

Foreign Agricultural Service

Canada – Marketplace Dynamics

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Jeff Zimmerman

Agricultural Attaché &

Director of Marketing

U.S. Embassy, Ottawa



US FOOD & BEVERAGE ALLIANCE
tasteus.com

What we do

Policy

- Resolving trade problems
- Promoting regulatory harmonization

Marketing

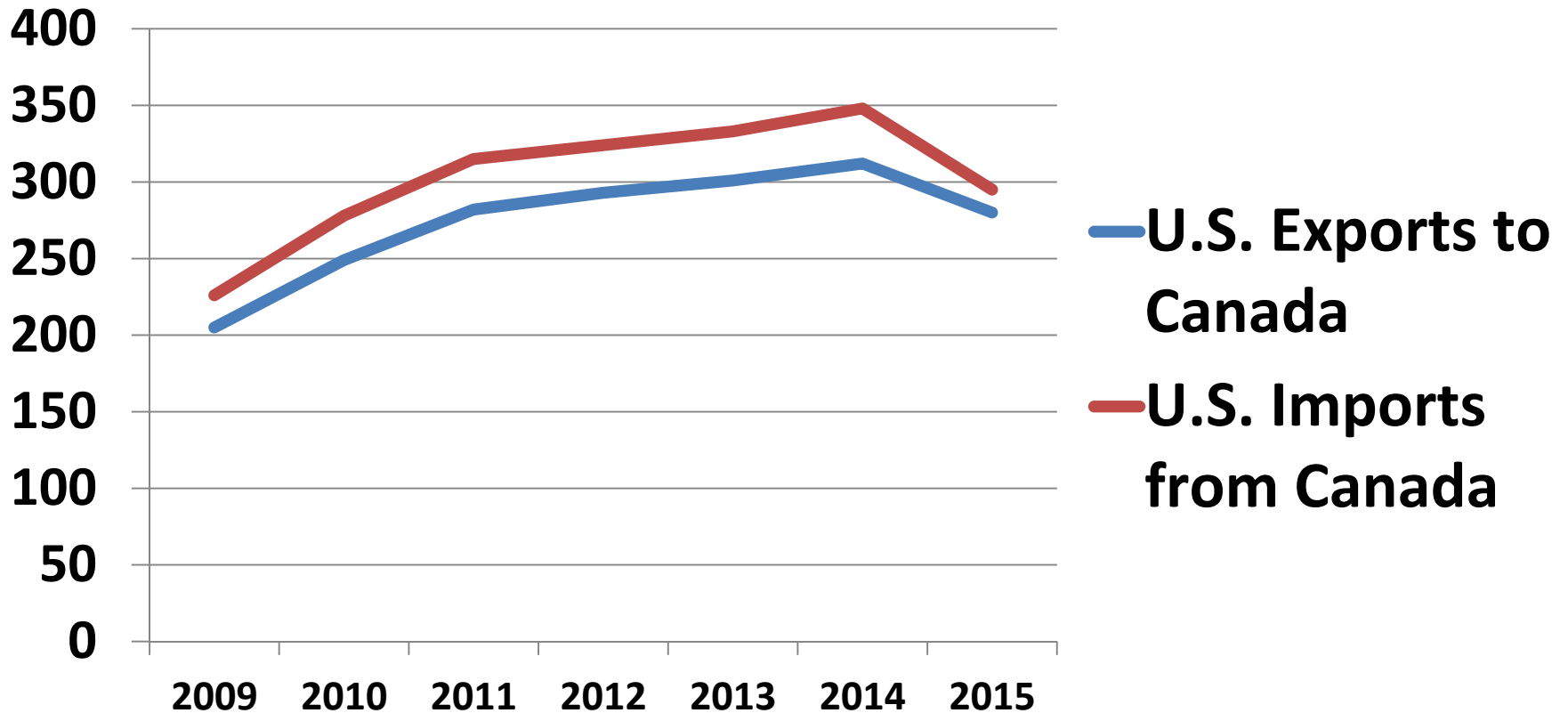
- Helping small and medium U.S. companies export agricultural products to Canada
- Helping Canadian buyers source U.S. products

