Competition Bureau Consultation Notice: Behind the price tag: Examining the food supply chain

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Submission of the Public Interest Advocacy Centre (PIAC)

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PIAC

PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

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A- Introduction and Summary

1- The Public Interest Advocacy Centre (PIAC) is writing to provide comments on the Competition Bureau's consultation on how the food supply chain operates and how greater competition can improve outcomes for Canadians at the grocery store.[1] PIAC comments on behalf of Canadian consumers, particularly lower-income and vulnerable consumers. Our response focuses on the retail pricing issues raised in the consultation. PIAC would welcome any opportunity to provide further feedback on this crucial issue.

B- Retail Pricing

1. What pricing practices at retail stores—such as loyalty programs and pricing algorithms—are hurting competition in the industry? What pricing practices are helping competition? When possible, please share real examples of these pricing practices and their effects.

2- In PIAC's view, important retail pricing practices affecting competition include loyalty and member-only pricing, as well as algorithmic and personalized pricing. The key issue is whether these practices encourage retailers to compete for consumers through lower prices and better offers, or instead make it harder for consumers to switch retailers, compare prices or benefit from competition.

3- PIAC summarizes its principal views below, with further analysis provided in its responses to subsequent questions. This overview also briefly considers standardized unit pricing, shrinkflation and skimpflation.

Loyalty and member-only pricing

4- PIAC's research suggests that loyalty programs and lower price for members is not, by itself, evidence that this practice hurts competition. PIAC's concerns arise where loyalty pricing leaves non-members facing substantially higher prices, conditions access to discounts on extensive personal-data collection, or discourages switching through accumulated points and reward thresholds. Where particular offers require a paid membership, an online account or app access, PIAC is concerned that these conditions may disadvantage lower-income and vulnerable consumers. These requirements must be assessed program by program: PC Optimum, for example, offers free membership with member-only prices and personalized offers.[2]

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[1] Competition Bureau, "Notice: Behind the price tag: Examining the food supply chain," online: <https://competition-bureau.canada.ca/en/how-we-foster-competition/notice-behind-price-tag-examining-food-supply-chain>.
[2] PC Optimum, "Get more points," describing free membership, member-only prices and personalized offers, online: https://www.pcoptimum.ca/join. For PIAC's earlier analysis of loyalty programs, see PIAC, Customer Loyalty Programs: Are Rules Needed? (2013), p2–3 and 9–10.

5- Survey evidence illustrates the importance of discounts to consumers. A 2025 Caddle survey of 3,011 Canadian shoppers, presented with Dalhousie University, found that 36% shopped at different grocery stores to take advantage of promotions and discounts.[3] A separate 2026 Caddle–Dalhousie survey of approximately 3,000 Canadians reported that nearly 45% sought discounts.[4] While loyalty programs may provide opportunities for consumers to save, it appears that more consumers are becoming inclined to switch stores for better deals and savings. Further, loyalty programs may also present switching barriers as discussed below.[5]

Algorithmic and personalized pricing

6- Pricing algorithms may use consumer data to charge higher prices to less price-sensitive customers while offering discounts to those likely to switch. This may allow retailers to respond to competitors without lowering prices generally. Extensive proprietary data may advantage established firms, while personalized or rapidly changing prices may make comparison shopping harder.[6] Conversely, algorithms can improve inventory management, lower costs and help new entrants compete through more responsive pricing.[7] Algorithms may also facilitate coordination by helping competitors detect and respond to price cuts, or by transmitting pricing recommendations through a common third-party provider.[8]

Standardized Unit Pricing and Price Comparison tools

7- Standardized unit pricing can help consumers compare value across products and package sizes, while price-comparison tools help them compare retailers' offers. Both can increase pressure on retailers to compete on price. In its 2023 grocery market study, the Bureau recommended accessible, harmonized unit-pricing requirements across Canada and identified services such as Flipp, Save.ca and reebee as tools that can assist comparison shopping.[9]

