Ontario Food Exports®

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Exporter

EXPORT *market report*

While the US will continue to be the main market for most Ontario food exporters, a new report shows that other countries also hold significant market potential

Early in 2007, OFEX and OMAFRA's Economic Development Policy Branch engaged third-party firm Ference Weicker & Company to conduct a study on Ontario's agri-food export markets. The study's goals: to identify the key export markets, based on a thorough review of all available economic data and demographic trends for Ontario's agri-food and bio-based products. The study also investigated which markets were best suited to Ontario exporters, factoring in geographical, logistical and economic factors and the strengths of Ontario agri-food and bio-product producers and processors.

The report concluded that the US will continue to be the primary export market for most producers and processors, with 82% of Ontario's food exports going south of the border in 2006. However, "given the depreciation of the US dollar since the report was published, it may be necessary for Ontario suppliers to start looking at other markets," says OFEX Manager, Dermod Mark. "The report provides evidence that our other key markets, Mexico, Asia/Pacific and the EU are good candidates to pursue."

Mexico represents a significant potential growth market for Ontario producers and processors. It's been the fastest growing market for Ontario with the value of exports increasing 22% over the last decade. Given Canada's favourable image and its

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Ontario

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 Export Marketing Officer for further details on how your company may participate (see the contact list on page 7).

Incoming Missions

Mexican Inspection of Ontario Apple Facilities, November 12-17, 2007 OFEX is working with the CFIA and a group of Ontario exporters to facilitate the Mexican regulatory import requirement of a bi-annual inspection of Ontario apple storage and packing facilities. SAGARPA, the Mexican Department of Agriculture, will have their inspectors in Ontario to perform the inspections.

Wal-Mart Mexico Mission, November 26-30, 2007 Three private label buyers from Wal-Mart Mexico are coming to Toronto to meet with pre-selected potential Canadian suppliers from Ontario, British Columbia, New Brunswick and Quebec. OFEX will be the lead province on arranging one-on-one meetings with these buyers. Products are being sourced for Wal-Mart Mexico's premium private label line, "Extra Special". For more information about this opportunity, please contact Diana Campbell.

Taiwan Food Service Mission, December 5-7, 2007 OFEX, in cooperation with federal and provincial partners, will host one-on-one meetings with buyers from three companies based in Taiwan; Ging Yuan Enterprise Co. Ltd., Mousse Trading Company (www.chocoland.com.tw), and Emporium Corporation (www.emporium.com.tw). These companies will have buyers visiting Toronto to source products for various retail and food service establishments in Taiwan. For more information about this visit, please contact your Export Marketing Officer.

Ahold USA Mission, December 10-12, 2007 One-on-one meetings will be held with pre-selected Ontario suppliers and buyers from Ahold USA in early December. The buyers will be in Toronto seeking private label products for their various retail banners including Stop & Shop, Giant of Landover, and Giant of Carlisle (including Martin's Food Markets). According to the 2006 Index of Leading Supermarket and Grocery Chains in the United States, the Ahold USA family ranked 6th in grocery sales. Please contact your Export Marketing Officer for more details.

Norwegian Cruise Lines Mission, February 2008 OFEX will be coordinating one-on-one meetings with cruise line representatives. Please contact your Export Marketing Officer for more details.

Publix Deli Mission, March 2008 Based on OFEX's success with previous missions for Publix buyers (produce in October 2006 and bakery in May 2007), we will be hosting deli buyers from this remarkable Florida retailer. One-on-one meetings will be held with Ontario buyers. Please contact your Export Marketing Officer for more information.

Export market report

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growing prosperous urban population and adoption of US eating habits, Mexico represents a market of significant opportunity for Ontario food exporters.

Asia Pacific markets, particularly China and Hong Kong also offer strong growth opportunities for Ontario suppliers over a wide range of products. While Japan is one of the single largest markets for Ontario suppliers, the value of agri-food exports to Japan have stayed constant over the last decade and the country continues to be a difficult market for Ontario suppliers to develop. Tariff and non-tariff barriers, and other hurdles, including a complex distribution system, continue to constrain market development there. The potential of the Association of Southeast Asian Nations (ASEAN area) market, which consists of 10 member states, including Indonesia and Malaysia, will increase as the economic strength of the region increases over time.