Commodity Reporting

- Analyze production and trade data
- Write more than 80 marketing and commodity reports per year



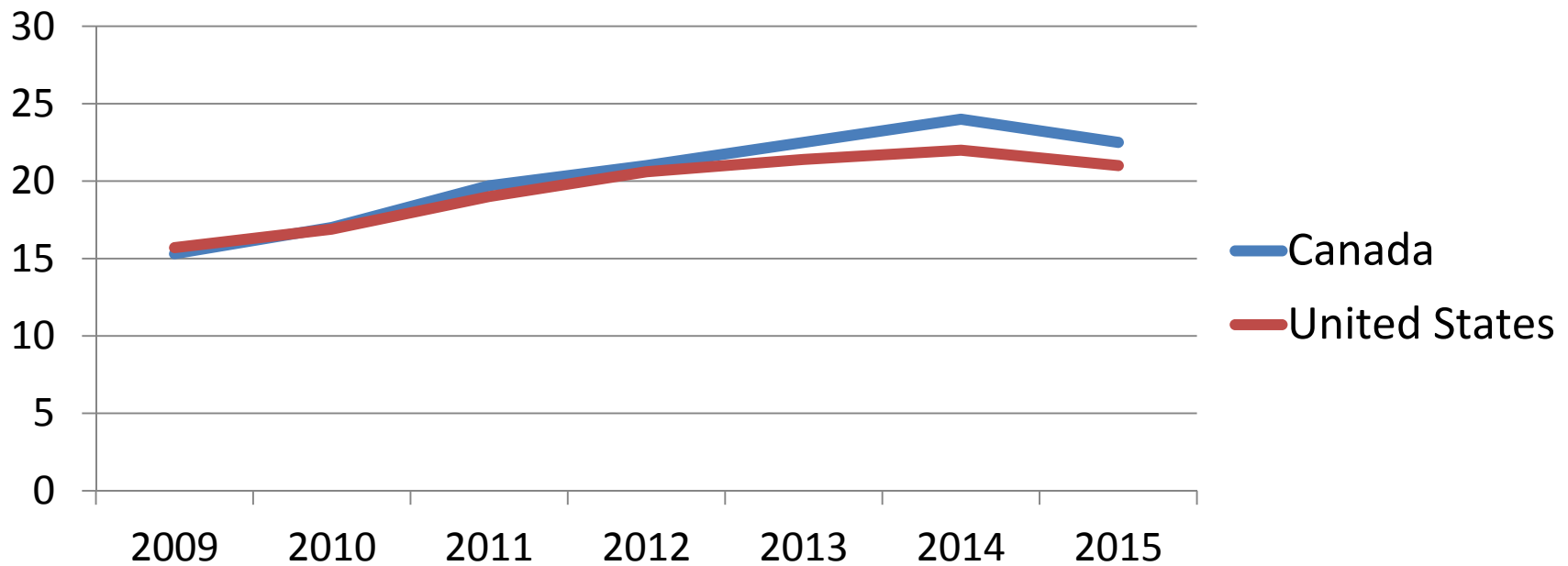
Overall Bilateral Trade (US\$ B)