[3] Caddle and Dalhousie University's Agri-Food Analytics Lab, Value Shopping in Canada: Trends Shaping Consumer Habits in 2025 (6 March 2025) at p5 and 12. Page 12 separately reports the 24% switching percentage and the 36% promotion-related shopping percent.
[4] Caddle and Dalhousie University's Agri-Food Analytics Lab, "Canadian Food Sentiment Index Volume 2, no. 2" (28 April 2026), online: <https://www.dal.ca/sites/agri-food/research/canadian-food-sentiment-index-v-2-2.html> [*Canadian Food Sentiment Index Volume 2*].
[5] The Competition Bureau found that 61% of Canadians surveyed were more likely to shop at a grocery store where they could earn rewards points. See: Competition Bureau, Canada Needs More Grocery Competition: Retail Grocery Market Study Report (27 June 2023), "Loyalty Programs Drive Consumer Decisions." Note: While this does not itself establish an anti-competitive effect, it demonstrates that loyalty programs can materially influence where consumers shop and may make switching less attractive.
[6] Competition Bureau, Submission to the OECD on Artificial Intelligence and Competitive Dynamics in Downstream Markets (October 24, 2025).
[7] *Ibid.*
[8] *Ibid.* [Concern raised by respondents to Bureau's consultation]
[9] Competition Bureau, Canada Needs More Grocery Competition, see particularly "Unit Pricing" and "Price Comparison Tools." Online: <https://competition-bureau.canada.ca/en/how-we-foster-competition/education-and-outreach/canada-needs-more-grocery-competition>.

Shrinkflation and skimpflation

8- The Bureau defines shrinkflation as reducing the size or quantity of a product while keeping its price unchanged, and skimpflation as reducing the quality of a product while keeping its price unchanged.[10] Statistics Canada explains that where a smaller quantity is sold for the same price, consumers pay more for the same quantity and the CPI treats the change as a price increase.[11] PIAC is particularly concerned where insufficient transparency about these changes makes it harder for consumers to recognize increases in effective prices or reductions in product value, compare competing offers and respond through their purchasing decisions.

4. How do these pricing practices impact

a. how people can compare prices and product value across retailers?

b. Consumers' purchasing behaviour and switching between competitors?

a. How people can compare prices and product value across retailers?

9- Different retail pricing practices can affect consumers' ability to compare prices in different ways. Their effects depend on whether prices are publicly visible, what conditions consumers must satisfy, how frequently prices change, and whether personal information is used to determine them. For example, a publicly available markdown may help clear inventory while offering consumers lower prices, whereas undisclosed individualized pricing may make it harder to establish a common reference price.[12]

10- PIAC considers it important to assess whether prices are practically comparable, rather than merely disclosed. Consumers make numerous grocery purchasing decisions, often under limited time and attention. The combination of regular prices, sale prices, member prices, personalized offers and points-based promotions may therefore make it difficult to identify the best value, even where the conditions appear somewhere on a label or in an application.

11- Loyalty or member pricing could get complicated to follow because two prices are presented for the same product: a lower price for members and a higher price for non-members. Before comparing an offer with another retailer's price, consumers must determine whether they qualify for it and whether additional steps, such as activating a coupon or using an online account, are required. Digital requirements may exclude consumers who lack the necessary tools. However, these requirements vary by program

[10] Competition Bureau, *Notice: Behind the Price Tag: Examining the Food Supply Chain* (2026), definitions of shrinkflation and skimpflation.
[11] Statistics Canada, Measuring Pure Price Change: Exploring Shrinkflation in the Consumer Price Index (6 December 2023), "How does the CPI account for shrinkflation?" <https://www.statcan.gc.ca/en/statistical-programs/document/2301_D72_V1>.
[12] Competition Bureau, Submission to the OECD on Artificial Intelligence and Competitive Dynamics in Downstream Markets (24 October 2025).

and offer: participation using a physical card may be possible even where particular digital offers require an online account.[13]

12- Loyalty pricing can have certain benefits. For instance, the UK's Competition and Markets Authority (CMA) review of approximately 50,000 grocery loyalty promotions found average member savings of 17%–25%.[14] For 92% of the dual-price promotions examined, the non-member price was the same as or lower than the price charged to all consumers during the preceding 28 days.[15] This indicates that these loyalty prices were genuine discounts from the retailer's usual price.

13- That said, a genuine saving from one retailer's ordinary price does not necessarily represent the lowest price available in the market. In the CMA's comparison of 429 identical branded products, the loyalty price was not among the lowest available prices for 61 products.[16] The CMA also found that frequent and overlapping promotions could make it difficult for consumers to identify a meaningful "usual" or reference price. Consumers may therefore recognize that an offer represents a reduction without being able to determine whether it provides the best value across retailers.[17]

14- Loyalty points and other non-cash rewards create an additional comparison problem as unlike an immediate price reduction, the value of points may depend on expiry rules, account closure rules and/or other restrictions on where or when the points may be used along with other conditions. Points generally must also be redeemed within the issuing program or its partner network.[18] As a result, consumers may find it difficult to compare a points offer at one retailer with a direct cash discount at another retailer or even their overall savings may not be readily apparent.

