

Ultimately, success comes down to a simple truth:

**You act better when you are sure.**

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