Europe is a more mature market in many of the key product areas and may be a more challenging export market for Ontario producers and processors. Over the last decade, agri-food exports to Europe have declined and there is strong competition from EU countries in areas such as value-added, health & wellness, convenience foods and private label products. Yet opportunities still exist for the right company and the right products (see Market Watch: Growing private label opportunities in Western Europe on page 8)

It's important to keep in mind that this report highlights which markets currently

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Profile

NEW *members of the OFEX team*


Jennifer Taylor

As OFEX's new Client Information Coordinator, **Jennifer Taylor** is working to help Ontario suppliers succeed at exporting. In collaboration with OFEX's sector and geographic officers, Taylor will facilitate communication with Ontario exporters. Her new role also includes coordinating OFEX events, organizing incoming and outgoing missions, Street Smart, PROFIT and PROFIT Plus. She's also responsible for researching and developing publications that will benefit Ontario suppliers and for bringing together the Exporter quarterly industry update. "Before I started officially with OFEX I was given the opportunity to attend Street Smart which allowed me to meet a lot of Ontario suppliers face to face. It really opened my eyes about what OFEX does and what my role will be," says Taylor. "I'm very excited about my role. It really fits well with my background and experience."

Taylor's previous position was also within OMAFRA as the Marketing & Communications Officer for the Canadian Agricultural Skills Service program. "It gave me great insights into the workings of government and the role OMAFRA takes with our clients," she says.

Taylor's previous work experience in marketing and communications for large companies also prepared her for her current position. As National Marketing Manager for The Forzani Group Ltd. in Calgary for five years, Taylor was responsible for their three corporate banners: Sport Chek, Sport Mart and Coast Mountain Sports. She handled Forzani's sponsorship, cross-promotional campaigns, and facilitated their in-store and online marketing programs.

Prior to that, Taylor worked as the Manager of Sponsorship and Promotions for the Canadian Hockey Association (CHA), working with their major corporate sponsors to provide them with visibility and ownership of domestic and international events that were hosted by CHA. "In that role I learned a lot about client relationships and communications," says Taylor. "It also gave me a real perspective on events and the logistics of making those events happen."

Working for the BC Lions football team, Taylor produced half-time shows and developed communication tools to promote the team and the players. That position paid off with solid marketing experience and more. "I was with the BC Lions when they won the Grey Cup in 1994 and I am one of the few females who can say she has a Grey Cup ring."


Shannon McCarthy

As OFEX's new Export Marketing Officer, **Shannon McCarthy** oversees primary agriculture, meat, fish, processed meat and pet food. "I work with the associations and with our geographic specialists to find appropriate opportunities for Ontario suppliers to get into new markets," says McCarthy. "Understanding what Ontario suppliers in my sector do is essential so that I can help to ensure they are better prepared to enter new markets."

McCarthy joined the Ministry in 2005 as an Information Resource Agent, then worked as Planning and Evaluation Coordinator with the Client Services Branch and most recently as a team lead in the Contact Centre for the Ministry. "Being in the Contact Centre is probably one of the best ways to get to know about all aspects of the Ministry of Agriculture, Food and Rural Affairs because it is where producers and the public direct their enquiries," says McCarthy. "It was a great way to get a clear overview of the Ministry as a whole."

With an international business background and a science degree from the University of Guelph, McCarthy brings an understanding of international markets, agricultural practices and food safety to her new role. While working with a metal stamping press company earlier in her career, McCarthy, who speaks Spanish, played a critical role in helping them explore markets in Mexico for the first time. She has also worked with the Canadian Food Inspection Agency and Export Development Canada and her involvement in international business has taken her as far away as the Philippines and China.

As an OFEX Export Marketing Officer, McCarthy is excited about being able to find appropriate opportunities for Ontario exporters, working with the Geographic Officers to make the matches that will lead them to expand their exports. "When I describe what we do as a team, I like to describe it as a matchmaking service," she says. "We're responsible for getting to know the Ontario suppliers along with developing a familiarity with the markets in the geographic regions so when opportunities are identified, we're prepared to make the appropriate connections."

TREND *Watch*

DEALING *with the strong Canadian dollar*

New strategies and market opportunities can help Ontario suppliers cope

With the Canadian dollar reaching parity (and beyond) with the American dollar for the first time in nearly 31 years, many companies are nervous about the effects this will have on exports. In order to successfully navigate the changing financial landscape, Ontario suppliers must explore strategies for adapting to the changing export trends and opportunities for renovation, expansion, and innovation. These are some strategies for reducing the adverse effects of the high Canadian dollar.