Source: U.S. Census Bureau



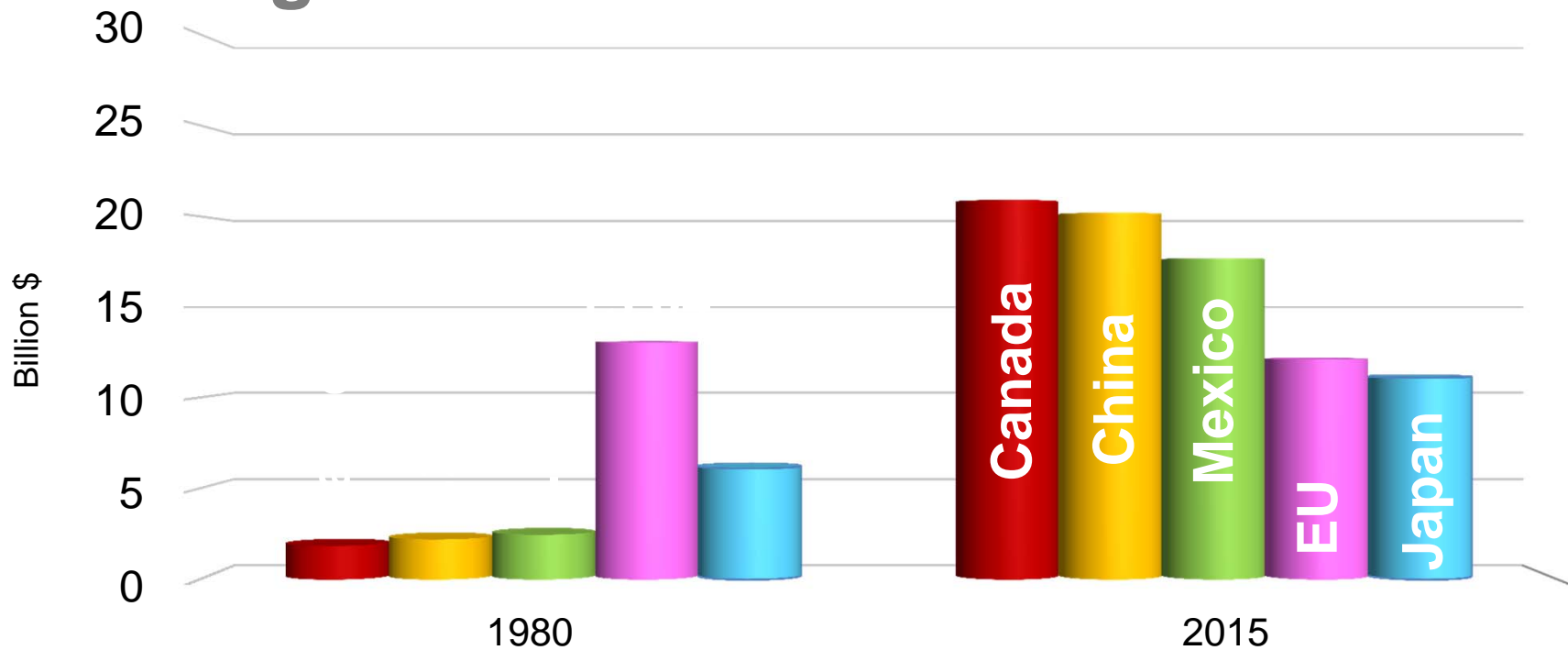
Bilateral Trade of Agricultural Commodities (US\$ billions)



