

Exporter

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SEPTEMBER Street Smart focuses on retail: private label and branded products

The upcoming Street Smart session offers Ontario suppliers face-to-face meetings with key US retail buyers

Prepare your company to tap into the lucrative US retail market by planning to attend OFEX's next Street Smart session on September 26 & 27, 2005. "It's going to be a very big event and very representative of the Ontario industry," says Murray Howatson, OFEX's US geographic specialist. "We're covering all food and beverage categories." More than a dozen different retailing organizations from across the United States have accepted our invitation to attend, including Alliance, Cornerstone

Associates, Federated Foods, Food Lion, Giant Eagle, Gourmet Garage, Hannaford Brothers, H-E-B (Texas & Mexico), International Classic Foods, Jetco Cash and Carry, MMI, Nash Finch, Sav-A-Lot, Supervalu, Topco, Wakefern, among others.

In its sixth year, OFEX's Street Smart includes a seminar featuring presentations by the US buyers, followed by a networking reception and a day of tabletops, to give Ontario manufacturers and US buyers an opportunity to meet face-to-face. "It's great to see the success that our Ontario clients have achieved by attending the seminar, networking and being well prepared to present at the tabletop", says Karen Moore, OFEX client

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ONTARIO Food Exports (OFEX) trade events

Increase your export potential by participating in an OFEX trade-related event. Our seminars, incoming and outgoing missions and international trade show participation are all geared to developing and maximizing export opportunities for Ontario companies. Through them, we can help you generate export sales, get in-market exposure, meet buyers face-to-face and gather first-hand information about export markets. If any of these events fit your strategies, contact your client account officer for further details on how your company may participate (see the contact list on page 7).



Incoming trade missions

Street Smart, September 26 & 27, 2005 OFEX's popular Street Smart series returns with a focus on the US retail market. Buyers from retail organizations including; Alliance, Cornerstone Associates, Federated Foods, Food Lion, Giant Eagle, Gourmet Garage, Hannaford Brothers, H-E-B (Texas & Mexico), International Classic Foods, Jetto Cash and Carry, MML, Nash Finch, Sav-A-Lot, Supervalu, Topco, Wakefern will be in Ontario seeking private label and manufacturer brand products. The tabletop event will provide qualified Ontario exporters with the opportunity to showcase their Ontario food products to qualified US retail representatives. Given the size and scope of these retail organizations, Ontario exporters have the potential to increase export sales. To learn more about this exciting export opportunity, contact your client account officer.

Export Readiness & Volume Capability: Street Smart is open only to Ontario food

companies (and products) currently exporting to the US. Participating companies should also be capable of supplying a chain of 40 or more stores.

Natural/Organic US Buyer Mission, October 2005 Buyers from a leading natural food retailer will be visiting Ontario and attending the Canadian Health Food Association's Trade Show. OFEX will be arranging one-on-one meetings with qualified Ontario exporters. Watch the next issue for more information. Contact Kathryn Liotta, client account officer, to discuss your interest.

Outgoing Missions & International Trade Shows

Food Expo in Hong Kong, August 11-15, 2005 In cooperation with other federal and provincial organizations, OFEX is organizing a dynamic Canadian Pavilion at this unique five-day, major food fair for food lovers (consumers and trade). This is the perfect venue to showcase new products to consumers and to prove the marketability of your products to trade representatives. Visit the web site (www.hkfoodexpo.com) for more information. Exporters have the opportunity to choose their level of participation by either running their own booths to promote their products at the show or OFEX seeking to connect them to the traders/consolidators registered at the Canadian Pavilion to showcase their products. Exporters can select their choice of participating traders/consolidators and negotiate the marketing terms. Although space in the Canadian Pavilion is limited, contact Amos Tin, geographic specialist, to learn more about this unique avenue into the Hong Kong market.

Shanghai In-Store Promotion, November 11-25, 2005, Shanghai

Shanghai City Supermarkets (SCS) is conducting a cooperative promotion of Canadian food products in six Shanghai City Supermarket outlets to coincide with the Food Hotel China Shanghai 2005 trade show. Qualified Ontario exporters may have the opportunity to participate in this unique promotional activity. Contact Amos Tin for more information.

