Food Processing Skills Canada

The Business of Food:

A Deep Dive into the Comparative Experiences of Canadian Grocery Retailers, Food & Beverage Processors, and Consumers

EXECUTIVE REPORT

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Food Processing Skills Canada

FPSC is your labour, skills and workforce development non-profit organization. Our job is to provide leadership in professionalizing the food and beverage manufacturing industry so that the most important resource - people - are the best in the world. We have developed a national skills strategy which is a proven long-term approach successfully utilized by other Canadian professional sectors. This strategy builds collaborations with industry, government, academia, unions, associations, community organizations and other stakeholders.

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the Grocery Retailer Survey

This report gathers insights into Canadian grocery retailers':

- Positions and vacancy numbers
- Starting wages
- Recruitment efforts and challenges
- Perceptions of consumers' priorities and considerations when grocery shopping
- Experience and perceptions regarding food prices and inflation

Introduction and Methodology

A total of 401 grocery retailers from across Canada were surveyed online, between October 11 - October 26, 2023.

The sample was targeted through Logit's business panel of potential survey respondents.

Quotas ensured data was collected from a mix of grocery retailers / convenience stores, liquor stores, and specialty stores across Canada. The data was weighted based on Statistics Canada figures for region and retailer type.

An associated margin of error for a probability-based sample of this size would be ±5%, 19 times out of 20.

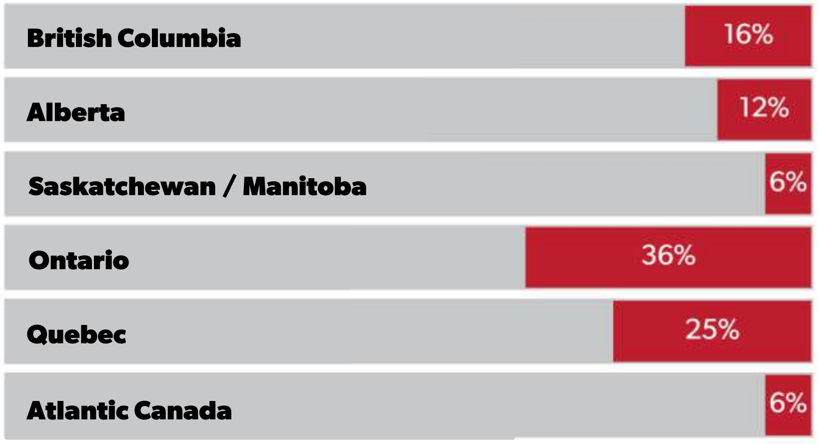
In separate research, 1501 adult residents from across Canada were surveyed online, between September 29 - October 3, 2023. These **consumers** were asked some similar questions as the grocery retailers, and their responses are noted in this report. In addition, Rapid Results #2 was fielded at the same time as this Grocery Retailer study, and data for similar questions asked to 39 Canadian **food processors** are also noted in this report.

Respondent Profile

Type of Retailer

Role

Regions



Place of Work

Key Findings: Grocery retailers appear to face greater labour market challenges than food and beverage processers.

Grocery retailers and food and beverage processors are two pillars of the food and beverage supply chain, with producers forming the third. All three face serious labour shortages.[1] Within this chain, grocery retailers and food and beverage processors have a lot in common with respect to the labour market. Both need workers in areas such as meat cutting, baking, food preparation, warehousing, maintenance. More generally, they vie for unskilled and semi-skilled workers to fill production positions and jobs on the grocer store floor.

This research provides information and insights into the labour market similarities and differences between grocery retailers and food and beverage processors, including the nature of their recruitment efforts and the challenges they face. The survey of grocery retailers also asked respondents about consumers trends and priorities. These results are compared to those obtained through the survey of consumers.

Findings suggest that grocery retailers seem to have larger recruitment and retention struggles compared to food and beverage processors:

- Vacancy rates in the spring to summer of 2023 for grocery retailers nationally was 27% on average, vs. 12% for food and beverage processors.
- Grocery retailers have experienced higher vacancy rates, even though their average starting wage is $3 more than the average national starting wage of food and beverage processors (and go up to as high as $30).
- The higher vacancy rates at grocery retailers exist despite a higher likelihood of using temporary staffing agencies to fill positions (75% vs. 21% for food and beverage processors).