15- Algorithmic pricing requires distinctions between materially different practices. A public dynamic price, under which the same observable price applies to everyone at the same location and time, does not present the same comparison problem as a personalized price,

[13] Loblaws, "Digital Coupons," steps 1–3, require consumers to sign into a PC Optimum account and select offers. See online: <https://www.loblaws.ca/en/collection/digital-coupons>.
[14] Competition and Markets Authority, "Groceries loyalty prices offer genuine savings, says CMA" (27 November 2024); see also CMA, *Loyalty Pricing in the Groceries Sector: Findings Report* (November 2024), para. 7.11. The 17%–25% range describes average discounts across the five supermarkets, not the discount on every product or savings on an entire grocery basket.
[15] CMA, Review of Loyalty Pricing in the Groceries Sector: Executive Summary (27 November 2024), discussion of whether loyalty prices offer genuine savings, including the comparison with prices during the preceding 28 days. See online: <https://www.gov.uk/government/publications/review-of-loyalty-pricing-in-the-groceries-sector/executive-summary>.
[16] *Ibid.*
[17] *Ibid.*
[18] For instance: President's Choice Financial, "How do I redeem my PC Optimum points?" The stated minimum redemption is 10,000 points, providing $10 in rewards at participating stores. See online: https://www.pcfinancial.ca/en/learning-hub/faqs/pc-optimum/how-do-i-redeem-my-pc-optimum-points/

under which the amount charged depends on information about an individual consumer.[19] Public dynamic prices can still make comparison more time-sensitive where prices change frequently, but consumers can at least observe a common price at the relevant time.[20]

16- Personalized pricing can undermine comparison more because different consumers may receive different prices for the same product without knowing that the variation exists. The Competition Bureau's January 2026 report on its algorithmic-pricing consultation heard concerns about consumers' ability to predict prices and prepare a household budget.[21] PIAC is also concerned that, without clear disclosure, consumers may not know whether an offer is generally available or has been tailored using their personal information and purchasing behaviour.

17- Meanwhile, <u>standardized unit pricing</u> can substantially improve comparison by expressing differently sized products in a common unit, such as a price per kilogram, litre or 100 grams. PIAC discusses this in more detail below.

b. <u>Consumers' purchasing behaviour and switching between competitors</u>

18- Loyalty programs can influence purchasing behaviour in both directions. Discounts and rewards may attract consumers to a competing retailer, but the opportunity to accumulate points, reach redemption thresholds and receive member-specific offers may also encourage consumers to concentrate their purchases with one retailer.[22] The Competition Bureau's 2023 grocery study found that 61% of surveyed Canadians were more likely to shop at a grocery store where they could earn rewards points.[23] The Bureau also observed that loyalty programs can produce lower prices through special offers and points redemptions and may cause grocery stores to compete harder to attract customers from a rival with a particularly strong loyalty program.[24]

19- Loyalty programs may nevertheless create switching costs after a consumer has joined. Accumulated points generally have value only within the issuing program or its partner network as noted earlier. Progress toward a reward, personalized shopping lists, saved preferences, purchase histories, account setup and familiarity with a retailer's digital interface may also make another retailer appear less convenient or require the consumer

[19] See online: <https://competition-bureau.canada.ca/en/how-we-foster-competition/promotion-and-advocacy/submission-oecd-artificial-intelligence-and-competitive-dynamics-downstream-markets>.
[20] *Ibid.*
[21] Competition Bureau, *Consultation on Algorithmic Pricing and Competition: What We Heard* (January 2026), discussion of price predictability and household budgeting. See also Competition Bureau, "Competition Bureau report highlights public feedback on algorithmic pricing and competition" (22 January 2026).
[22] Competition Bureau, Customer Loyalty Programs: What is your brand loyalty worth? Online: <https://www.canada.ca/en/competition-bureau/news/2019/07/customer-loyalty-programs-what-is-your-brand-loyalty-worth.html>. Also, see: Competition Bureau, Retail Grocery Market Study Report (June 2023).
[23] Competition Bureau, Retail Grocery Market Study Report (June 2023).
[24] *Ibid.*

to give up benefits or conveniences already accumulated.[25] These features may influence how consumers divide their spending among retailers. An ACCC-commissioned behavioural report identified these as mechanisms that may contribute to customer lock-in and discourage movement between retailers.[26]

20- Personalized pricing could affect switching more directly. In the Competition Bureau's 2026 algorithmic-pricing consultation, some respondents described a scenario in which an algorithm identifies consumers who are unlikely to switch and gradually increases their prices, while offering discounts to new customers or consumers predicted to be more likely to leave.[27] In such a system, the retailer can respond selectively to switching risk rather than lowering its public price for all consumers. The concern is therefore not personalization by itself, but whether it expands consumers' choices or instead permits a retailer to charge more to consumers whom it predicts are unlikely or unable to switch.