Consider new markets

With the dollar at or above par, making it more difficult to export to the United States, it's the perfect time to look into new export markets such as Mexico, the EU, and Asia (see cover story and Market Watch). These markets are growing rapidly, and offer great potential. Canadian agri-food exports to Mexico and the EU have grown by 17%, and 13.7% respectively since 2005, and appear as though they are continuing on an upward trend. Agri-food imports by Asian countries have grown at an average rate of 12% from 2004 to 2006.

Explore niche markets

Focusing on niche markets, as well as staying on top of emerging trends in consumer behaviour is another strategy for adapting to the challenges posed by the high dollar value. Ontario suppliers can gain a competitive advantage by developing a specialized product and focusing on an underserved market, as well as through production of high quality and specialty goods. The growth of specialty sectors is clearly visible in the demand for organic and generally-healthy food, which has flourished in the last few years.

Take advantage of attractive imports

In 2006, about 60% of the machinery and equipment used in the production process in Canada was imported. With the high dollar, that number is sure to increase since it makes importing more appealing now. Ontario suppliers can take advantage of the situation by importing machinery manufactured in the US, and other markets which deal in US currency. This will allow companies to upgrade processes, and equipment, which in turn helps to lower capital investments, and allows for improvement of internal efficiency. As a result, companies will be able to offer equal or higher quality products at a more competitive price. For companies acquiring inputs from the US now is the time to negotiate better terms for your imports.

Regulatory Update

A new US Presidential appointed committee may ultimately add more complications and costs at the border for Ontario exporters. Their recent report *Protecting American Consumers Every Step of the Way: A strategic framework for continual improvement in import safety* was produced by the Interagency Working Group on Import Safety, which was established by President Bush in July 2007. Published in September, the report outlines an approach to improve the safety of imported products while facilitating trade.

The report suggests six building blocks to support its goal of improving import safety. Here's a summary of the six recommendations:

- **Advance a common vision** All federal agencies involved in import safety should operate under a common vision to strengthen import safety. Accordingly, current policies and procedures should be reviewed, and where appropriate, revised, to ensure all agencies adopt a common vision.
- **Increase accountability, enforcement and deterrence** All parties involved in the production, distribution, and sale of imports must be held responsible for meeting their obligations to ensure their imported products meet US safety standards. The US federal government will foster compliance with US standards and be prepared to enforce criminal and civil enforcement tools to hold companies accountable.
- **Focus on risks over the life cycle of an imported product** The new approach must focus on the most important safety considerations affecting imported goods throughout their import life cycle—from overseas production through US ports-of-entry to final consumption in the US.
- **Build interoperable systems** Interoperability is the ability of one system to communicate with another. Government agencies should share the information they collect about activities occurring along the global supply chain to prevent, identify, mitigate and respond to product safety hazards. The International Trade Date System (ITDS) is a key component to improving system operability.
- **Foster a culture of collaboration** All parties involved in the import cycle need to work together to prevent unsafe products from entering the US and to take swift and effective action if they do. This will require increased collaboration.
- **Promote technological innovation and new science** Implementation of innovative technologies will afford the opportunity to screen larger volumes of imported products at ports-of-entry. These screening procedures will evaluate and target high-risk commodities, increasing the total number of products tested.

The Interagency Working Group on Import Safety will continue to investigate and make recommendations as per their mandate from President Bush. Further information on the committee, its mandate and a copy of the report may be found at www.importsafety.gov. Watch for more information on these recommendations, their implementation and consequent implications for Ontario suppliers in upcoming Exporter issues.

US RETAILER PROFILE

Spotlight on: Publix Super Markets

Publix (www.publix.com), a privately-held company operating stores in Florida, Georgia, South Carolina, Alabama and Tennessee, was founded in 1930 in Winter Haven, Florida. With more than 900 stores, Publix is one of the 10 largest-volume supermarket chains in the United States. Retail sales for 2006 totalled $21.7 billion.

Market growth potential

Recently, Publix opened its Publix GreenWise Market stores, which will offer one-stop shopping for consumers interested in buying organic, all-natural, and earth-friendly products. This new retail outlet offers an opportunity for Ontario suppliers of private label, natural, health, wellness and organic products. These categories are also a major emphasis for Publix Super Markets.

