



CANADIAN PERCEPTIONS OF U.S.-CANADA PRICE DIFFERENCES AT RETAIL

Canada's system of supply management delivers the fresh, local products that Canadians want and enjoy, while also contributing \$31 billion^{1,2} to the country's GDP and ensuring that farmers receive a fair return for their work. In light of recent trade negotiations, critics argue that the system increases the retail price of supply-managed products (eggs, chicken, turkey and dairy products) at the store. This argument assumes the price difference is completely attributable to supply management, without considering other factors such as retail strategies and geographical locations.

A 2019 study completed by researchers at Université Laval and the University of Waterloo assessed Canadian perceptions of domestic and U.S. prices for supply-managed and non supply-managed goods. The results of the study indicate that Canadians' price perceptions do not drastically differ between supply-managed and other goods. The findings show that Canadians do not attribute a higher retail price to supply management. This implies that most Canadians would be skeptical of the promise of paying U.S. prices if supply management was eliminated.

About the study

The study took an indirect approach in assessing price differences by surveying Canadian perceptions of cross-border prices. As a whole, Canadian consumers have a firm knowledge of U.S. retail prices considering 90% of Canadians live within 160 km of the U.S. border.³ Millions of Canadian families have cable TV that broadcasts U.S.⁴ channels and commercials and in 2018, Canadians made more than 44 million trips to the U.S.⁵ For these reasons, this method assumes that Canadian cross-border price perceptions are relatively accurate.

One thousand questionnaires were completed through the University of Waterloo's Survey Research Center in both English and French between July and August 2019. The sample is representative of the Canadian population. The survey explored three key areas: price perceptions, perceptions towards product quality and standards, and insights into economic and social differences between the two countries.

Price perceptions

The majority of surveyed Canadians believe prices for consumer goods in general to be lower in the U.S. than in Canada. Of the 28 products for which perceptions of price differences were asked, six are supply-managed (chicken, eggs, sliced cheese, premium cheese, yogurt and milk). The results show that 71% of Canadians perceive prices to be lower in the U.S. for consumer goods (Figure 1), which includes all retail items including cars, electronics and food items. Sixty-one percent of Canadians believe prices to be lower in the U.S. for food specifically.

Figure 1: Perceptions of consumer goods and food prices in the U.S. compared to Canada

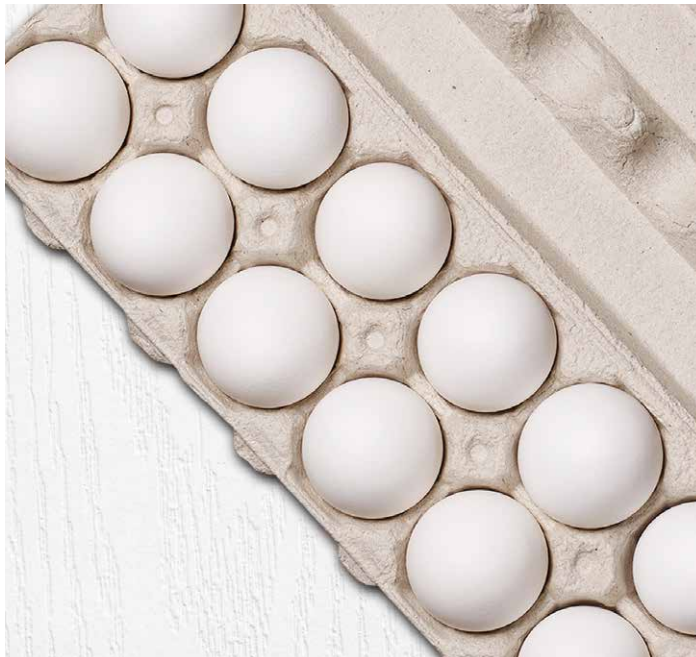
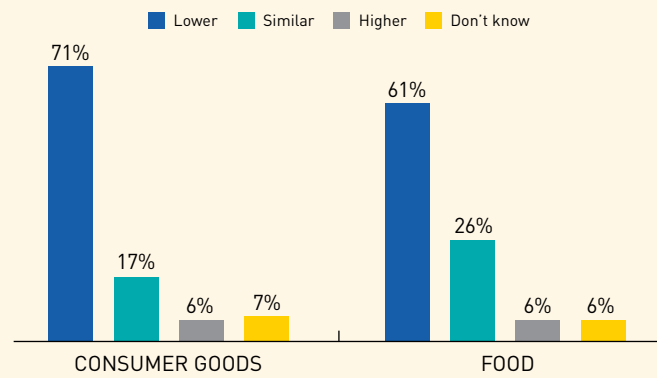
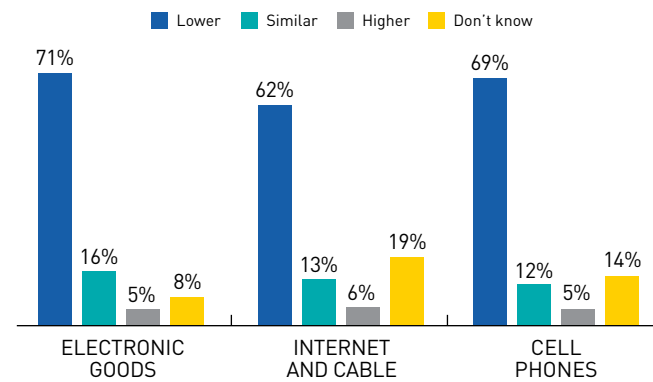