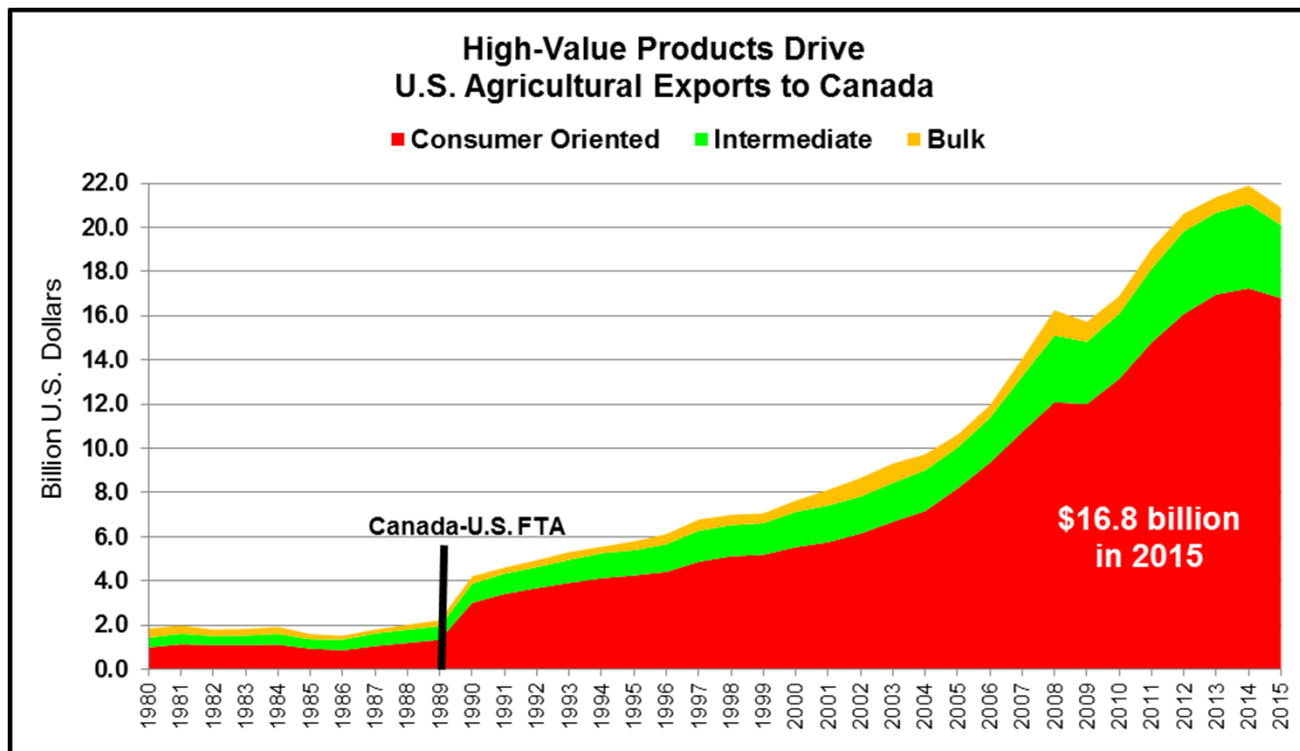
Source: USDA/FAS Global Agricultural Trade System



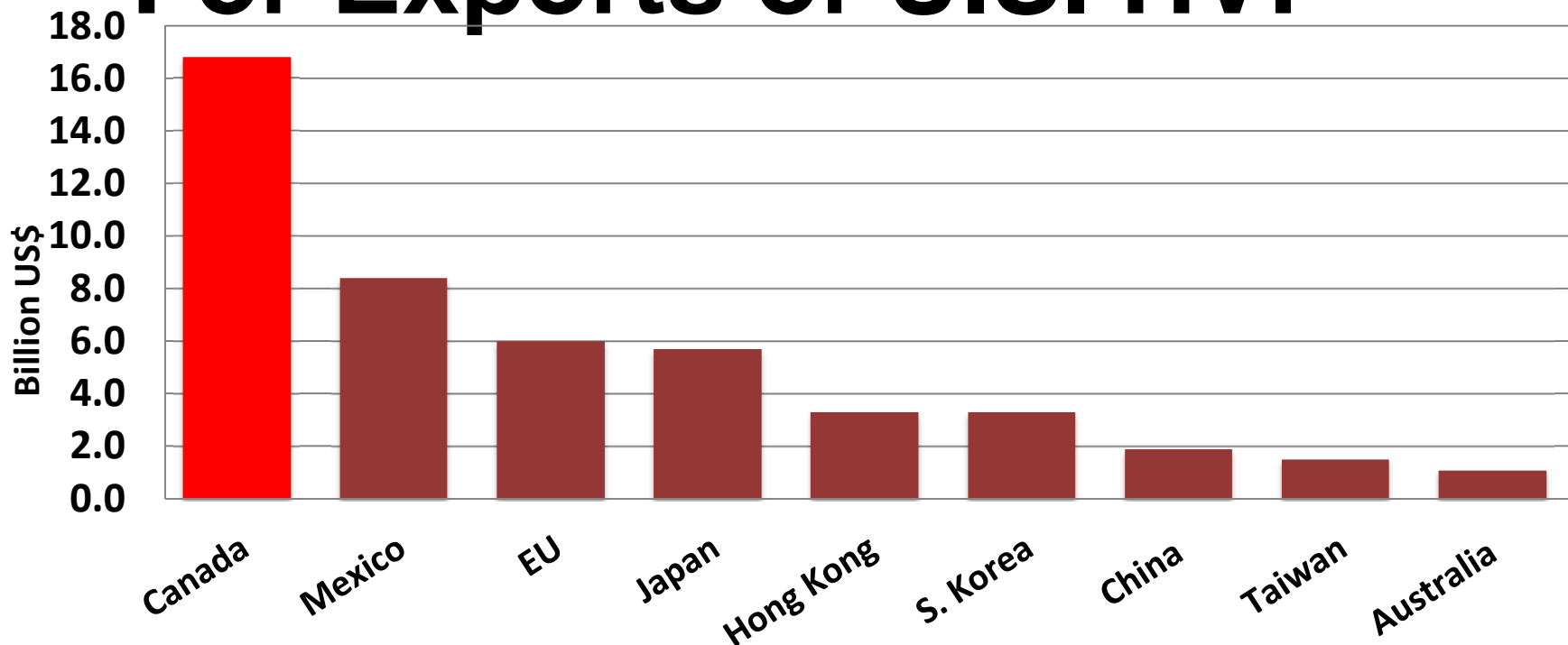
Canada Ranked #1 U.S. Export Market for Agricultural Products