[1] https://www.supermarketnews.com/technology/struggle-retain-grocery-employees-technology-solution

Key Findings: Despite recruitment challenges both grocery retailers and food and beverage processors are optimistic.

Almost 8 in 10 grocery retailers say recruitment challenges have increased between May and October 2023, compared to just 28% of food and beverage processors. The difference could, in part, be explained by the possibility that the challenges faced by grocery retailers have been relatively recent (i.e., pandemic and post-pandemic), whereas the labour market challenges of food and beverage processors are long-standing. And while retailers report having a multitude of challenges, most processors struggle mainly with finding applicants possessing a genuine interest in the role (72%) and relevant experience (54%).

Despite the challenges felt by grocery retailers, the vast majority (8 in 10) were optimistic about the future of their business, and of the Canadian grocery retailing sector in general. Recent reports of grocery retailer profits suggests that the sector has reason for optimism.[2] For their part, an almost equal proportion of food and beverage processors (7 in 10) say they are optimistic about the same things.

[2] https://www.ctvnews.ca/business/grocer-profits-set-to-exceed-record-in-2023-expert-says-ahead-of-committee-meeting-1.6682465

Key Findings: Grocery retailers appear more focused on assembling a diverse workforce.

Many studies over the years have shown diverse teams to be smarter, more productive, and more innovative.[3] This survey reveals that while grocery retailers and food and beverage processors make significant efforts to recruit a diversity of people, grocery retailers appear to be more focused on achieving this.

The same proportion of grocery retailers as food and beverage processors say they make an effort to recruit immigrants (with 7 in 10 doing so). Grocery retailers, however, place greater emphasis on recruiting people from other underutilized segments of the labour market (e.g., Indigenous peoples, persons with disabilities).

Interestingly, grocery retailers are about twice as likely than food and beverage processors to say they will "not hire someone who cannot communicate effectively in English/French". This may reflect the fact that grocery retail employees are more likely to have to communicate with customers and play a client service role.

[3] https://www.forbes.com/sites/ashleystahl/2021/12/17/3-benefits-of-diversity-in-the-workplace/?sh=61f1ec5822ed

Key Findings: Significant disconnect in the views of grocery retailers and consumers.

The survey results suggest that grocery retailers have difficulty identifying what consumers prioritize most when grocery shopping. They say that product quality, freshness, and price are key for consumers, but they also believe that consumers place similar levels of importance on other aspects, such as product origin, ethical production, and traceability. The consumer survey, in contrast, indicates that consumers are much more likely to accord importance to product quality, freshness, and price, while other product attributes form second and third tiers of importance.

There are other disconnects in the views of grocery retailers and consumers. A strong majority of retailers believe Canadian food and beverage processors are the best in the word, compared to only 30% of consumers who share this view. The most glaring difference pertains to food inflation, where 8 in 10 grocery retailers think food inflation is slowing down, compared to just 11% of consumers who think so.

Labour Market Challenges and Strategies

According to a June 2023 Statistics Canada report, "sizable imbalances between labour demand and supply have been a persistent feature of the recovery from the pandemic since economic activity began ramping up in the second half of 2021."[4]

This survey reveals that both food and beverage processors and grocery retailers are facing significant recruitment and retention challenges, and that the situation may be worse for retailers.

Grocery retailers have a much higher vacancy rate, despite reporting a higher starting wage for frontline workers (e.g., cashiers, clerks, food preparation workers) compared to the average starting wage of production workers in food and beverage processing ($21 vs. $17.74 respectively). In response to their hiring and retention issues, grocery retailers are more likely to look to temporary staffing agencies to fill positions (75% vs. 21% of food and beverage processors surveyed).