Figure 2: Perceptions of electronic goods, internet and cable, and cell phone prices in the U.S. compared to Canada



Most Canadians believe prices to be lower in the U.S. for electronic goods and services (Figure 2).

Respondents noted that all meat products—regardless if they are supply-managed or not—are less expensive in the U.S. than in Canada. In fact, 51%, 47% and 44% of individuals believe chicken, beef and pork, respectively, are less expensive in the U.S. when compared with Canada, as shown in Figure 3. Similar perceptions are found among dairy products, with 55% of respondents believing milk to be less expensive in the U.S., which is the same distribution of perception for fruits and vegetables (Figure 4).

Eggs, bread and canned soup are also seen as less expensive in the U.S. (Figure 5). The distribution of price perception for eggs is similar to bread and canned soup.

Figure 3: Perceptions of meat prices in the U.S. compared to Canada

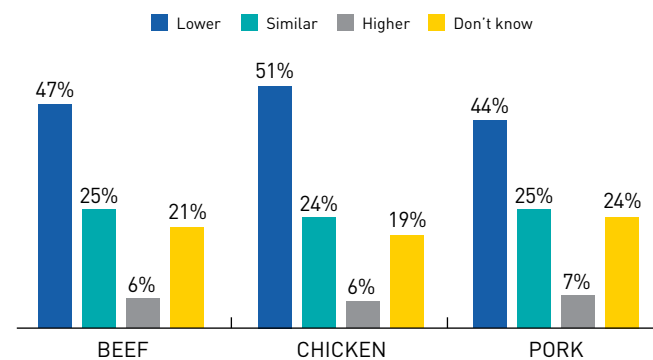


Figure 4: Perceptions of dairy products and fruit and vegetable prices in the U.S. compared to Canada

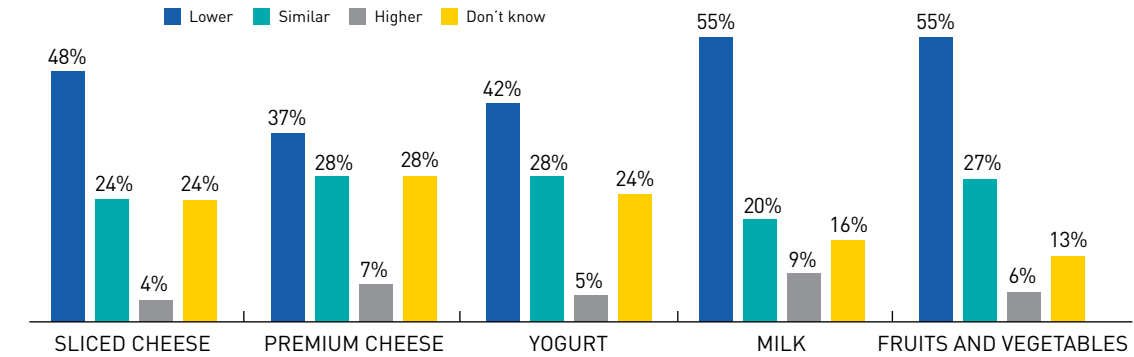
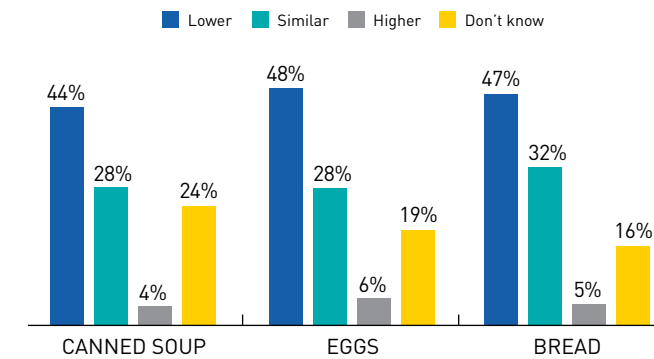