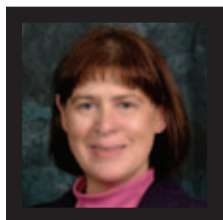
OFEX seminars and events

PROFIT, September 13 & 14, 2005, Toronto and Buffalo With hundreds of graduates and now in its 21st year, PROFIT (Program to Raise Ontario Food International Trade) is a hands-on, two-day orientation on exporting to the United States, covering the basic requirements for food exporters with speakers from the FDA, US Customs, service providers and the US food industry. This unique and affordable course focuses exclusively on food and beverage exports. It is ideal for skills upgrade and development for new marketing staff, inside and outside sales staff, shipping and logistics staff, and marketing/sales support staff. Participation is limited to 20 industry representatives to ensure that each company's questions and challenges are addressed. Contact Dean Post, client information officer, for more information.

PROFIT Plus: Accessing the US Market, November 2005 In response to continued demand from Ontario suppliers surveyed in OFEX's Export Services Review, this industry seminar is an educational session devoted to getting products cleared for entry into the US. Topics will include an update on US border issues, a review of the challenges facing Ontario food exporters and strategies for addressing these challenges. Watch for more information in the next Exporter.

DIANA Campbell OFEX geographic specialist

As OFEX's new geographic specialist for Mexico, Germany and the United Kingdom, Diana Campbell connects Ontario companies targeting those markets for export with buyers such as retail chains, distributors, brokers and foodservice providers. "We make matches through OFEX events, such as incoming missions or joint events with federal partners like the Canadian Embassy in Mexico," says Campbell. "In May, we invited five Mexican buyers to Toronto en route to SIAL Montreal and they met with 35 qualified Ontario companies."



Campbell, who took over her role as geographic specialist in April 2005, brings with her years of experience in agri-food. As an OFEX client account officer for more than four years, overseeing fruits, vegetables, horticulture and ingredients, Campbell assisted Ontario clients with product development and liaised with OFEX's geographic officers to help suppliers find access to foreign markets. "From

working with Ontario exporters in the categories of fruit, vegetables and horticulture, I understand the needs and concerns of Ontario suppliers trying to penetrate foreign markets," says Campbell. She also gained familiarity with the Mexico market while working with Ontario apple shippers who exported there. "Now, as a geographic officer, I am continuing to work with Ontario suppliers in all product categories, who are targeting Mexico, the UK and Germany. In my new role, I am also placing additional emphasis on identifying and qualifying foreign buyers to help match them with Ontario suppliers who can meet their demands."

Before working at OFEX, Campbell gained extensive knowledge of the UK market where she was employed in the bakery and wine industries for 15 years. "I had my own company, Genuine Canadian Muffins, and did marketing for California Cake and Cookie, helping them get their products into European companies." As

marketing director for a UK wine importer, Campbell also developed valuable connections.

Campbell's work experience and connections will enable her to help Ontario companies conquer new markets. "After the dominant US market, Mexico, Germany and the UK—along with the Asian markets that are expertly covered by my geographic colleague Amos Tin—are target markets of opportunity for Ontario companies already experienced in exporting to the US. I'll be working with them to help them make inroads into those markets."

Other Staff Changes

Debra Oliver is OFEX's new client account officer, overseeing fruit, vegetables, horticulture and ingredients. In this position, Oliver continues to work with many of the clients she established contact with during her previous assignment at Foodland Ontario. For her contact information, see page 7.

OFEX responds to Ontario exporters' needs

Ontario Food Exports (OFEX) extends its thanks to the 150 Ontario companies who participated in its latest Export Services Review and contributed their input on the relevance and effectiveness of OFEX exporting programs and seminars. The results of the Review are now in. "Our clients said the program is an effective vehicle and we're successful in creating results," says Dermot Mark, manager of OFEX. "The Street Smart seminars were singled out as being particularly effective. And clients said we were effective in linking buyers with particular companies. The clients appreciate the screening process buyers go through to make sure they are meeting with qualified buyers."

OFEX considers the Export Services Review essential. "It's very important because it's the

feedback from our clients on the job we're doing," says David Clarke, Director of the Market Development Branch. "The Review ensures us that what we're doing is relevant to helping Ontario exporters expand their businesses. It's a validation of the current direction we're in and this validation is not surprising since we've adopted this direction based on previous exporter surveys."