NAFTA Pushes High Value Exports to Canada



Canada Dominates All Consumer-Oriented Markets For Exports of U.S. HVP



Source: USDA/FAS Global Agricultural Trade System

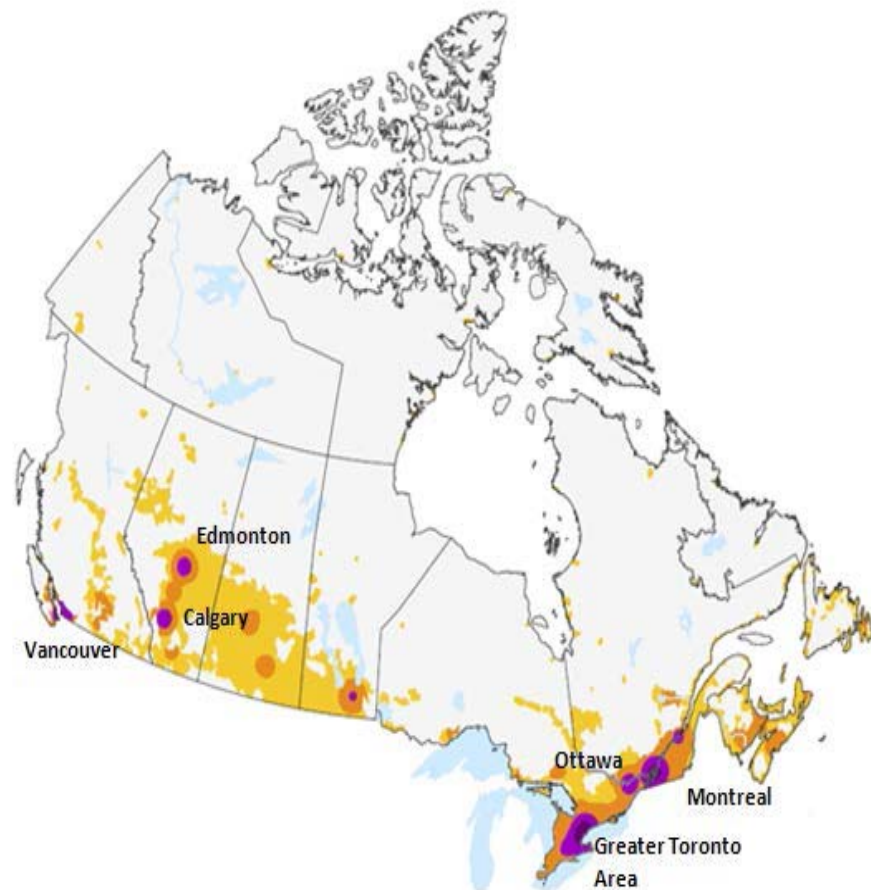
Top U.S. Consumer Oriented Exports to Canada

