

# WHEN CULTURE AND COMMERCE COLLIDE

(AKA What to do about Tariffs)





The recent U.S. tariff threat against Canada has created significant tension and sparked a discussion about Canada's relationship with the U.S. Despite a last minute 30 day pause, many Canadians have viewed the threatened tariffs as a hostile act against our economy and our country; some have called for prioritizing reduced reliance on U.S. trade and, at least momentarily, a "Buy Canadian" movement is taking hold.

While threatening punitive tariffs against America's closest neighbour and trading partner may have been a lesson in the "Art of the Deal," President Trump's actions were further perceived by many to be an outright attack on Canadian sovereignty. Few appear to believe the tariffs were due to concerns about fentanyl, as the President claimed, and it has not helped that he continues to call for Canada to become the 51st state. Indeed, that is the only thing he has been saying consistently.

The result has been that President Trump has re-awakened declining Canadian pride, which is

not surprising given that the tariffs were positioned as "economic force" designed to take control of Canada. The positioning of the tariffs as an existential threat to Canada - combined with extensive news coverage of the dire economic impacts - was bound to rally Canadians. What we don't yet know is whether this renewed pride in Canada and Canadian products is a "moment" or a "movement."

### **A Moment or a Movement?**

Prior to the tariff announcement, we already saw a desire for reducing economic dependence on the U.S. (52%) and asserting Canadian sovereignty (49%) as Canadians' top priorities for dealing with President Trump. We can expect those views to harden, at least over the next thirty days before the tariff reprieve "expires," when we may face a new set of demands and conditions to delay tariffs further into the future. Will this new-found Canadian nationalism really translate into long-term changes in consumer behaviour?

Our feelings as citizens, our sense of well-being, and confidence in our families, institutions, and the future have always influenced our buying decisions. Put simply, our feelings affect what we buy. When we worry about climate change, we buy eco-friendly products. Financial worries push us toward cheaper options or putting off purchases, even when these worries are only based on fear and not the number in one's bank account. Threats to national security increase our focus on protecting our country, which is reflected in a preference for Canadian products and brands.

But it is important to keep in mind that this preference for local is not new. Most Canadians have always said they prefer domestic or locally produced products. In our January [Ipsos Essentials](#) reported, 65% of Canadians agreed "When shopping, I try to buy domestic products rather than foreign-made ones." A similar 66% agreed "When shopping, it is important to me to buy from local stores and businesses." Before the threat of tariffs, the notion of 'locally made' or 'made in Canada' were heuristics for 'good for my local economy' or 'better for the environment.' Today, it is a heuristic for 'essential for our country's survival.'

We also know this desire for 'local' is not really the primary decision point for consumers. Where a product comes from is most often secondary to cost and value, especially when people are financially challenged, like in today's environment.

Assuming the tariff and sovereignty threat continues to hang over Canada, which it will for at least the next thirty days, Canadians are likely to make 'buy Canada' and 'don't buy USA' a much higher priority. However, doing this may be

easier said than done. The [Ipsos FIVE study](#) – a daily tracking of individual consumers' eating and drinking habits – recently asked shoppers if they notice 'Canadian made' on food and beverage products at the store; about a quarter (24%) say they do.

While this number may increase in the short-term, we do not yet know whether this will translate into actual changes in purchasing decisions. Even if Canadians want to buy the more expensive Canadian option, personal financial situations, or inconvenience may prevent them from modifying their behaviour.

As the 'buy Canadian' trend grows, all businesses will need to consider how they can best communicate their Canadian connection. Not only how to identify and label their offers, but also how to ensure their claims are authentic and accurate. The backlash to falsely piggy-backing on a national moment of crisis could be swift and immense. Choose your claims carefully and ensure they are bullet proof.

## **Are Canadians Willing to Suffer for their Sovereignty?**

Right now, over two-thirds (65%) say they "will avoid travel to the USA for the duration of the Trump presidency," and 67% say they will be avoiding U.S.-made goods." These numbers may seem high but do not match the collective fury we are witnessing in the media. Put another way, with the imminent threat of tariffs hanging over their heads, 35% of Canadians still planned to travel to the U.S., and a similar number said they would continue to buy American products. Will the two-thirds of Canadians vowing to act follow through on these threats with their wallets?



All our recent economic sentiment data shows large generational differences, with young people considerably more worried about their financial position and less attached to Canada. The numbers bear this out in the questions above, where we see significant gaps by generation on the question of avoiding travel to the U.S. or buying American products. Young people, more worried about their finances, cannot afford to change their behaviour, and they're much less willing to say they will. A larger proportion of Boomers say they will act, but that may only be because they can afford to; besides, as we have seen, talk is cheap.

## What Should Clients Do?

We recommend our clients plan for the future in three distinct timeframes: a three-week horizon, a three-month horizon and a three-year horizon. A three-week horizon might seem like an eternity given the policy shifts of late, but anything less is purely reactionary. If the threat of tariffs remains, assume that fear of losing Canada's economic independence and sovereignty continues to be the lens through which Canadians and Canadian leaders will make their decisions. That lens is a fog of uncertainty, volatility and emotion. You must go with the best information you have, and it remains to be seen whether and how Canadians' behaviour changes.

In three months, businesses must look beyond immediate tariff impacts and consider how Canadians are handling the economic situation, whether political leaders remain united, and if the surge in Canadian patriotism is temporary or a lasting trend. Has people's behaviour actually changed? For that matter, has the President's attention shifted away from tariffs, or from Canada altogether?

This longer-term perspective allows for less reactive and more strategic decision-making and communications.

In three years, businesses need to consider how a potential realignment of the Canada-U.S. relationship will impact their future. This requires a broad, global perspective, as trade, tariffs, and current political dynamics may evolve significantly. Factors like technology, artificial intelligence, the Canadian economy, and intergenerational issues could become more important (long-term) influences than they are in today's volatile political climate.

At Ipsos we will regularly monitor the tariff issue's impact, watching for declining economic sentiment and financial health. We will track personal economic prospects and national expectations, recognizing that these each influence support for government actions and Canadians' willingness to accept economic hardship. Tariffs and trade will likely become central to discussions about the weak economy, exacerbating existing concerns about inflation, affordability, and job insecurity.

The challenge will be to balance today's decisions while constantly and simultaneously assessing what they mean for the next three weeks, three months and three years. If you need some help or just want to talk through what we are seeing, please reach out.

---

### For more information, contact:

#### **Mike Colledge**

*President, ESG*

[Mike.Colledge@ipsos.com](mailto:Mike.Colledge@ipsos.com)

#### **Brad Griffin**

*President, Public Affairs, Corporate Reputation, IUU*

[Brad.Griffin@ipsos.com](mailto:Brad.Griffin@ipsos.com)

#### **Cynthia Pachovski**

*CEO, Ipsos Canada*

[Cynthia.Pachovski@ipsos.com](mailto:Cynthia.Pachovski@ipsos.com)