Based on the feedback from Ontario exporters, OFEX will continue with the Street Smart program, and concentrate more on

incoming missions with buyers and less on supporting involvement or attendance at international trade shows. "Although trade shows are still an effective vehicle, we'll spend more time getting the buyers to Ontario," says Mark. Besides connecting suppliers with buyers at the upcoming September Street Smart event, OFEX will be arranging one-on-one meetings for Ontario companies with buyers for leading natural/organic foods at an upcoming incoming mission in October 2005. (See OFEX Trade Events, page 2, for more information.)

Building on client feedback, OMAF's Export Marketing Unit has been re-branded to Ontario Food Exports (OFEX).





PRIVATE LABEL retail in the US is a huge opportunity for Ontario food exporters

With OFEX's help, Ontario exporters are tapping into the underdeveloped US private label market.

With export sales totalling over \$7.4 billion in 2004, the US is a lucrative market for Ontario food and beverage manufacturers. And private label is the number one opportunity. "Private label is relatively underdeveloped in the US," says Murray Howatson, OFEX's US geographic specialist. "It's development is approaching 20% market share in the US but in Canada, private label is over 30% and in Europe, it's approximately 60% market share. So the US has a long way to go to meet the Canadian and European numbers."

Demand for private label continues to grow in US supermarkets, wholesale clubs, specialty retailers and foodservice distributors. And Ontario

exporters have gained a reputation with US buyers for their flexibility, high-end experience and desire to do well in the US. "Ontario manufacturers carry with them a lot of credibility. Ontario retailers have established a really good

foothold in the minds of a lot of US retailers and they continue to see that Ontario suppliers are some of the major suppliers to these same retailers," says Howatson. "So buyers view Ontario manufacturers as a good source of private label products. If Ontario companies can supply upscale products to quality lines such as President's Choice or Master Choice, then they will be just as capable of developing products for their upscale lines."

A low-cost exporting opportunity

For Ontario suppliers, private label continues to be a relatively low-cost way to get into the US. "It's less expensive for companies than trying to get their manufacturer's brands established in the US," says Howatson. "With private label, typically retailers do not expect to receive listing allowances or other major promotional support. Once private label is developed for the retailer it becomes, in effect, the retailer's brand so that the manufacturer need only provide a net cost with relatively few additional allowances for sampling etc."

With private label exports, Ontario suppliers also save because they don't have to worry as much about marketing costs. "There are fewer marketing fees with private label than producing manufacturer's brands," says Howatson. "Besides not paying slotting fees, with private label, sometimes manufacturers don't have to pay for package development—you can accrue the cost of packaging over time."

Providing US buyers with private label products may also afford Ontario suppliers another long-range benefit. "Private label enables companies to get their foot in the door with major retailers. That provides them with a better opportunity to get their manufacturer's brands with that company at a later time."

How OFEX helps

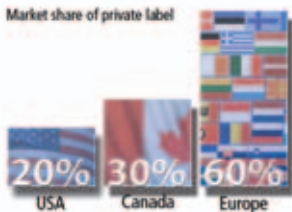
Private label is a huge opportunity for Ontario manufacturers, however, finding buyers can still

be an obstacle to penetrating the US market. OFEX helps Ontario suppliers capitalize on agri-food opportunities in private label by providing information on US buyers' profiles and where the opportunities lie. OFEX also acts as a liaison between buyers and manufacturers. "We facilitate events such as Street Smart and bring buyers to Ontario to meet with companies on an individual face-to-face basis," says Howatson. The upcoming Street Smart session, which focuses on retail, is being held September 26 & 27, 2005. The event will connect many large and regional US retail buyers, including H-E-B, Nash Finch and Sav-a-Lot, among others, with Ontario companies. Qualified Ontario exporters will have the opportunity to showcase their food products to qualified buyers at the event.

OFEX events including incoming buyers missions give Ontario exporters the potential to increase their export sales. "We provide a friendly environment for the producers to present to US retailers," says Howatson. "It's cost efficient because they don't have to travel to the buyers' locations. Also, sometimes it's very difficult to get appointments with US companies." OFEX is working to match the products the manufacturer produces with the buyers' needs. "We're working to provide effective linkages. We qualify the food and beverage suppliers for the buyers but we also qualify the buyers to make it effective for the suppliers."

(For more information on Street Smart, see OFEX trade events, page 2.)