[4] https://www150.statcan.gc.ca/n1/pub/36-28-0001/2023006/article/00001-eng.htm

Number of Positions and Vacancies

Grocery Retailers

AVERAGE NUMBER OF paid positions

22

Ranging from 6 - 200

AVERAGE vacancy rate

27%

Only 1 in 20 retailers have a vacancy rate of <5%

Food & Beverage Processors

* from May to July 2023

AVERAGE NUMBER OF paid positions

172

Ranging from 3 - 1429

AVERAGE vacancy rate

12%

Almost 1 in 4 processors have a vacancy rate of <5%

Starting Wage

Grocery Retailers

Q. What is the starting wage today for a frontline worker in your facility? (per hour)

AVERAGE starting wage **$21**

Range of $14 to $30

Positions filled via temporary staffing agency **75%** of retailers

Food & Beverage Processors

* from May to July 2023

Q. What is the approximate starting wage today for a frontline worker (e.g., cashier, food preparation, store clerk) in your store? (per hour)

AVERAGE starting wage **$17.74**

Range of $14.75 to $21

Positions filled via temporary staffing agency **21%** of processors

Other indicators suggest that grocery retailers are facing more significant labour market challenges. A much higher proportion of them say recruitment challenges have increased since May 2023 (76%), compared to food and beverage processors (28%). Similarly, almost 8 in 10 grocery retailers say it's getting more challenging to hire (77%) and retain (78%) people, compared to about 6 in 10 food and beverage processors who say this. And while retailers report having a multitude of challenges, processors struggle most with finding applicants with a genuine interest in the role (72%) and relevant experience (54%).

The surveys revel that supply chain issues have also been a challenge for most grocery retailers and half of food and beverage processors.

Notwithstanding their apparent labour market and supply chain struggles, 8 in 10 grocery retailers say they are optimistic about the future of their business and industry. A similar proportion (7 in 10) of processors feel optimistic.

Recruitment Challenges

Q. Would you say that employment challenges since May 31st, 2023 have increased or decreased?

Food & Beverage Processors' Perception of Recruitment Challenges

		Food & Beverage Processors' Perception of Recruitment Challenges
Increased significantly	23%	13%
Increased somewhat	53%	13%
Stayed the same	16%	33%
Decreased somewhat	7%	23%
Decreased significantly	1%	8%

76% say increased

28% say increased
* from May to July 31, 2023

	% Agree	Food & Beverage Processors Agreement
It's getting more challenging to hire people	77%	62%
It's getting more challenging to retain people	78%	59%

Reasons for Recruitment Challenges

Q. Overall, how much of a challenge is each of the following when it comes to hiring people to work in front line positions (e.g., cashier, food preparation, store clerk)?

	% A Challenge	Challenge for Food & Beverage Processors * from March to May 2023 regarding roles in production
Lack of applicants with proper training / certification(s)	78%	49%
Applicants with wage / compensation expectations that are too high	78%	47%
Matching or bettering offers from other employers	76%	44%
Lack of applicants who are genuinely interested in the position	75%	72%
Lack of applicants with adequate language or communication skills (written and/or oral)	75%	42%
"Selling" the position to applicants	75%	30%
Lack of applicants with basic / essential job skills	74%	39%
Lack of applicants with relevant experiences	74%	54%
"Selling" the company to applicants	73%	11%

Business Outlook & The Future

Q. Please indicate whether you agree or disagree with each of the following statements.

Statement	% Agree	Food & Beverage Processor Agreement
Supply chain issues are having a major negative impact on our business	80%	49%
I'm optimistic about the future of the Canadian grocery retailing sector	78%	72% *food and beverage processing sector
I'm optimistic about the future of our business	78%	72%

Workforce Diversity

There are many studies that find diverse teams to be smarter, better, and more innovative, as diverse teams may be more likely to challenge "stale" ways of thinking. [5]

When it comes to recruitment of immigrants & equity-deserving people, grocery retailers and food and beverage processors place similar levels of emphasis on recruiting recent immigrants, but grocery retailers make a stronger effort to recruit the following:

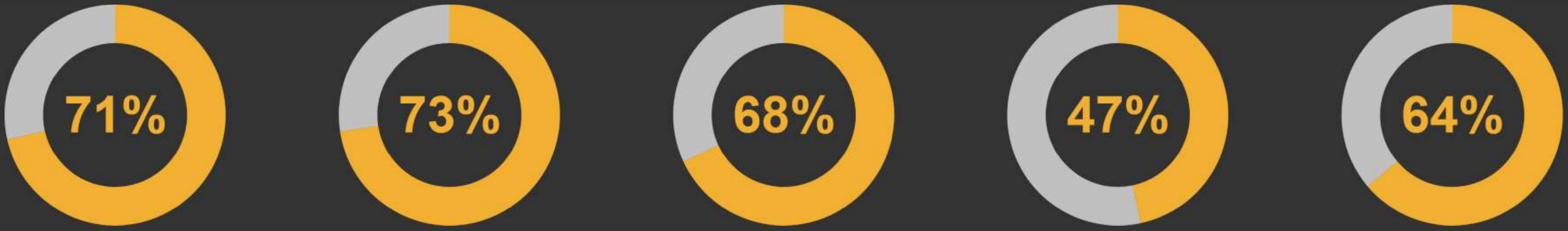
- International skilled workers (73% vs. 54% of food and beverage processors)
- Indigenous peoples (68% vs. 41%)
- Workers over 50 years old (47% vs. 23%)
- Persons with disabilities (64% vs. 36%)