Recent successes with Publix

Last May, during an OFEX incoming mission, Publix bakery buyers met with potential Ontario bakery suppliers in one-on-one meetings. As a result of those introductions, several Ontario manufacturers' products caught the buyers' attention. Three Ontario manufacturers were selected to supply Publix's bakery display cases and dessert products. Ontario whole grain bread products were also selected, as well as unique bakery products from an innovative Ontario manufacturer. The event was the second incoming Publix mission organized by Joe Senft, OFEX Trade Advisor for the Eastern US; Senft previously brought a Publix produce buyer to Ontario.

Future opportunities

"The Publix bakery buyer is planning to return to Ontario and is interested in meeting with additional bakery suppliers, sourcing some organic products and doing some site visits," says Karen Moore, OFEX's Export Marketing Officer for bakery products. "We're working on another incoming mission, hoping to bring up a deli buyer (for deli and prepared salads) in 2008," says Senft. "Publix is the major supermarket in the Southeast. If you've got the right products, it's an excellent opportunity."

Street Smart draws US retailers

September's Street Smart session was one of the best ever based on responses from the Ontario suppliers and US retailers who attended. During the table-top event, Ontario suppliers of private label, health, wellness and organic products met face-to-face with retail buyers, including HEB, Atalanta and Meijer, and independent retailers and distributors, representing 40% of total retail food sales in the US.

"It was excellent," says Brent Lunn, Vice-President of International Business Development at Protenergy Natural Foods Corporation, a manufacturer of food and beverage products based in Richmond Hill. "I've never been a big fan of trade shows but what I love about Street Smart is you know who's going to be there ahead of time so you can prepare and target the right people. Last year I had a 30-minute conversation which directly kicked off a multi-million dollar deal."

Like Protenergy, several participants have attended Street Smart before and they appreciate the opportunity to reconnect with attending buyers. "We were at Street Smart last year and we're still in contact with leads from then and we saw them again," says Perry Plant, Director of CentreCity Medical, a representative for natural food supplements. "The first year was a learning experience of what people want and need. We've tailored our program this year based on feedback we got last year."

Ontario suppliers tell OFEX that they relish the opportunity to meet with qualified decision makers at Street Smart. The US retailers are also impressed with the quality of Ontario suppliers. "I've been to Street Smart a number of times and I made time to come back," says Jody Hall, Partner, Global Operations/Food for HEB, the 13th largest retailer in North America. "We've continually found quality suppliers who have brought HEB innovative, value and unique products that address the needs of our consumers at a range of lifestyles. We're looking for products that speak to the value consumer who wants quality and we've found those sorts of products at Street Smart and would like to see more."

Follow-up to the event suggests that the show will result in more business south of the border for Ontario suppliers, according to Murray Howatson, OFEX's Geographic Specialist for the US. "Retailers are telling us that they've already started negotiations with suppliers so we expect it will result in some very positive sales results."

IN GOOD COMPANY:
Tapping the Asian market

This Ontario food exporter and distributor found success in Asia by tailoring its products, prices and packaging to its target market.

The company: Park Tak International (www.parktak.com), a value-added exporter and distributor

The challenge: Getting Canadian manufacturers to tailor their product offerings, price and packaging for the Asian market

How OFEX helped: Teaming up with OFEX at trade shows in Asia helped strengthen the company's extensive Asian network

Words to grow by: "If you've got the right product for Asia and your price and packaging are good, then eventually you'll get an order. But many Canadian companies expect it to happen overnight," says Albert Ng, president of Park Tak International. "They need to be patient."

When Albert Ng immigrated to Canada from Hong Kong in 1995, he brought with him 11 years of experience in the food business, including working as a buyer with importers from around the world. That knowledge plus an extensive network of valuable Asian contacts helped Ng build Park Tak International Corporation in Markham, Ont., one of the largest value-added Canadian food exporters to the Far East region.

The company represents more than 30 leading Canadian companies, including Dare, Kerr's and Italpasta, and a wide range of products, such as cookies, confectionaries, juices and jams. Four years ago, Park Tak created its own house brand Paky Taky. Under that label, Park Tak has developed an extensive range of products, from popcorn to dried fruits and maple candies, which it exports to Japan, Korea, Hong Kong, China, Taiwan, Philippines and Singapore.