Market share of private label



US BUYERS review OFEX's Street Smart program

In addition to its survey of Ontario exporters, OFEX recently conducted a review of 15 US buyers' impressions of the Street Smart program using a third-party consultant to conduct telephone interviews. "The buyers most appreciated our ability to pre-screen clients so they could meet with people capable of meeting their needs," says OFEX Manager Dermot Mark. "Buyers found Street Smart a very good format; it was more effective for them than attendance at a trade show because of the screening efforts

that go into finding qualified Ontario suppliers."

OFEX is dedicated to ensuring its programs work for both buyers and exporters. "It's important for us to incorporate both perspectives into our design," says Mark. "For our program to be effective, we have to meet the needs of both the buyers and the sellers. A key aspect of this survey and the survey of Ontario suppliers is that OFEX plays an important role—we qualify both buyers and sellers so we can provide a good matching service."

It's clear that the connections OFEX continues to foster between US buyers and Ontario suppliers are becoming stronger, according to Murray Howatson, OFEX's US geographic specialist. "Street Smart has had a number of buyers come back a number of times because they have met with such great success. Buyers end up devoting three or four days out of their office to come here. US buyers have come to understand the quality and varieties offered by Ontario manufacturers and thus see the time as well spent."

PROFIT UPDATE: OFEX education programs offer inroads into foreign markets by helping Ontario suppliers establish valuable connections and meet export challenges

If you're planning to export, attending OFEX educational programs is a necessity.

The opportunities in the US market are a good fit for many Ontario agri-food suppliers' capabilities. But getting a foothold in the huge market poses several challenges, from complying with border regulations to meeting labelling requirements, and more. OFEX is working to help Ontario companies with both endeavours. "Every opportunity I get, I try to attend an OFEX educational program," says Becky Smollett, President of Grand River Gourmet, which manufactures chocolate, candy and hot chocolate in Cambridge, Ontario. "They're always of value to me and help me formulate my exporting plans."

Smollett is one of hundreds of graduates of OFEX's PROFIT (Program to Raise Ontario Food International Trade), which provides Ontario suppliers with the basics on exporting food and beverages to the US. Now in its 21st year, the hands-on, two-day orientation features speakers covering topics such as export financing, complying with the US Bioterrorism Act, the new nutrition labelling requirements, US food distribution and US Customs and Border Protection regulations. And it's constantly evolving—based on input from Ontario suppliers—to provide exporters with the latest information to help them export successfully. For example, the February 2005 PROFIT, which took place in Windsor and Detroit, introduced the topic of immigration, presented by the legal consulting firm Juroviesky & Ricci LLP, for suppliers interested in entering the US for business purposes.

The next PROFIT program, which is being held September 13-14, 2005 in Toronto and Buffalo, arms Ontario suppliers with a wealth of information on getting started exporting to the US. "Exporting is a learning process," says Smollett. "The US government does change the parameters, so it's imperative that you stay up to date." The connections made through PROFIT are invaluable for attendees.



"The OFEX representatives are all friendly, knowledgeable and there for you," says Smollett. "They're like my consultants—I call them all the time for their expertise and ask them questions."

When Grand River Gourmet hit an exporting hurdle a few years ago, Smollett's PROFIT connections came to the rescue. "Shortly after the BSE crisis, US customs seized a shipment of our milk chocolate," recalls Smollett. "We had met Marcia Grove from the Canadian Consulate's office in Buffalo when she presented there at PROFIT. We had already built a personal relationship with her and she was an enormous help with our situation. Those personal relationships are critical; you never know when you're going to need someone."

After that incident and based on information Smollett acquired at PROFIT, Grand River Gourmet actually stopped exporting temporarily. "Through the education that I received from OFEX, I decided that I needed to do a bit more homework before launching to the US," recalls Smollett. The company is now slowly starting to export south of the border again. "We have now made the decision to sell to the US through distributors only. It was not going to be profitable shipping to small stores due to the amount of paperwork." Smollett feels prepared now, thanks in large part to OFEX. "I've been gathering information from PROFIT and other related programs for two years. I can't imagine not having these OFEX

programs," she says. "I don't know where people would go to get this exporting information otherwise. OFEX is a real resource library and it would be difficult to grow by exporting without them. They're part of my team."

