

# Exporter

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## PROFIT prepares Ontario companies for exporting to the US

*The OFEX PROFIT program is a must for new and established exporters*

**P**repare and refresh your company for exporting to the lucrative US market by attending OFEX's PROFIT program for food and beverage companies on June 1-2, 2010. "There are other exporting programs but they either deal with specifics only or with non-food issues," says Jennifer Hannam, Client Information Coordinator with OFEX. "The regulation, handling and distribution of food are unique from all other product categories. PROFIT addresses the exporting issues that specifically impact food and beverage suppliers."

With 15 speakers covering the basic requirements for export, the PROFIT seminar covers topics including export

financing, trademarks, US tax laws, product labelling and US customs brokerage, among others, in a session held in Toronto (Day 1 morning) and Buffalo (Day 1 evening and Day 2). "We're constantly listening to what Ontario exporters have to say about the PROFIT program and we

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"PROFIT addresses the exporting issues that specifically impact food and beverage suppliers."



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# ONTARIO Food Exports (OFEX) Trade Events

*Increase your exporting 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).



## OFEX Seminars

### PROFIT – June 1-2, 2010

OFEX's highly successful, new-to-exporting program, PROFIT, is returning to Toronto and Buffalo. Whether your company is new to exporting or some colleagues need export training, this program is an outstanding opportunity. This two-day seminar is critical in assisting an organization in building its export strengths. Featuring industry speakers and key contacts that know the export process, PROFIT will prepare your company for what is needed to succeed in the US market. Please contact Jennifer Hannam for more information.

## Incoming Missions

### Celebrity Cruise Lines – June 14-15, 2010

OFEX will be hosting two buyers from Celebrity Cruise Lines to meet one-on-one with targeted Ontario food and beverage suppliers. Based on the success of last year's trade mission, the buyers are returning to Ontario to source more food and beverage products. Please contact your export marketing officer for more information.

### UK/Mexico Buyers – June 21, 2010

OFEX will be hosting an international delegation of buyers from the U.K. and Mexico to meet one-on-one with Ontario food and beverage suppliers. Please contact your export marketing officer for more information.

### Street Smart September 27-28, 2010

OFEX's signature tabletop event, Street Smart, will be returning to Toronto in September. Street Smart has resulted in tens of millions of dollars in sales for Ontario food and beverage suppliers over the last 15 years. An early bird price will be offered until July. Please contact your export marketing officer for more information.

## REGULATORY Update

### Canada/US organic equivalency agreement

The organic equivalency agreement between the Canada Food Inspection Agency (CFIA) and the US Department of Agriculture (USDA) is eliminating export market barriers. "Producers of Ontario organic foods who are certified under the Canada Organic Product Regulation (COPR) standards should not have to certify under the National Organic Program (NOP) standards to export to the US," explains Kathryn Liotta, OFEX's export marketing officer for specialty/gourmet, health food, dairy and delicatessen. "This agreement allows for the flow of trade of

organic products between our two countries, without requiring farmers, processors or manufacturers to certify twice to mutually exclusive and redundant standards." Organic products deemed equivalent under the agreement can use either or both organic seals, available from certifiers, interchangeably.

"The equivalency agreement is a tool that can facilitate trade so we can expand into other export markets with as few impediments as possible, meanwhile



protecting the integrity of organic food as well as honouring foreign organic standards," says Liotta.

"This is such an exciting time because it's such an historic agreement between the CFIA and USDA and it offers a new model for expansion of North American organic products into markets like Asia and Europe, which are significant markets for export."

For more information on Canadian Organic Standards and organic regulations, visit the Canadian Food Inspection Agency at [www.inspection.gc.ca](http://www.inspection.gc.ca)

## THE Canadian Consulate General in Buffalo gets a new Trade Commissioner

As of April 1st, Mary Mokka, an experienced trade professional, has taken over the role of Trade Commissioner, following Marcia Grove's retirement from the position in Buffalo, N.Y. The Trade Commissioner Service provides assistance to Canadian companies in exporting their products or services through a network of over 150 embassies and consulates around the world employing more than 900 Trade Commissioners. The Canadian Consulate General in Buffalo serves a consular territory of Upstate N.Y., Western Pennsylvania and West Virginia, a market of approximately 15 million people. "It's small geographically, but very busy," says Mokka. "We're sitting here at the border to help and we're happy to do it."