Ng's work as a buyer for a large food importer in Hong Kong gave him great insights into the hurdles Canadian companies face when exporting to the region. "I brought products in from all over the world and I knew that Canadian products were good quality but they weren't

successful in Asia," says Ng. "Canadian prices were 30-40% higher than their competitors from Australia, Europe and the US. Once Canadian manufacturers factored in transport, duties and taxes, it made the prices of their products too

high." And often the packaging wasn't right: "most Canadian companies aren't eager to change their packaging to make it suitable for Asian supermarkets." Since Asian supermarkets are small and convenience stores, such as 7/11, dominate the market, small packaging is a necessity, says Ng. "They're looking for 40-75g packets but most Canadian products are over 200-300g and that means the price is 2-3 times higher," says Ng. "Canadian companies have to get the packaging right if they're going to get their products into Asia."

When Canadian manufacturers, such as Dare, approached Ng to help move their products into Asia, they were willing to set up a competitive export price and extend their product shelf life by changing ingredients to match local import requirements. "I helped them move $2 million of business a year into Asia that first year."

To facilitate exports into China, Park Tak and its partners created the Logistics Centre for China earlier this year. "We have a huge facility in China where we bring products directly from Canada for labelling, packaging and distribution to China and other parts of the Asian market," explains Ng. "As the direct importer, we are able to save a lot of handling charges by cutting out expenses from other parties. With the improved standard of living in China and the good Chinese economy, people have huge consumption power. And also with the upcoming Olympics, there will be a lot of tourists in China so there's a lot of opportunity for Canadian products. We have great potential to get huge volume into the market."

Over the years, Ng's experience in the Asian market has given him a major business advantage. "I know the language and the culture and have a network of contacts that I've made over the last 22 years," he says. Those personal relationships can make all the difference in securing business. "Canadian suppliers often lose the chance to build relationships with Asian buyers," says Ng. "They want suitcase business—to go to the market, meet with a buyer for two hours and then say goodbye. But Asian buyers want to invite you for lunch or dinner, which can help foster potential business relationships."

Aside from his expertise in Asian culture, Ng is also experienced in dried fruit and other commodity products, thanks to his role as the former vice-chairman of the Dried Fruit

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In Good Company…

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Importers' Association in Hong Kong. "I brought a lot of dried fruit from the US, Chile, South America, Iran, Turkey and Thailand into Hong Kong and China so I knew the quality, pricing and packaging that were suitable for that market." That experience paid off four years ago when Ng developed the Paky Taky label. "We sold a lot of bubble gum and candy to Japan and China and the manufacturers we worked with weren't cooperating on the packaging so we decided to develop our own brand," he recalls. "We knew there was a market for confectionary and called it Paky Taky because that name is easy to pronounce in Japan."

Once Ng decided on a brand name, he selected an Ontario manufacturer who was willing to make the product. "That saves us a lot on overhead and our margins are very small because we want to sell volume so our price is competitive for the Asian market." Park Tak has had success with its own label since the company started shipping its candy and popcorns to China, Hong Kong, Japan, Korea and Taiwan four years ago. "The buyers recognize that it's from Canada and good quality," says Ng. Brand recognition in Asia is growing now that Paky Taky popcorn is on the shelves in major department stores and supermarkets in Japan and major supermarkets, such as PARKnSHOP and Wellcome, in Hong Kong and 7/11 in Taiwan,. "JUSCO, Wal-Mart and some other supermarket chains and grocery stores in China also just launched Paky Taky popcorn and dried fruits," says Ng. "Slowly our products are becoming popular but they weren't an overnight success."

Despite his success in the Asian market, Ng is not one to rest on his laurels: he continues to visit Asia six to eight times a year to meet with potential customers and stay in tune with the Asian market. "I went even more this year because there's a lot of new development in China." And he's taken advantage of the opportunity to work with OFEX over the years to help his company succeed at exporting. "I've worked with Amos Tin and others at OFEX and they know the market so well," says Ng. "They've given me a lot of helpful information and I always attend the Canadian Pavilion in Asia because I feel that with OFEX, I'm part of the Canadian team. And that helps build the image for Canadian products abroad."

Export market report

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appear to have the highest growth potential. Given the wide range of products produced in Ontario, many countries represent existing markets and have potential for further growth. Of course, market potential is highly dynamic, and subject to a wide variety of factors such as exchange rate, tariff and non-tariff barriers, the competitive environment, market developments, and the actions of Ontario suppliers.

OFEX is committed to ongoing research and analysis in order to stay up-to-date on exporting trends and will use the report's findings to strategize ways to help Ontario agri-food companies export their products. "This report confirms that OFEX program's strategic design is appropriate," says Mark. "We're focusing on the right priority markets: Asia/Pacific, Mexico and the EU."