The on-site tours of the US market that take place during PROFIT events are imperative for Ontario suppliers trying to get a sense of the market south of the border. Smollett, who has attended PROFIT twice, recalls the tour of the cheese cellar in a Detroit grocery store in February 2005. "It was most impressive. That store understands their customers or 'guests' as they called them. Every aisle had a beautiful display with samples. Until you walk the store aisles and see their customers and what is in their carts, it's hard to understand the market."

Besides the popular PROFIT program, OFEX also offers an industry educational seminar called PROFIT Plus. As a result of findings from the recent OFEX Export Services Review—a survey of Ontario companies about the effectiveness and relevance of OFEX programs—the upcoming PROFIT Plus session, to be held in November 2005, is devoted to educating Ontario companies on how to address the challenges of the US border, the processes, product clearance etc. The industry seminar will also include an update on border issues. (For more details on how to register for the upcoming PROFIT and PROFIT Plus sessions, turn to OFEX Trade Events, page 2.)

IN GOOD COMPANY: *Adaptability to consumer demands is secret to success for Ontario deli meat producer*



This Ontario company penetrated the US market thanks to its efficient operations and willingness to respond to market needs. With OFEX's help, they've achieved exporting success in the US, Mexico and Korea.

The company: Casa Italia in Brampton, Ontario

The challenge: Introducing a line of Italian-style deli products to the US, Mexico and Korea

How OFEX helped: Participation in OFEX events, such as Street Smart and PROFIT, helped the company navigate exporting requirements and meet face-to-face with foreign buyers.

Words to grow by: "Stay informed of exporting regulations, be present at trade events and don't be afraid to ask for help from OFEX," says Joanne Varricchione, Vice-President of Marketing of Casa Italia.

Take the time to stay abreast of exporting requirements, be efficient in producing your product and willing to adapt it to suit the demands of your export market: that's how Joanne Varricchione, Vice-President of Marketing at Casa Italia, sums up her company's success in selling its line of deli meats to the US and other foreign markets. The Brampton, Ontario company's Canadian customer base for its deli products, such as salami and specialty dry cured products, includes corporate chain stores, independent chain stores and independent accounts, such as bakeries. Since 2000, Casa Italia has also been exporting its products to major US distributors who sell to independent accounts, chain stores, and foodservice customers such as restaurants, hotels and institutions.

Casa Italia found distributors for its products in the US by attending targeted trade events, such as OFEX's Street Smart. "Using the services that OFEX offered was the key to our success," says Varricchione. "You have to participate and make those contacts with buyers and OFEX representatives who are very resourceful." Street Smart tabletops are a critical venue for food producers because "tasting is believing," Varricchione says. "The product and packaging may look great and the brochure may be beautiful, but once they put your product in their mouths, that's what will make or break you."

While the company has been successful in the US market, exporting is not without its challenges. "Business today is more competitive," says Varricchione. "There are a lot

of deli producers in the US and the dollar is a challenge. We have to adapt pricing because we're buying a commodity. You have to be well informed so you can be very accurate when quoting prices to a buyer. You take hits and misses—sometimes you are taking a risk—but you have to be very competitive."

Casa Italia's efficient systems also enable the company to stay competitive in Canada and foreign markets. "We try to be as efficient as possible without sacrificing the quality of our product," says Varricchione. The company's internationally recognized HACCP (Hazard Analysis Critical Control Points) Food Safety Program system at its 85,000 square foot state-of-the-art facility has definitely contributed to that efficiency. "We've been able to provide consistent 'food safe' products through our Good Manufacturing Practices which is a cost saving," says Varricchione. "HACCP has allowed us to run more smoothly, with standards in place that save the company time and money in sanitation, pest control, machine maintenance and pre-operational expenses."

Casa Italia also distinguishes its offerings from its competitors with its value-added products. Instead of just basic ham, the company also offers it sliced so it's a little more than a typical processor. Products include VERALite Lactose Free Mortadella, a North American first. Casa Italia also sells a healthier alternative deli line—with less

than 4% fat, no MSG and no phosphates.

"Consumers today are much more educated," says Varricchione. "They're reading labels and they're health conscious and more concerned about preservatives. Value-added isn't just how the product is packaged, it's what's inside."

Focusing on the unique consumer demands of a particular market is nothing new for Casa Italia. The company was founded in Viterbo, Italy in the early 1900s and retains a 100,000 square-foot plant there. When Casa Italia started in Canada five years ago, although its recipes were Italian-based, it had to conform to the North American ways of consuming products. "Here the consumer is more concerned about fat content," explains Varricchione. "In Europe everything is more in moderation. We had to adapt to that. You can't just launch your product because you know it's good. You have to tweak the product to whatever the market needs."

