AIB REVIEW
By the Australian Institute of Business

How Canadian Responses to United States Tariffs are Reshaping Branding and Consumer Behaviour

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Introduction

The United States (US) and Canada have long enjoyed a strong trade relationship, supported by agreements like the North American Free Trade Agreement (NAFTA) and the United States-Mexico-Canada Agreement (USMCA). However, the US government's decision to impose tariffs on Canadian goods in early 2025 marked a surprising shift, sparking frustration among Canadian officials and citizens. For many, it felt less like a policy change and more like a breach of economic trust. In response, Canadian consumers began shifting their purchasing habits away from American products, leading to changes in how US brands are perceived and marketed in Canada.

A retired business owner from New Brunswick, Canada, shared with the British newspaper The Guardian, "I have not bought a single product originating in the US ... Not a single lettuce leaf or piece of fruit. I have become an avid reader of labels and have adopted an 'anywhere but the US' policy when shopping." This sentiment reflects a broader trend and is not merely an isolated nationalistic stance. According to American market research firm Numerator, more than 60% of Canadian consumers indicated they are likely to prioritise Canadian-made products in response to potential tariffs, while over 50% expressed an intention to avoid shopping at retailers owned by US companies. This article explores both government and consumer responses and examines the broader impact on branding strategies in the newly strained trade environment.

Government Responses, including Retaliation and Domestic Promotion

Many Canadian provincial governments led the ground activation efforts in both retaliation and domestic promotion. Many Canadian provinces pulled all US alcohol from their shelves, while some, like British Columbia, specifically targeted alcohol from US states governed by the US President Trump's Republican Party. Some provinces, like Quebec, were penalising US companies bidding for provincial government contracts, while others, like New Brunswick, were signing no new contracts with US companies and exploring new markets for their export products, such as lumber and seafood, which were traditionally exported to the US. The province was also promoting "The New Brunswick Made" and "Buy Local for Good" campaigns.

The Canadian Federal Government itself led the response from the front. It imposed tariffs on CA $30 billion in consumer goods, ranging from orange juice, alcohol, and peanut butter to apparel, footwear,

and motorcycles imported from the US. It imposed a 25% reciprocal tariff on a list of products imported from the US, like steel, aluminium, computers, monitors and servers, totalling another CA $30 billion.

Canadian Consumer Sentiment: A Surge in Patriotism and Boycotts

The US President's rhetoric about Canada becoming the 51st state of the US, coupled with the imposition of tariffs on imports from Canada, had deeply hurt Canadian sentiments. Canadians, well known for their politeness, were booing the American national anthem at ice hockey games, to everyone else's surprise. In a survey conducted by Leger, a Canadian Market Research company, over a quarter of Canadian respondents regarded the US as an enemy country!

This negative sentiment had quickly resulted in notable shifts in consumer behaviour. Two-thirds of Canadian respondents in the Leger survey reported that they were avoiding American products, both online and in physical stores. Indeed, over half the respondents reported that they had decreased their purchases at American Quick Service Restaurant (QSR) chains like McDonald's, Starbucks, and KFC.

Not only did a number of Canadians respond in the Leger survey that they had also cancelled their planned trips to the US , but the CEO of Air Canada also said that they had cut flight capacity to the US, as cross-border bookings had dropped at least 13 per cent.

In another survey, conducted by KPMG Canada, over 90% of respondents wanted stores to promote Canadian products, 80% of respondents were actively looking for non-US origin products, and over two-thirds of them did not want grocery stores to sell any American-made products. An obvious consequence of this shift in sentiment was that over 80% of Canadians reportedly read the country of origin on product labels. Even if a Canadian product costs more than an American one, over three-quarters were willing to pay more for the Canadian product.

Impact on Branding and Marketing Strategies

Such strong consumer sentiments and reported shifts in consumer behaviour certainly have impacted branding and marketing strategies in Canada in many ways, including:

- **Rise of the "Buy Canadian" movement, and preference for local brands**. The discussion above shows both a push by provincial governments in Canada to preferentially procure Canadian products as well as provide marketing support for "buy local" campaigns. The surveys cited above also show that people are actively seeking out Canadian-made goods and are even willing to pay more for them. CTV News of Canada reported that in February 2025, Loblaws, a major Canadian supermarket chain, said that its "sales were up 10% on Canadian-made and produced products." Chapman's Ice Cream, a Canadian-owned and operated ice cream brand, also reported a 10% increase in sales in winter, which is its low season. This shows a clear marketing opportunity for Canadian brands to emphasise their local identity. In addition, the CEO of Blume, a brand of superfood lattes based in Vancouver,

was quoted in Modern Retail as saying that the brand is "talking about its Canadian roots more on social media" and prominently mentioning it on its website.