For more information

This report offers insights for exporters as they review and establish their export plans. If you'd like to learn more, OFEX is offering its clients a summary of the report, which includes valuable information on key export markets including trends, opportunities and threats. To receive a copy, please contact your Export Marketing Officer.

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MARKET *Watch*

GROWING *private label opportunities in Western Europe*

Going to market in the UK, Germany and the Netherlands can be lucrative for the right exporters

The growing private label market in Europe offers good exporting opportunities for the right Ontario suppliers. By 2005, Europe's private label food market had already achieved over $100 billion US in annual sales. The market is expected to be worth more than $300 billion US by 2010, according to Datamonitor.

The popularity of private label

Private label products are winning more and more loyalty from European consumers. These products posted market share gains in 15 countries tracked by Nielsen for PLMA's 2007 International Private Label Yearbook. In Western Europe, private label is growing despite strong competition from A-brands and it now accounts for more than one of every three products sold in the UK, Germany, France, Spain, Belgium and Switzerland.

According to the PLMA, there is strong support for private label products among young shoppers, ages 16-34. A large group of frequent private label shoppers has emerged and shoppers believe private label products perform just as well as manufacturer brands. Research from Ipsos MORI and Neilsen sales data suggest that future growth for private label is going to be greater than anyone expected.

Opportunities in the UK market

The UK has one of the strongest private label markets in the world, worth approximately $100 billion. Major supermarkets in the UK dominate the market and 40-50% of their products, on average, are private label, according to Datamonitor. While private label products were originally a "me-too" copy of branded products, today they are often innovative, giving UK retailers an opportunity to diversify their product ranges and develop new revenue streams.

Retailer brands now make up more than half of all products sold in frozen food and an 80% share in the deli department. At Marks and Spencer (M&S), 99% of the products are the company's own label. Despite difficulties in its clothing department in recent years, M&S food halls continue to maintain successful business growth. Shoppers visit these stores for special occasion foods, convenience food, such as ready-made meals and for luxury items as a top-up to their regular shop.

Diversification of private label in the UK has improved the image of these products. The private label food and drink market in the UK now has products in three distinct strata, to appeal to a wider range of consumers, according to Datamonitor. That strategy coincides with the trend for sacrificial spending, where consumers more often adjust their spending preferences across diverse product categories to suit circumstances and priorities.

The rest of Europe lags behind the UK in penetration of private label for several reasons, many of which reflect the unique structure of UK retailing: firstly, retailer concentration in the UK grocery market is high, with the top five supermarkets dominating to an extent that isn't generally seen in other European countries. Also, UK retailers have been quick to respond to consumer demand and have expanded beyond groceries into other categories. Not to mention that retailer concentration is more fragmented in the rest of Europe, making it harder for some retailers in other European countries to build extensive private labels.

Opportunities in the Netherlands

Private label brands have a market share of 22% in the Netherlands. Ontario exports to the Netherlands grew by 603% from 2005 to 2006. Dairy products, oilseeds and genetics were all growth categories for Ontario exports in 2006.

According to Datamonitor, the relatively high level of private label penetration in the Netherlands may be due in part to the national character which is inclined to modest behaviour and the slowdown in the national economy. With consumer confidence diminishing, the premium share of the overall market is reduced which will lead to a stronger private label market position in the next few years.

Opportunities in Germany

Private label market share is over 40% in Germany, where retailer brands make up more than half of all frozen food products and 63% of pet food sold. High level private label penetration may be due in part to the fact that there is little perceived social stigma attached to these purchases in Germany.

Like Wal-Mart in the US, the German discounter Aldi has a significant influence on the market. The fact that 95% of Aldi's products are private label has a major impact on the German market. With growth in the discount segment, many traditional retailers, like Edeka, Rewe and Spar have started to develop and invest in their own discount store chains. Due to this threat by discount stores, many food retailers have increased the use of private labels in their stores in order to maintain quality and reduce prices.

For more information

"Private label is a good opportunity for Ontario exporters in various EU markets," comments Diana Campbell, OFEX's Geographic Specialist for Europe. "However, it is a more competitive market than the US and will require focus and a unique selling point to succeed. Ontario companies planning to target this market need to be prepared to invest in market visits, market research, buyer development and attend trade shows such as PLMA Amsterdam in May 2008." If you're interested in exporting opportunities to the UK, Germany or the Netherlands, and would like more information on entering the market, contact Diana Campbell.

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