21- PIAC therefore submits that different practices, such as loyalty discounts, and other pricing practices may provide savings or encourage retailers to compete for consumers. They may also impair comparison or switching where prices become excessively conditional, programs create lock-in effects, digital access or data sharing is required, or individualized pricing allows a retailer to charge more to consumers who have fewer alternatives. We recommend that the Bureau examine the practical implications of each practice on consumers in the Canadian grocery market. That could be done with further consumer-centric research and analysis, including research involving lower-income and vulnerable consumers.

5. How do shrinkflation and skimpflation impact
   a. how people can compare prices and product value across retailers?
   b. consumers' purchasing behaviour and switching between competitors?

a. Impact on comparing prices and product value across retailers

22- Under, shrinkflation a product may continue to cost the same even though the consumer receives fewer grams, millilitres, units, servings and/or uses. Statistics Canada treats this as a form of price inflation because the consumer is paying more to obtain the same quantity as before.[28] Consumers may have difficulty detecting the change where the product retains substantially similar branding and packaging and in other cases, consumers know that they are paying the same or more money for less quantity but do

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[25] Also see: President's Choice Financial, "How do I redeem my PC Optimum points?." Also see, ACCC, Applying Behavioural Insights to the ACCC Supermarkets Inquiry, Final Report (2024).
[26] ACCC, Applying Behavioural Insights to the ACCC Supermarkets Inquiry, Final Report (2024) at p 30-33. Statistics Canada, "Measuring pure price change: Exploring Shrinkflation in the Consumer Price Index" (6 December 2023).
[27] Competition Bureau, *Consultation on Algorithmic Pricing and Competition: What We Heard* (January 2026).
[28] Statistics Canada, *Measuring pure price change: Exploring Shrinkflation in the Consumer Price Index* (last modified 6 December 2023).

not have any choice in the matter. Many Canadians are frustrated with shrinkflation.[29] A recent survey by UAB Omnisend found that 72% of respondents said that shrinkflation was especially evident in groceries and 92% said that they had noticed instances of shrinkflation.[30] These practices are particularly concerning as groceries already take up a considerable chunk of Canadian household's budgets.[31]

23- Practically speaking, shrinkflation can make product price comparisons across retailers more difficult where comparable products are sold in different package sizes. A lower shelf price does not necessarily mean better value because it may apply to a smaller quantity. For example, a 500-gram product sold for $7.00 costs $1.40 per 100 grams, while a 450-gram product sold for $6.75 costs $1.50 per 100 grams. The second product has a lower shelf price but is more expensive per unit. Standardized unit pricing allows consumers to identify this difference without having to calculate the effect of the different package sizes themselves.

24- Standardized unit pricing expresses the prices of differently sized packages using a common measure, such as a price per 100 grams, kilogram or litre. However, unit pricing has its limitations as it shows only the product's current effective price. It does not, by itself, tell consumers that a familiar product was previously larger or that its unit price recently increased because of downsizing. PIAC further notes that unit pricing is useful only where it is accurate, visible and standardized. Comparing one cereal priced on a per 100 grams basis with another priced per kilogram, or displaying one unit price in much smaller print, imposes additional calculations and search costs on consumers.[32]

25- The developments in Quebec are useful to consider. Quebec requires the same metric unit of measurement to be used for foods of the same nature on in-store price labels.[33] The Office de la protection du consommateur gives the examples of displaying all juice prices per 100 ml and all cereal prices per 100 grams.[34] Likewise, Canada's National Food Security Strategy (2026) calls on the provinces and territories to implement standard unit

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[29] Sophia Harris, "Many Canadians are fed up with shrinkflation. So what's being done about it?" *CBC News* (19 February 2024), online: <https://www.cbc.ca/news/business/shrinkflation-legislation-canada-1.7114612>.
[30] Gigi Suhanic, "A lot of angry Canadians are stalking grocery store aisles, says survey," Financial Post (14 August 2026), online: <https://financialpost.com/news/economy/angry-canadians-stalking-grocery-store-aisles>.
[31] Statistics Canada, "Survey of Household Spending, 2023," *The Daily* (21 May 2025) at p1. Average household spending on food purchased from stores was $8,659 in 2023. The separately reported figure of 15.7% of total current consumption related to food overall, including restaurant expenditures, rather than groceries alone.
[32] Consumers Council of Canada, "Making Price Comparisons Easier" (15 November 2019), discussing its report Unit Pricing: Time for a National Approach?, particularly the findings concerning small or less prominent print, inappropriate units of measurement and inconsistent retail practices.
[33] See online: https://www.opc.gouv.qc.ca/commercant/pratique-commerce/prix-rabais/affichage/aliment [Original version is in French]
[34] *Ibid.*

pricing as Quebec has already done to help "[C]anadians find the lowest cost option, even when package sizes, formats, or brands differ."[35]