- **Canadian retailer responses**. "Major retailers and brands are leaning into the trend, with 'Buy Canadian' signage and product labelling," according to another retail publication, Retail Insider. It also reported that "Loblaw has products marked with a T to identify tariffs" and another major Supermarket Chain, Safeway, has prominent signs to Buy Canadian. Loblaws also reported a 75% increase in usage of its store app, which makes it easier for shoppers to find Canadian products with the "Swap to Canadian" feature. 'Made in Canada' gift store, Maker House Canada, that launched T-shirts and chocolates with the popular Canadian "Elbows Up" slogan, has seen a 150% increase in year-over-year sales.

- **Challenges with US-Sounding Names**. A host of Canadian companies with US-sounding brand names, such as Boston Pizza, New York Fries, Montana's, California Sandwiches, and The Great American Backrub, have had to navigate the challenges of anti-American sentiments among Canadian consumers. Global News Canada reported that on the one end are companies like Boston Pizza, reporting that have operated for sixty years in Canada and are confident that their customers know their Canadian roots. At the other extreme are companies like California Sandwiches, which said that a customer in fact suggested a name change. The owners are not averse to that if it is needed "to stand behind our country." For now, many of them, like the 30-year-old Montana's BBQ & Bar, have chosen to educate their customers via social media.

- **Damage to US Brand Image**. The anti-American consumer sentiment has had an impact on US-made products. US liquor has seen a sharp decline in sales of over 65% in Canada. In April 2025 alone, there was a 94% drop in the value of wine imported from the US, compared to the previous April. The CEO of Empire Company Ltd., which operates a range of retail stores, said that sales of American products are rapidly declining in their stores. This observation aligns well with the surveys that report Canadian customers are purchasing less from US fast-food chains.

Responses of US Brands in Canada

Most US brands in Canada have not commented on the issue of the boycott of US products and brands. The odd one out was the CEO of the US whiskey brand, Jack Daniel's. He called the removal of US alcohol brands from Canadian stores a "de facto embargo". Public relations professionals, as well as academics in Canada, do not recommend that US companies comment on this issue through the media. The best strategy they recommend to leading US brands is "to show they're a concrete part of the Canadian economy, local communities, and the country's way of life." Leading US brands in Canada

also have to be careful of "alienating the White House" and avoid being seen to be making pro-Canada statements.

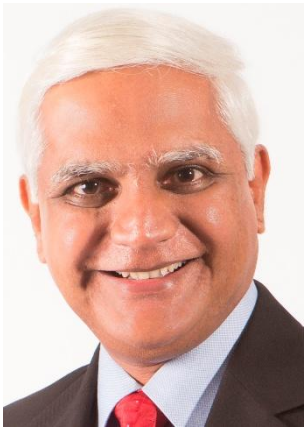
Opportunities for European and other origin products and services

Pro-European sentiments have gained such strong ground in Canada this year that Politico reported a startling "44% of Canadians said they supported the idea of European Union membership." While this is unlikely to happen anytime in the near future, another corollary of the anti-US consumer sentiments in Canada is "anything but US." The most persistent examples are found in Canadian Wine imports. Not only have imports of US wine into Canada collapsed, as discussed earlier, but importers and consumers are sourcing alternatives from Europe and South America.

Tourism is another sector where this trend is visible. In addition to the drop in air travel bookings to the US discussed above, car travel to the US from Canada declined year-on-year for four consecutive months in 2025. It dropped to 35% in April. Instead, Canadians are choosing to travel to Mexico, Europe, the Caribbean, Brazil, and Japan.

Conclusion

Canadian responses to US tariffs have catalysed a powerful wave of economic patriotism, significantly reshaping branding and consumer behaviour across the country. This sentiment has manifested in widespread boycotts of US products and a decisive pivot toward purchasing Canadian-made goods, fuelling a surge in demand for local brands. As a result, Canadian companies have seized a unique opportunity to reinforce national identity in their branding, while US brands are facing notable reputational headwinds that challenge their market standing. Both Canadian and US firms have been compelled to recalibrate their marketing strategies in light of these shifting loyalties. Ultimately, this situation illustrates how swiftly geopolitical tensions can cascade into consumer markets, transforming purchasing habits and redefining the competitive landscape in real time.



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Venkat is an Online Facilitator at AIB, teaching Strategic Management, Marketing Management, and New Product Development subjects at the institute. As an adjunct lecturer, he has been teaching strategy and marketing courses at Singapore Management University, ESSEC, a French Business School, and Murdoch Business School for about 9 years. Venkat has held senior management positions in a diverse range of businesses, such as international trading, e-commerce, IT services, and consulting businesses. He has rich experience in the global marketing of consumer products gained over 20 years working in emerging economies. He has an in-depth knowledge and understanding of third world trade, especially between Asia, South America, and Africa.

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