

☀ The 4 p's of marketing

This third edition of Food Fax 2014 delves into the effect of the Internet on "price", one of the four p's of the Marketing Mix, which collectively are place, product, price, promotion.

☀ Three Big Hits on the Pocketbook

Consistent with previous findings, Statistics Canada's most recent [Survey of Household Spending](#) (2012 data, released 2014) identifies the major costs effecting Canadian households: shelter (28.1%), transportation (19.9%) and food (13.8%).

☀ Shelter and Real Estate Data Gaps

The Internet has not exerted any downward pressure on housing costs in Canada. The International Monetary Fund warns that Canada has [the most overvalued housing market in the world](#). Low mortgage rates since 2008, which have spurred demand and inflated prices, is only one factor. Real estate boards closely hold critical, raw, property data, such that banks, governments and consumers have access only to the data the boards choose to release. In 2013, the Competition Bureau sued the TREB (Toronto Real Estate Board) as to this anti-competitive behaviour, and lost on a technicality. The court ruled that TREB was inaptly cited under section 79 of the Competition Act, rather than section 90 which deals with trade associations (even though they do not have competitors per se). The issue continues to simmer; the Huffington Post recently published a series on [real estate data gaps](#).

☀ Transportation and Transparency

At 2 people per sq. km, Canada has one of the lowest population densities on the planet, resulting in hefty long-distance phone bills and disproportionate transportation expenses. Transparency of dealer costs is on call at sites such as [CarCostCanada.com](#) and [Unhaggle.com](#). However, a prospective buyer may need to adjust their expectations. As [Cars.Cost Helper](#) in the USA forewarns, demand can outstrip supply in specific regions - such as Toyota's Prius® in the States of California and Massachusetts - allowing the dealer to close at the MSRP or higher.

☀ Food: Small Ticket, Big Purchase

While the ticket price may be small, the collective impact is significant. In its most recent estimate (May 2013), the USDA estimated the monthly [moderate-cost food budget](#) for a family of four to be US\$750 (excluding foodservice). The same family unit in Canada has a [monthly expenditure of C\\$680](#) (Statistics Canada, 2012 data published 2014) on grocery food and C\$240 on foodservice purchases.

In Canada, all the major grocers publish their flyers online, allowing the same compare-and-shop as the hardcopy version. [Loblaws Weekly Flyer](#) can be matched to your neighbourhood store; [Sobey's](#) aggressively blocks entry to their website until a drop-down registration form to receive an electronic weekly flyer is either completed or declined. While there are currently no formal studies which confirm that the Internet has resulted in lower food prices, in the USA, [CompareGroceryPrices.org](#) has made an attempt to achieve just that. The upstart lists the prices of select foods as sold at Aldi's®, Trader Joe's®, Kroger® and Publix®, and encourages users to suggest new products and additional stores.

☀ Big Mac Index & Interactive Currency

[Burgernomics](#) was created by [The Economist](#) in 1986 as a lighthearted way to quickly determine if exchange currencies are correct, and to make exchange-rate theory "more digestible".

"... the Big Mac Index has become a global standard, included in several economic textbooks and the subject of at least 20 academic studies. For those who take their fast food more seriously, we have also calculated a gourmet version of the index."

As of July 2014, against the Euro, the C\$ was over-valued by 6.0%, and the US\$ was under-valued by 3.2%. While The Big Mac Index has many critics, its supporters maintain it some legitimacy. When the Euro was first launched in 1999, its over-valuation was correctly reported by The Big Mac Index. Regardless, Burgernomics continues to entertain professional and armchair economists, online. **FF**

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