26- Skimpflation creates a more difficult comparison problem because the product's shelf price, weight and package size may all remain unchanged. The reduction instead concerns quality, such as the percentage of a key ingredient, concentration, or another characteristic affecting the product's usefulness or consumption experience.[36] Existing ingredient information may not allow consumers to identify or measure the change. Canadian rules generally require ingredients in prepackaged foods to be listed in descending order by weight.[37] This information may reveal that ingredients have changed order or that an ingredient has been removed, but it ordinarily does not provide a complete quantitative breakdown of every ingredient or a comparison with the former set of ingredients. A material reduction can therefore occur without being apparent to a consumer from a brief examination of the new label.

27- There are again certain limits when it comes to the use of unit pricing to fully address concerns related to skimpflation. This is because unit prices measure physical quantity rather than functional value of a product. For instance, a price per litre does not show that a detergent is less concentrated and requires a larger dose. Likewise, the price per 100 grams does not show that a product contains a missing ingredient or less of an ingredient, or provides fewer effective servings. Two products with the same price and weight may therefore provide materially different value. The challenge here is that this may not even be apparent to an average consumer.

28- This practice also undermines competition considerably. Consumers cannot readily support a retailer that preserves product size and/or quality—or switch to a better-value competitor—unless they can identify the difference. In this regard, the ACCC noted that clearer notification of effective price increases caused by package reductions would allow consumers to make more informed choices and switch to cheaper alternatives where they prefer to do so.[38]

29- A similar notification requirement may be particularly useful for lower-income consumers and consumers living on fixed incomes in Canada, including some seniors. This is

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[35] Agriculture and Agri-Food Canada, More Choice. More Control. More Canada: The National Food Security Strategy (11 June 2026) at p21.
[36] Ioannis Evangelidis, "Skimpflation Penalty: Decreases in Product Quality Trigger Stronger Consumer Reactions than Decreases in Size or Increases in Price" (6 July 2026), *Journal of Consumer Research*, ucag019, doi:10.1093/jcr/ucag019, introductory discussion; "Theoretical Background—Present Research"; and Study 7- details.
[37] Canadian Food Inspection Agency, "List of ingredients and allergens on food labels," online: <https://inspection.canada.ca/en/food-labels/labelling/industry/list-ingredients-and-allergens>.
[38] ACCC, "ACCC recommends supermarket reforms to provide better outcomes for consumers and suppliers" (21 March 2025), under "Reducing the burden for consumers when making shopping decisions." See online: <https://www.accc.gov.au/media-release/accc-recommends-supermarket-reforms-to-provide-better-outcomes-for-consumers-and-suppliers>.

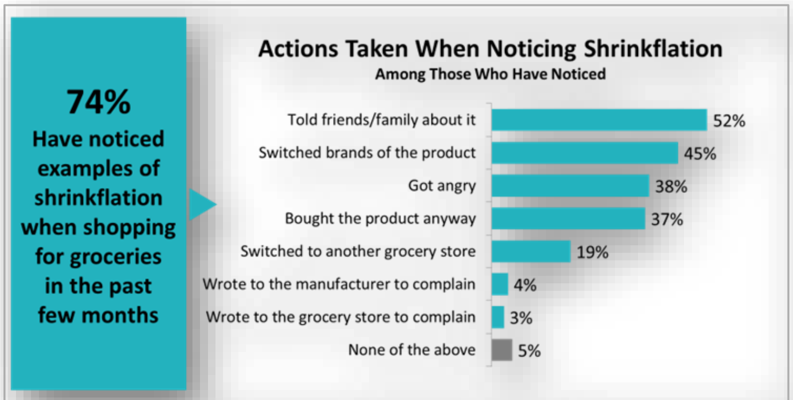
because these consumers devote a greater proportion of their available income to food[39] and have less financial capacity to absorb price increases, clearly indicating that an effective price increase caused by a package change or reduction would better enable them to assess product value and consider less expensive alternatives. PIAC reiterates that the specific consumer concern is a considerable change to the product that is not made sufficiently clear for consumers to understand the new value proposition.

b. *Impact on purchasing behaviour and switching between competitors*

30- PIAC's research suggests that shrinkflation may delay or reduce the normal consumer response to a price increase because reduction in package size is generally less apparent than an increase in the shelf price.[40] There is some evidence indicating that Canadians have been noticing shrinkflation. For instance, a 2024 survey by Narrative Research involving 1,231 Canadians found that three-quarters of respondents reported noticing shrinkflation.[41] Among respondents who had noticed it, 52% had told friends or family, 45% had switched brands, 19% switched grocery stores, and 37% continued purchasing the product.[42] These results indicate that awareness of shrinkflation prompts different consumer actions, but may not necessarily cause or enable consumers to avoid the affected product. It also shows Canadians anger with these practices,[43] and suggests the limited role an average consumer can play in these circumstances. (See figure below)