Dealing with the logistics of exporting to foreign markets is an ongoing learning experience for the company. "It's not as simple as it used to be," says Varricchione. "Today you have the bioterrorism situation, which is a valid concern, but it adds to your costs. Time is a cost and it takes time to do the paperwork, and going through the border, each product line gets charged because of prior notice so that's more money. And things change so frequently—every

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In Good Company...

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week or month, it seems, there is a new exporting requirement."

To contend with these exporting challenges, Casa Italia has relied on OFEX. "They've kept us informed through seminars, such as PROFIT Plus where we learned about the Bioterrorism Act," says Varricchione. "We got our huge binder of information. They gave us details on what was involved in exporting, the steps to take and then it was a matter of getting organized but we were given more than enough to get started." While navigating the stricter US regulations, such as prior notice, was a learning process, Casa Italia never had a delayed shipment. Varricchione attributes the company's ability to maintain trade to the US to its use of reputable transport companies and the clear information it received from OFEX on adapting to the new regulations.

Besides the US, Casa Italia has also been making inroads into other export markets, such as Mexico. Recently, they met with representatives from the Mexican market at an OFEX Street Smart session. "Then they came to see us at a trade show and now we've got potential distribution." Having Border Clearance Representative Luis Perez in place in Nuevo Laredo, Mexico helped Varricchione understand Mexican paperwork and labelling requirements. She says working with well-organized Mexican distributors has also made it easy for the company to cope with frequently changing exporting regulations. "They're so informed. As long as you're given a heads-up about the regulations, that's okay. Staying informed makes it manageable."

Two years ago, Casa Italia also struck a deal with a Korean distributor. "We met someone interested in opening up a sandwich shop in Korea at the New York Fancy Food Show." Today the company is looking forward to expanding in the Asian market—hopefully penetrating Japan—and by building more connections through OFEX events, they're now planning to penetrate the Mexican and US markets even further.

September Street Smart...

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account officer for bakery and frozen prepared foods. "The format is designed to give Ontario manufacturers and the US buyers ample opportunity to meet face-to-face". It's a set-up that's a hit with both Ontario exporters and US buyers. "We're finding that the interest level from a buyer standpoint is increasing," says Howatson. "Word is out that Ontario is a valuable source of food products—we have suppliers who are well-experienced, flexible and ready to work with US buyers. We have developed a solid reputation so we're seeing a great buyer turnout for this Street Smart event."

The Street Smart sessions are so effective for matching US buyers and Ontario suppliers that many make a return visit. "We've attended three Street Smart events," says Bill Bradshaw, Executive Vice-President, Marketing Management Inc. (MMI), a national store-brand broker based in Fort Worth, Texas. "Our company has made a lot of concrete deals and we're currently doing business with Ontario suppliers throughout the different chains that we work with, such as Food Lion and Wakefern. Last year we made some headway with some Ontario bakery companies." MMI representatives will be attending the September session and are on the lookout for new suppliers in a range of categories. "Most of our accounts are open to seeing which Ontario suppliers are available to do business, and if they're competitive—even against current business—they're always willing to look at them as an alternative." (For details on Street Smart and more upcoming incoming missions, see OFEX trade events, page 2 and refer to the insert included with this copy of the Exporter.)

Export Readiness & Volume Capability: Street Smart is open only to Ontario food companies (and products) currently exporting to the US. Participating companies should also be capable of supplying a chain of 40 or more stores.

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GROWING opportunities for Ontario agri-food exporters in the United Kingdom

With its sophisticated consumers and market demand for private label products, the United Kingdom offers a range of exporting opportunities

Ontario companies already experienced in exporting to the US are also exploring other export markets, including the United Kingdom. With a population of about 60 million consumers, the UK is Canada's seventh largest agri-food export market and many Canadian companies have experienced tremendous success there. "For many Ontario exporters, the UK is the natural first market in Europe," says Diana Campbell, OFEX geographic specialist for the UK, Germany and Mexico. "Beyond the obvious aspects of language and relative ease of doing business, and a culture that reflects a heritage of trade, the UK is a market that is accepting of imported foods."