Consumer Oriented Products	CY 2015 (billion \$)
Consumer Oriented Total	16.8 billion
Red Meats (incl. processed)	1.9 b
Prepared Foods	1.9 b
Fresh Vegetables	1.9 b
Fresh Fruits	1.6 b
Other Snack Foods	1.3 b
Non-Alcoholic Beverages	1.2 b
Processed Fruits & Vegetables	1.1 b

Source: USDA/FAS BICO⁹

Layout of Canadian Market

- Population 35.5 million
- Canadian market size is 11 % compared to U.S.
- 62% of the Canadian population reside in Ontario and Quebec
- Canada's top three metropolitan areas, Toronto (GTA), Montreal and Vancouver



Share of the Market

Share of National Market Based on Retail Sales	
Ontario	31.6%
Quebec	24.5%
British Columbia	14.0%
Alberta	14.5%
Saskatchewan	3.3%
Manitoba	4.0%
Atlantic Provinces	8.1%
Total	100%

Ontario nearly accounts for one-third of all grocery sales

Together Ontario & Quebec account for 56% share of market

Alberta and Manitoba had 2.1% sales growth from the previous year

Demographic Trends

Seniors - fastest growing age group

More one-person households than couples with children

In twenty years (2025), ethnic minorities will increase to 14 million (out of 35.5 million)

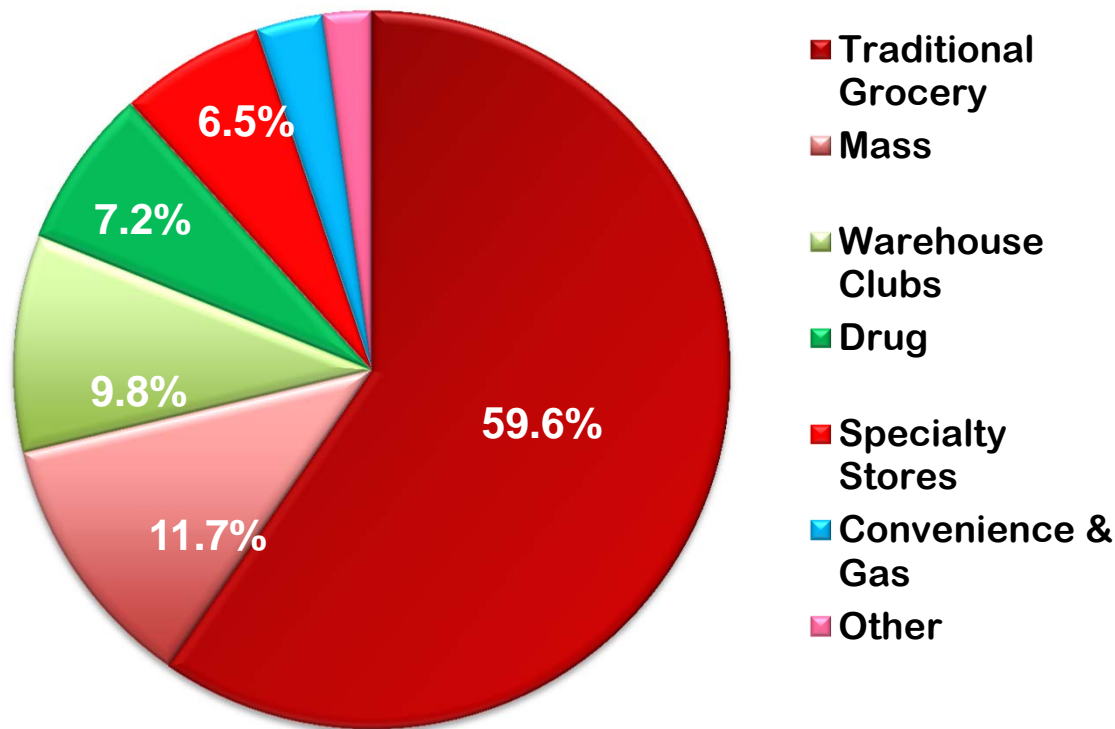
Large portion of the immigrants are Asians – Chinese, Filipinos, and South Asians.