[39] Statistics Canada, "Survey of Household Spending, 2023." Households in the lowest income quintile allocated 17.9% of total current consumption to food in 2023, compared with 14.6% for households in the highest quintile.
[40] U.S. Government Accountability Office (GAO), Consumer Prices: Trends and Policy Options Related to Shrinking Product Sizes, GAO-25-107451 (July 2025), p.19–22. The GAO's review found that consumers tend to be less responsive to downsizing than to economically comparable price increases and identified limited awareness of subtle package changes as one possible explanation.
[41] Narrative Research, "Three Quarters of Canadian Residents Have Noticed the Phenomenon of 'Shrinkflation' in the Last Few Months, and Many Are Taking Action as a Result" (5 March 2024), online: <https://narrativeresearch.ca/https-narrativeresearch-ca-wp-content-uploads-2024-03-press-release-wave-47-shrinkflation-final-pdf/>.
[42] *Ibid.*
[43] *Ibid.* (38% of respondents got angry)

Figure Source: Narrative Research survey related to shrinkflation (March 2024)



31- Broader research concerning Canadians and rising food prices found that among consumers who changed their food-purchasing habits, 70% changed because of higher prices, 66% reported purchasing less expensive brands and 56% reported shopping more often at lower-cost retailers.[44] Where a manufacturer distributes the same smaller package across retailers, switching stores may not restore the former package size. Consumers may instead choose another brand, including a private-label alternative, a different package format or another product category. This all suggests that retailer switching may be more likely where another store offers a less expensive or unchanged substitute, which should be explored further to gain clarity on consumer behaviour and preferences.

32- As noted above, better unit-price information can assist consumers in identifying the effective price increase associated with shrinkflation and comparing the downsized product with available alternatives. A study from the Consumers Council of Canada, which included a survey of 2,000 Canadian consumers, found that consumers use unit pricing to make informed choices but may resort to other methods "due to sporadic and unreliable retail practices."[45]

33- Detecting shrinkflation does not necessarily cause a consumer to stop purchasing the affected product. As the 2024 Narrative survey discussed above found that 37% of consumers who noticed shrinkflation continued buying the product.[46] A study conducted in 2023 by Agriculture and Agri-Food Canada, showed that there are different factors that affect consumers' decision-making: 84% of consumers reported seeking products that

[44] Agriculture and Agri-Food Canada, Survey on Consumer Perceptions of Food—Wave VI (last modified, 25 January 2024). The online survey was conducted from March 16 to 28, 2023, with 3,343 Canadian adults who had at least shared responsibility for household grocery shopping. See online: <https://agriculture.canada.ca/en/sector/consumer-trends-and-behaviours/survey-consumer-perceptions-food-wave-vi>.
[45] Consumers Council of Canada, "Making Price Comparisons Easier" (15 November 2019), reference made on the webpage to its report Unit Pricing: Time for a National Approach? online: <https://consumerscouncil.com/making-price-comparisons-easier/>.
[46] Narrative Research, "Three Quarters of Canadian Residents Have Noticed the Phenomenon of 'Shrinkflation' in the Last Few Months, and Many Are Taking Action as a Result" (5 March 2024),

provide the best value for money, 62% sought nutritional value and 54% considered convenience amidst other findings, while 87% said that price affects their purchasing decisions.[47]

34- Continued purchasing may therefore reflect different aspects as well besides price, such as overall product value, nutritional value, convenience or the availability of acceptable alternatives.The ability to switch may be particularly constrained in smaller and rural communities, where the Competition Bureau found that consumers generally have fewer nearby grocery options.[48]

35- The above suggests that inadequate information may prevent consumers from recognizing the change in product value and/or delay an informed response, particularly in the case of skimpflation. Standardized unit pricing is a useful option to consider, particularly in relation to shrinkflation. However, unit pricing cannot, by itself, reveal skimpflation where the product's quantity remains unchanged but its composition or quality declines. Canadian food-labelling rules generally require the ingredients of prepackaged foods to be listed in descending order by weight,[49] but the current label does not ordinarily provide consumers with a prominent comparison between the new and former formulations.

36- Further Canadian research should therefore examine how unit-pricing requirements can be designed to maximize comprehension and practical use, as well as what additional disclosures may be required for material reductions in product quality. This research should assess actual consumer understanding and purchasing behaviour, including the experiences of lower-income consumers, seniors, persons with disabilities, and consumers living in rural or remote communities.