Grocery retailers are much more likely to say they would not hire applicants who cannot communicate effectively in English/French (78% vs. 41% of food and beverage processors). This gap may be explained by the fact that grocery store staff are more apt to have to speak with customers.

[5] https://hbr.org/2016/11/why-diverse-teams-are-smarter

Recruitment of Immigrants & Equity-deserving People

Q. Does your company make a concerted effort to seek ways to recruit from any of the following groups?



Recent immigrants	International skilled workers	Indigenous persons	Workers over 50 years old	Persons with disabilities

In Comparison: Food & Beverage Processors' Recruitment * from May to July 2023 …

69%	54%	41%	23%	36%
Recent immigrants	International skilled workers	Indigenous persons	Workers over 50 years old	Persons with disabilities

Diversity of the Workforce and Hiring

Q. Please indicate whether you agree or disagree with each of the following statements.

Statement	% Agree	Food & Beverage Processor Agreement
Our workforce is much more culturally diverse than it was a few years ago	77%	82%
Our company will not hire someone who cannot communicate effectively in English/French	78%	41%

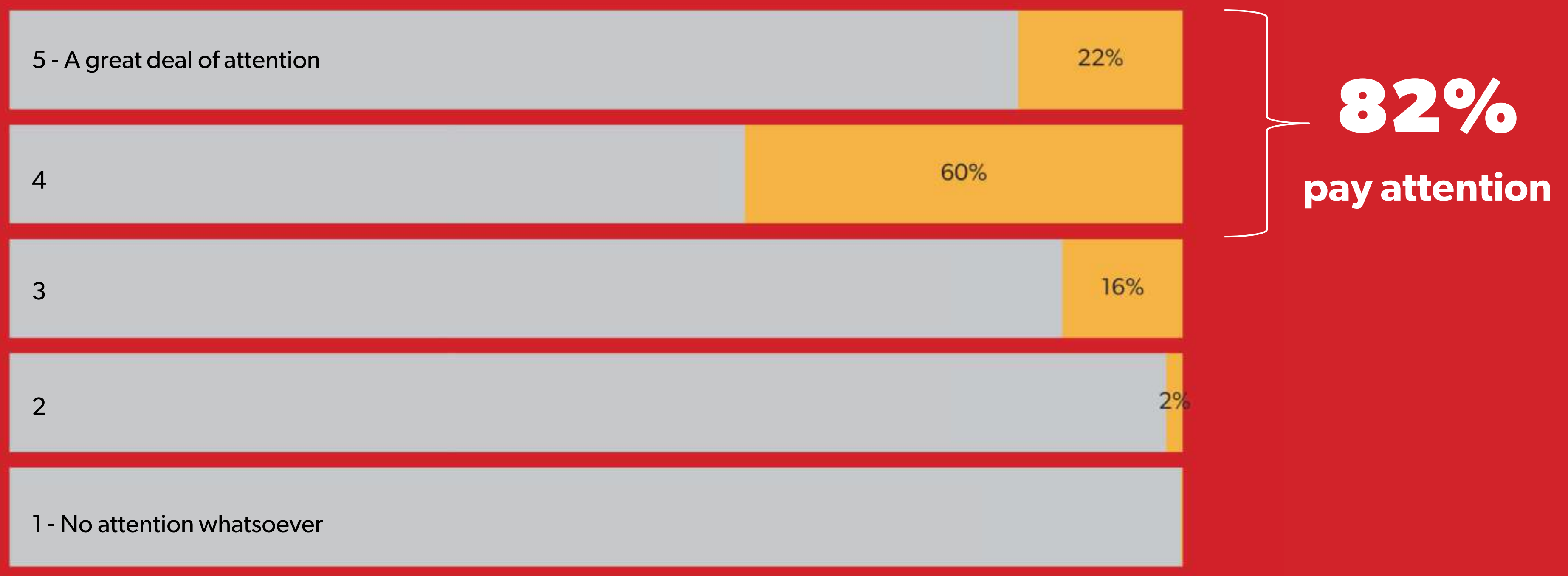
Grocery Retailers' Knowledge of Customers

According to grocery retailers, their customers pay attention to product labels and certifications, and many ask questions about locally produced food and beverage products.