Distribution Channels

Share of Market



- Grocery #1, but “negative growth” in recent years
- Warehouse clubs have grown by 5%
- Specialty grocery key to “early adopters”, steady growth - last five years from 3% to 8%

Top Canadian Food Retailers – 2015

Name of Retailer	\$B	SOM
Loblaw Companies Ltd.	\$28.07	28.2%
Sobeys Inc.	\$20.83	21.7%
Metro Inc.	\$10.12	10.5%
Costco Canada Inc.	\$9.23	9.6%
Wal-Mart	\$6.57	6.9%
Co-operatives	\$3.50	3.6%
Overwaitea Food Group	\$2.61	2.7%
Dollarama	\$0.48	0.5%
Longo's	\$0.38	0.4%
Jean Coutu	\$0.26	0.3%
TOTAL	\$82.05	84.4%

U.S. Exporter Advantages

- **Similar business practices and language**
- **Similar eating and shopping patterns**
- **Positive perception of U.S. food products**
- **Duty free tariff treatments for most products under NAFTA**
- **Ease of personal and business travel**
- **23.4 million one night stays by Canadian visitors to the U.S.**

Nuances in the Canadian Market

- **Differences in labelling – bilingual labelling**
- **Currently a sophisticated selection of products**
- **Canadians are price- and value-conscious shoppers**
- **Relationship-based marketing (Brokers vs. Distributors)**
- **Higher landed costs on smaller shipments**
- **Private Label usage very high – respected among consumers**

Consumer Trends

- **Health & wellness - e.g. Wellness centers in stores**
- **Ethnic foods – e.g. Latin American cuisine**
- **Gluten-free**
- **Healthy snack foods**
- **Low sodium, low sugar, low calorie, etc.**
- **Flexible and innovative packaging**

2016 Chef's Survey Results

- 1) Craft beer / microbrews**
- 2) Charcuterie/house-cured meats**
- 3) Ethnic sauces(e.g. sriracha, chimichurri, soy sauce)**
- 4) Locally sourced foods**
- 5) Food smoking**
- 6) House-made condiments/sauces**
- 7) Gluten-free / food allergy conscious**
- 8) Inexpensive / underused cuts of meat**
- 9) Leafy greens (e.g. kale, Swiss chard, mustard greens)**