The UK consumer

Busy lifestyles, increasingly sophisticated tastes and changes in buying influences are all factors in the unique UK market. With growing disposable incomes, the rise in working women and single-person households, UK consumers want convenient, time-saving, quality items—price is not always the most important purchasing factor. "Food accounts for a higher proportion of the average income expenditure in the UK," says Campbell. "They accept that superior convenience, superior taste and superior quality is worth paying a little extra for."

Foreign cuisine has traditionally been accepted in the UK and as consumers become educated in international tastes, they are more willing to experiment with different flavours. Because of consumers' increasingly sophisticated tastes, there is a strong demand for specialty, ethnic and health food products in the UK. With more people eating on the go, there has also been a trend toward proportioned products, resealable packaging and smaller snack size options.

Due to recent food scares, the public is aware of food ingredients, environmental and social issues regarding food production and consumption. As a result, acceptance of genetically modified (GM) foods is minimal in the UK. While the law doesn't require that foods be free of all GM ingredients, the market often does; consumers don't want to buy genetically modified

foods and retailers don't want to stock them on their shelves. "Ontario companies need to be able to prove products are GM-free," says Campbell. The major UK retailers sell private label products, which account for 60% or more of total sales. These private label products are 100% GM-free. Suppliers are more apt to succeed where they can provide documentation attesting to the GM-free nature of their products. It's a stringent market. "If you can satisfy their requirements, it becomes somewhat easier to chase after other opportunities in Europe," says Campbell. "The UK sets the bar and if you can reach that, that's an accomplishment that you can be proud of."

The focus on food ingredients in the UK may also offer opportunities for Ontario exporters because the organic market has rapidly expanded. "The UK consumer has in some ways lost a degree of faith in the conventional food system so they're turning to organics. They purchase a far greater quantity of organic products." For example, consumers are overwhelmingly buying organic baby foods and sales have far surpassed those in the North American market. "UK consumers have decided that their children will enjoy organic foods so there are great opportunities in organic food offerings for youth," says Campbell.

The key UK buyers

Competitive imports and grocery retailers in the UK are always on the lookout for quality products. A few major grocery chains, including Tesco, Sainsbury's, ASDA/Walmart and Safeway dominate food retailing, accounting for 70% of the UK market. UK department stores also offer retail food space, generally focusing on specialty and high-quality food products. "Private label is a big opportunity in the UK and our Ontario companies are very good at it," says Campbell. "The world-class retailers are demanding and so are the consumers but for those Ontario suppliers with the right product and the right commitment, the UK can be an excellent market."

Foodservice also offers Ontario suppliers great growth opportunities in the UK, as in other

parts of Europe. "The relative ease of distribution and desire for fresher foods has driven great growth in sales of chilled prepared food products found on supermarket shelves but also in convenience stores and gas stations," says Campbell. "The sales of chilled foods are surpassing frozen foods, so they're buying chilled pizzas, chilled takeout Indian or Chinese meals. And the same trends, such as interest in natural and organic foods, that drive consumer interest in retail are seen at the foodservice end—the same preferences are seen in restaurants."

Is it the market for you?

"For those companies that offer GM-free foods with unique attributes that are appealing to a quality-conscious, health-conscious and trend-conscious consumer, the UK market can be quite a sensible move," says Campbell. While opportunities abound in the UK market, before you consider exporting there, experience in exporting to other markets is key. "There are a lot of complications in exporting to the US so more companies are looking at different markets as an alternative," says Campbell. "But if you can't deal with the regulations of exporting to the US, you'll have similar problems with these alternative markets. You need to be well prepared to export to the UK."

Making valuable contacts in the UK market is essential. "We have really good partners at the Canadian High Commission in London, England who help us find the right qualified UK buyers for Ontario exporters," says Campbell. "In spring 2005, OFEX introduced visiting UK distributors to 35 Ontario companies. The buyers are interested in at least 15 of those companies." Those face-to-face introductions make all the difference. "You've got to get in front of the UK buyers, says Campbell. "Going to one trade show is not going to get you an export deal."

Ontario suppliers interested in exporting to the UK should contact Campbell who is available to answer questions about the marketplace and match them up with buyers from the UK through incoming missions. There are also plans for upcoming OFEX seminars to apprise Ontario companies of the trends, hurdles and opportunities in Europe and more buyers meetings in the coming months. (For information on contacting Diana Campbell, see page 7.)