6. What actions or measures could improve transparency and competition in retail pricing? Please describe any measures, laws or regulations in Canada or in other countries that could address the competition concerns related to these pricing practices.

37- PIAC submits that an effective framework focused on enhancing transparency and competition in retail pricing should ensure that consumers have (i) easy, transparent and clear access to product prices and related information; (ii) a standardized basis for comparing products sold in different quantities; (iii) a meaningful reference price against which a claimed discount can be assessed; (iv) clear and prominent notice of reductions

[47] Agriculture and Agri-Food Canada, Survey on Consumer Perceptions of Food—Wave VI (last modified, 25 January 2024).
[48] Competition Bureau, *Canada Needs More Grocery Competition* (27 June 2023). The Bureau's telephone survey of 1,000 Canadians found that proximity is important to grocery-store choice and that consumers in urban areas generally have significantly more options than consumers in rural and remote communities.
[49] Canadian Food Inspection Agency, "List of Ingredients and Allergens on Food Labels," online: <https://inspection.canada.ca/en/food-labels/labelling/industry/list-ingredients-and-allergens>.

or changes in product quantity or quality; and (v) protection against undisclosed or unfair personalized pricing.[50] These measures could be an important step in making it easier for consumers to identify, compare and act on price differences.

38- PIAC also suggests that the federal government departments as well as the provincial and territorial governments work toward a coordinated national framework rather than leaving consumers with materially different protections depending on where they reside and/or how they shop. The federal government's 2026 National Food Security Strategy calls on provinces and territories to implement standardized unit pricing, following Quebec's example as noted above. Bill C-226, the proposed *National Framework for Food Price Transparency Act*, would require the federal Minister of Industry, in consultation with provincial consumer-affairs representatives, to develop national standards concerning unit pricing and transparency around price changes and fluctuations.[51] PIAC supports standardized and clear unit-pricing. We elaborate on some of our suggestions below.

Mandatory and standardized unit pricing

39- We recommend that provincial and territorial governments should require standardized unit pricing for packaged groceries. Each covered product should display both its total selling price and its price based on a prescribed unit of measurement, such as per 100 grams, kilogram, 100 millilitres, litre or individual item. Products of the same nature should use the same unit as done in Quebec so that consumers do not have to convert, for example, a price per kilogram into a price per 100 grams before making a comparison.

40- Unit-pricing requirements should apply consistently in physical stores, on retailer websites and in mobile applications. They should cover regular, sale and/or member prices, as applicable. Where a promoted unit price depends on purchasing several items, the display should show both the price for one item and the effective unit price obtained by purchasing the required quantity.[52] Otherwise, consumers may have difficulty determining whether the promotion offers better value or whether they must purchase more than they need to obtain the advertised price.

41- PIAC also asks that the requirements should prescribe minimum standards for aspects such as, accuracy, legibility, placement and prominence. Quebec's requirements for covered in-store food-price labels provide a useful reference: shelf labels must display the

[50] Reference made to comparable transparency measures, Australian Competition and Consumer Commission (ACCC), "ACCC recommends supermarket reforms to provide better outcomes for consumers and suppliers" (21 March 2025), under "Reducing the burden for consumers when making shopping decisions."
[51] Bill C-226, *An Act to establish a national framework to improve food price transparency*, short title *National Framework for Food Price Transparency Act*,
[52] See ACCC, "Unit pricing," particularly the guidance on displaying unit prices near selling prices, including online; see also Competition and Markets Authority, "Summary of consumer research and unit pricing analysis" (30 January 2024), discussing consumers' use of unit pricing to assess promotions and the difficulties created by inconsistent displays.

selling price in bold characters of at least 28 points and the comparison unit price in bold characters of at least 16 points.[53] This is important because nominal compliance provides little assistance where the unit price is inaccurate, difficult to locate or too small to read. All levels of the government should also consider what consumer-facing resources and tools could be introduced to better inform and support consumers.

Clear and accessible conditional pricing and related safeguards

42- Member and non-member prices should be displayed side by side, with the conditions for receiving the member price placed immediately beside the offer. Regular and promotional prices should likewise be shown together, and multi-buy displays should include the price of one item. Quebec provides a practical Canadian model: its current rules require side-by-side member and non-member food prices and prohibit the member price from appearing more than 25% larger than the non-member price.[54] Comparable prominence rules apply to multi-buy and individual prices.[55] Such practices should be carefully reviewed and considered.