Source: Restaurants Canada

FAS Public GAIN Reports

URL - gain.fas.usda.gov

Canada - Exporter Guide

An Overview of the Canadian Retail Landscape

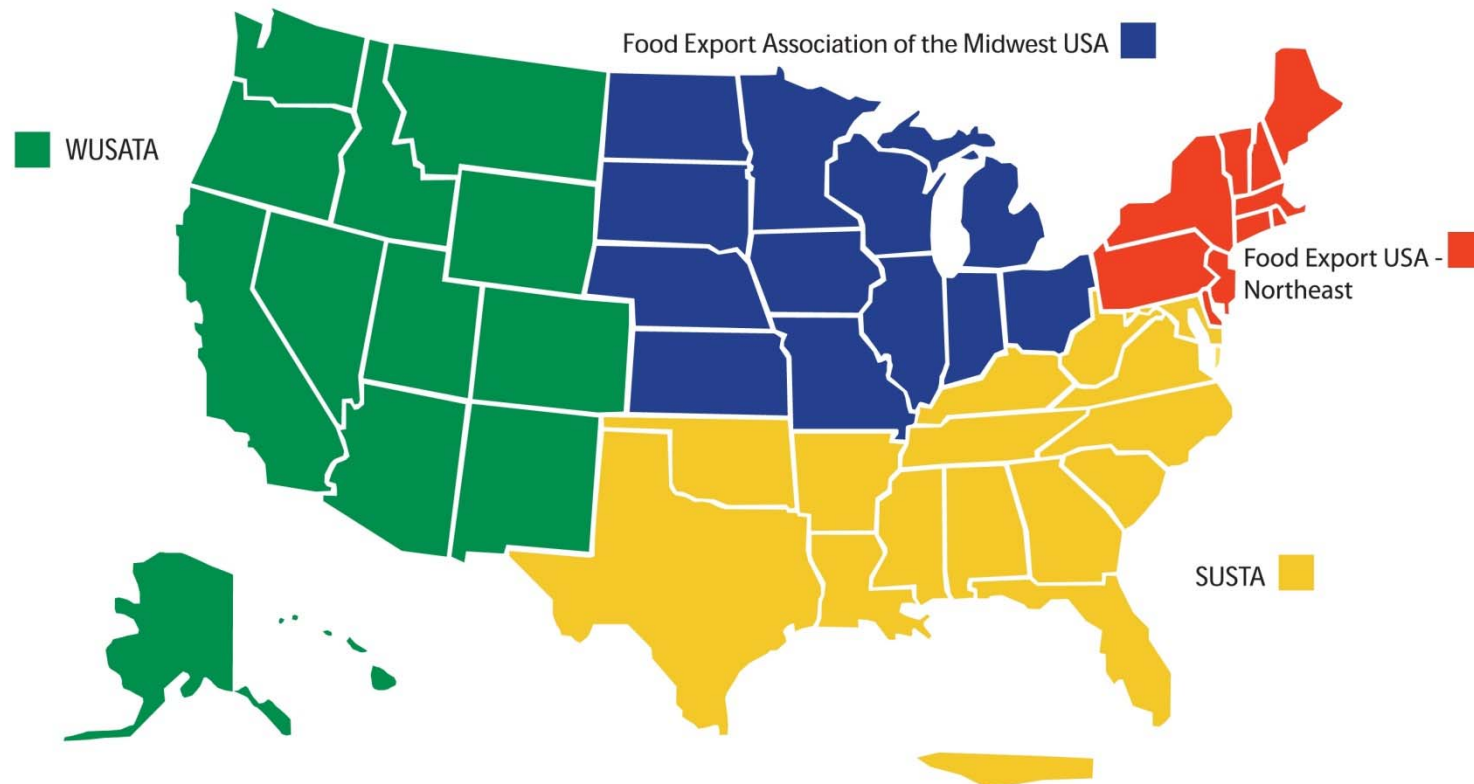
An Overview of the Canadian Food Service Sector

Food Processing Ingredients

Entering Canada with Products for a Show or Trade Fair

Outlook of 2015 Canadian Food and Beverage Trends

USDA/ FAS Partners State Regional Trade Groups (SRTGs)





SRTG Representatives

- **Food Export Association Midwest & Northeast USA**
Jason Knudson, Outreach Lead Coordinator (Midwest)
E. jknudson@foodexport.org T. 312-334-9200
Howard Gordon, Outreach Coordinator (Northeast)
E. hgordon@foodexport.org T. 216-829-9111

- **Southern United States Trade Association**
Kristin Core, Outreach Coordinator
E. Kristin@susta.org T. 504-568-6010

- **Western United States Agricultural Trade Association**
Julie Chappelle, Outreach and Marketing Supervisor
E. julie@wusata.org T. 360-693-3373

FAS Canada Contacts

- **Holly Higgins, Minister Counselor-Agricultural Affairs**
E: holly.higgins@fas.usda.gov
- **Jeff Zimmerman, Agricultural Attaché**
E: jeff.zimmerman@fas.usda.gov
- **Sonya Jenkins, Marketing Specialist**
E: Sonya.Jenkins@fas.usda.gov
- **Maria Arbulu, Marketing Specialist, Toronto**
E: Maria.Arbulu@fas.usda.gov

SIAL Canada 2016

Country of Honor

Cooking Demos – La Cuisine Booth, 1223

- 11 a.m.-noon **La Cuisine Student Chefs – Speed Dating/Cooking Competitions**
- 4:00 p.m. **SOSIAL Program by Chef Guillaume**
La Tablee des Chefs
U.S. Products Tasting with the Food Media
- 3:00 to 5 p.m. **SOSIAL Program, Chef Guillaume,**
Tablee des Chefs and His Brigade of Chefs
Feed 1000 Mouths
Select USA products featured