While grocery retailers correctly identify the three most important product attributes for consumers (i.e., product quality, freshness, and price according to the consumer survey), they are also likely to overestimate the importance of all other attributes (e.g., product inspection, convenience, sustainability, ethical production).

Perceived Consumer Preferences

Q. How much attention would you say your customers pay to food and beverage product labels and certification?



Importance of Product Attributes

Q. How important would you say each of the following considerations are to your customers?

	% Important	Consumer Importance
Product quality	85%	91%
Freshness	84%	93%
Price	84%	90%
Ethically grown / produced product	81%	49%
Environmental sustainability of the product	81%	50%
Where the product is grown/produced	81%	56%
That the product has been inspected by Canadian authorities	79%	71%
Convenience (i.e., preparation time and ease)	79%	62%

One of the key findings from the consumer survey is that relatively few respondents (22%) say they are "confused" about what the term "organic" means. The survey of grocery retailers corroborates this, with only 14% believing consumers are confused about the meaning of organic. Retailers and consumers are also likeminded on the salience to shoppers of detailed nutritional information on products.

In terms of disconnects, retailers overestimate the significance to consumers of several product attributes, notably the desire to try new and innovative food and beverage products, and the salience of eco-friendly packaging. Another large delta pertains to the differing views consumers and retailers have about the global excellence of Canadian food and beverage processors, with retailers being much more enthusiastic.

The most obvious difference pertains to food inflation, where 8 in 10 grocery retailers think food inflation is slowing down, compared to just 11% of consumers.

Perceptions About Consumers

Q. Please indicate whether you agree or disagree with each of the following statements.

	Statement	% Agree	Consumer Agreement
Statements about products	Customers like to try new and innovative food and beverages	86%	46%
	Customers look to purchase products with ecofriendly or less packaging	86%	46%
	Customers appreciate detailed nutritional information on the food and beverage products they buy	81%	74%
	Customers are confused about what the term organic means	14%	22%
Statements about production	Customers care about how and where their food and beverages are made	85%	58%
	Canadian food and beverage processing companies are the best in the world	81%	30%
	Customers look to purchase products with a traceable origin	79%	39%
Statements about costs and inflation	I think food inflation is slowing down	79%	11%
	Store employees are often asked about the rising price of products	79%	-
	Customers are how much we pay our frontline workers (e.g., cashier, food preparation, store clerk)	79%	52%

Implications for Food and Beverage Processors

These findings on Canadian grocery retailers, their recruitment and retention experiences, and perceptions of consumer preferences and priorities hold some insights for food and beverage processors. Specifically, the results have the following implications:

1. Compared to food and beverage processors, grocery retailers appear to be facing more significant labour market-related challenges, despite their higher starting wages and a willingness to turn to temporary staffing agencies to fill positions. These findings paint a sobering picture of what the competition for workers looks like from a perspective that is outside of the food and beverage sector, but very close to it in several important ways.

2. Both food and beverage processors and grocery retailers make significant efforts to hire workers from equity-deserving groups. Retailers are less likely to consider hiring someone who cannot communicate effectively in English/French, possibly because grocery store workers are more likely to have to deal with customers. As Canada's immigration and refugee acceptance numbers continue to grow, there is opportunity for food and beverage processors to lean into their existing strength of focusing on the portion of the labour market for whom English/French is not a primary, or even secondary, language (e.g., through the development of specialized programs).

3. Large food and beverage processors conduct in-depth consumer research, but smaller producers may not have the resources and/or expertise to do this, instead relying on the feedback of the retailers they supply. The research findings suggest that some grocery retailers may not have a tight grasp of consumer preferences and priorities, however, thus highlighting the need for all processors, regardless of size, to have some direct knowledge of current consumer tastes and preferences (e.g., around packaging).

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