43- PIAC further recommends that a member or targeted price should be presented as a conditional discount and separate from that public price, rather than replacing the generally available price. A common public price or generally available price gives consumers and competing retailers a stable benchmark and makes it possible to distinguish a genuine discount from regular prices.

44- PIAC also asks that the access to an advertised grocery price should not depend on consenting to different marketing tactics, third-party data sharing or other uses of personal information that are unnecessary to administer the discount. If data collection is deemed necessary then retailers should explain clearly what information is collected, the purposes for which it will be used, the parties with whom it will be shared and whether it will be used to select or calculate prices and how long it will be retained for. The privacy implications and compliance with existing laws and policies must be a key part of any revised framework on retail pricing.

Notices for shrinkflation and material skimpflation

45- Where the quantity, volume and/or count of a familiar prepackaged grocery product decreases and its unit price increases, a clear notice should appear beside the shelf price and on the product's online page. The notice should identify the former and new quantities, the former and new unit prices, the percentage unit-price increase and the date on which the smaller format was introduced. A separate notice is necessary because unit pricing

[53] Office de la protection du consommateur, Under "Format de l'étiquette en magasin."
[54] *Regulation respecting the application of the Consumer Protection Act*, CQLR c P-40.1, r 3, ss 91.0.1–91.0.2. These provisions concern food intended for human consumption and exclude restaurant services.
[55] *Ibid.*, s 91.0.3.

identifies the product's current unit price but does not necessarily alert a consumer that a familiar package has recently become smaller.

46- Manufacturers should also have specific responsibilities and be required to give retailers standardized and timely information concerning package-size changes so that retailers can display accurate notices. The obligation should cover both retailer-controlled private-label products and other brands. The ACCC has also recommended shelf and online package-change notifications, reasoning that greater visibility would allow consumers to make informed choices and switch to less expensive alternatives.[56]

47- PIAC also asks for a more comprehensive disclosure requirement related to skimpflation that could be harder to detect by consumers. This means that a notice should be required where a manufacturer retains substantially the same product identity but reduces an objectively measurable characteristic central to the product's value, such as the percentage of a prominently represented ingredient or any other aspect of the food item. Manufacturers should bear the responsibility for identifying and communicating these changes because they possess the necessary historical and new product information. As noted earlier, Canadian food-labelling rules generally require ingredients to be listed in descending order by weight, but the current label ordinarily describes only the present formulation; it does not prominently tell consumers how the product differs from its former formulation. A specific change notice would therefore perform a different function from the ordinary ingredient list.

Protection against unfair personalized and algorithmic pricing

48- PIAC asks for explicit and clear measures to be considered to address unfair personalised and algorithmic pricing. The legislative developments in Manitoba should also be considered. Manitoba broadly defines personalized algorithmic pricing and makes its use a material fact for disclosure purposes.[57] The Act deems an online retailer's or distributor's use of such pricing to increase the price demanded from a consumer to be an unfair business practice. It also addresses higher prices demanded at the point of sale because of personalized algorithmic pricing where a price has been displayed through an electronic shelf-labelling system.[58] It further deems it unfair for specified suppliers to take advantage of a consumer by demanding a higher price than that offered to other consumers because of personalized algorithmic pricing.[59]

49- PIAC submits that at a minimum, a grocery retailer should not be permitted to charge a consumer more than its public price—or more than the price offered to otherwise comparable consumers—because personal or behavioural data indicate that the

[56] ACCC, "ACCC recommends supermarket reforms to provide better outcomes for consumers and suppliers" (21 March 2025).
[57] The Legislative Assembly of Manitoba, Bill 49, online: <https://web2.gov.mb.ca/bills/43-3/b049e.php>.
[58] *Ibid.* ss 2(3)(r.1) and 2(3)(v).
[59] *Ibid.* s.1(a).

consumer has a greater willingness to pay or a lower likelihood of switching. Relevant data could include purchasing history, location, payment schedules, and/or other indicators of financial or personal vulnerability.[60]

50- Notably, a universal dynamic price that is publicly displayed and applies to everyone at the same store and time is different from an individualized price. Similarly, a targeted discount below an identifiable public price may benefit a price-sensitive consumer. The key requirements should be that individualized increases should be prohibited.

Strong oversight, redress and implementation

51- PIAC briefly submits that compliance should not depend on individual consumer complaints. Relevant governments and regulators should proactively monitor compliance. This could include periodic checks of product price histories, audits of unit-price calculations and package-change notices, and inspections of algorithmic pricing systems where warranted. Retailers should be required to retain sufficient historical records to permit these practices to be assessed. All levels of government should coordinate and work together, to the maximum extent feasible, to ensure the effective operation of this framework.

End of Document

[60] Also, see Manitoba's bill 49.