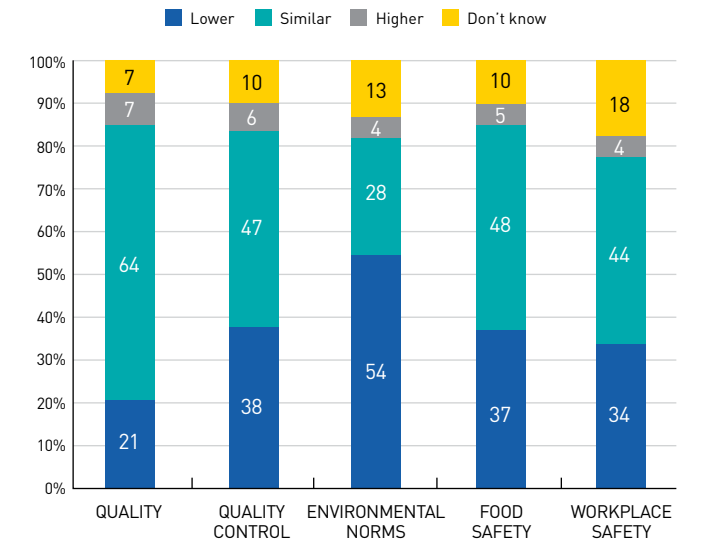
Figure 5: Perceptions of various food prices in the U.S. compared to Canada



Perceptions on quality and standards

The study also assessed perceptions towards quality and standards of products between the two countries. The majority of respondents agree that quality of American consumer goods is similar when compared to Canadian goods. However, when it comes to production standards, a significant portion of respondents perceive quality control (38%), environmental standards (54%), food safety (37%) and workplace safety (34%) to be inferior in the U.S. when compared to Canada (Figure 6).

Figure 6: Perceptions regarding level of standards in the U.S. compared to Canada



Assessment of economic and social statements

The study also asked respondents their level of agreement with four economic and social statements. From these we learned:

- 76% of respondents agree that buying Canadian is important to them. In fact, only 3% of those surveyed expressed disagreement with this statement
- 42% believe that Canadian rural communities are doing better economically and socially than U.S. rural communities

- 46% agree that Canadian middle-class workers are faring better economically than U.S. middle-class workers
- 55% agree that the Canadian agricultural model is based more on family farming than the U.S. model.

Perceptions by region and demographics

There were also gender, age and regional differences in perceptions. Researchers found that men and women share similar perceptions, with men having a slightly higher percentage of individuals who perceive prices to be lower in the U.S. than in Canada. More respondents over age 35 perceive prices to be lower in the U.S. than in Canada relative to those 35 and under.

The majority of respondents from Atlantic Canada (73%) believe prices for food to be lower in the U.S., while less than half of respondents from Quebec (47%) have similar perceptions.

Conclusion

Researchers concluded that Canadians believe prices for both supply-managed and non supply-managed consumer goods to be generally lower in the U.S. than in Canada. This reveals that most Canadians would be skeptical of the promise of paying U.S. prices if supply management was eliminated.



About the researchers

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¹ Grier, Kevin (2019). *The 2018 Economic Impact of the Poultry and Egg Industries in Canada*.

² EcoResources Consultants (2015). *The Economic Impacts of the Canadian Dairy Industry in 2015*.

³ Statistics Canada (2017). *Population size and growth in Canada: key results from the 2016 census*.

⁴ Watson, A (2019). *Statista*.

⁵ Statistics Canada (2018). *Travel between Canada and other countries*.

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