Mokka brings a wealth of experience to her new role. As coordinator for the NEBS (New Exporters to Border States) program

organized in conjunction with the Ministry of Economic Development and Trade since 1984, she's organized more than 300 export missions for Ontario companies. Mary is also responsible for the medical sector and has previously organized annual exporting programs, working with the US Food & Drug Administration (FDA), to educate Ontario medical suppliers about exporting regulations.

As Trade Commissioner, Mokka will be helping Ontario suppliers navigate the regulatory process with the FDA. "Troubleshooting is a large part of what we do," says Mokka. "It's not getting any easier at the border; we help companies who are having problems getting their products through the border." Mokka is available to assist exporters in all areas of exporting, from freight forwarding to labelling, finding food brokers, retail



"It's not getting any easier at the border; we help companies ...get their products through the border."



buyers, distributors and marketing. "I know all of the basics of exporting so I'll be bringing that to the table," she says.

This June, Mokka will be working with OFEX's Client Information Coordinator Jennifer Hannam to bring the PROFIT mission to Buffalo. Export-ready suppliers needing assistance around the world can contact The Canadian Trade Commissioner Service at [www.tradecommissioner.gc.ca](http://www.tradecommissioner.gc.ca) or Mary Mokka at the border, directly at 716-858-9556 or by email at [mary.mokka@international.gc.ca](mailto:mary.mokka@international.gc.ca).

## DON'T miss Street Smart 2010



With an estimated 40 buyers from over 20 buying organizations, this year's Street Smart offers an exciting opportunity for Ontario food and beverage exporters. The 2010 Street Smart tabletop event will be a retail show with an emphasis on private label, as well as health and wellness products. "A number of US buyers and grocery store organizations have expressed a strong interest in these types of products and look to Ontario as a good source for them," says Murray Howatson, OFEX's geographic specialist for the US. With additional organizations and individuals to be

added in the coming weeks, confirmed buyers include HEB, Meijer, MMI, AWG Kansas City, Topco, McClane Global, Atlanta, Hannaford, Winn Dixie and the drug store chain, CVS. "This year's Street Smart offers tremendous opportunities for export-ready Ontario suppliers," boasts Howatson.

Further information on Street Smart, scheduled for September 27-28, 2010, will be available shortly. Don't miss out on the early bird opportunity. Contact your Export Marketing Officer for an invitation and details.

## Retailer Profile – Meijer



**E**stablished in 1934 in Greenville, Michigan during the great depression, Meijer was founded by Hendrik Meijer who wanted to start a small town grocery store with fair prices. In 1962, Meijer opened its first Thrifty Acres, a food and general merchandise store that allowed customers to shop for everything they needed with just one trip to the store. It was the birth of the Supercenter and the springboard for a concept that would grow into a retail phenomenon.

Today, Meijer remains a privately-held family-owned business whose motto is “Higher Standards. Lower Prices.” The company has 192 stores in Michigan (100), Ohio (41), Indiana (28), Illinois (15) and Kentucky (8) and is the country's fifth largest discount retailers, according to Discount Store News. Retail sales for 2009 topped USD\$14 billion.

OFEX hosted Meijer's private label and grocery buyers in 2009 at Street Smart. Based on the successes experienced in 2009, OFEX looks forward to their return at the 2010 Street Smart in September.

### A look down the aisles

Meijer stores are superstores averaging 200,000 to 250,000 square feet each, which is about the size of four regular grocery stores. About one third of each store is stocked with

foods and beverages. More than 100 different Ontario products from over 15 suppliers are represented throughout Meijer in both branded and private label lines, where Ontario is particularly strong in the cookie category. Ontario products can also be found in the produce, bakery, frozen and pet departments.

**Service meats and seafood:** Meijer carries only the two highest grades of meat and Angus beef. Fresh seafood is delivered up to seven times weekly, including live lobsters, clams and oysters.

**Produce:** The largest buyers of locally-grown products and importer of fruits and vegetables from 28 countries, Meijer prides itself on freshness and variety. There are 600 items, including organic and soy products, in the produce section.

**Bakery and deli:** Meijer's in-store bakery and fresh deli offer take-home meal options.

**Private label products:** Meijer's private label lines include Meijer Naturals, minimally processed products with no bioengineered ingredients (GMOs), no hydrogenated oils and no artificial additives. Meijer Organics contain the highest quality healthiest organic ingredients and Meijer Gold are unique foods from unique places.

There are opportunities for Ontario food and beverage suppliers to bring their expertise and unique products to Meijer's shelves.

### New store concepts

Supersized Meijer has introduced downsized versions of its traditional stores, putting the focus mainly on groceries. The first of its new-concept locations opened in Niles, Illinois in January 2010 and more are planned. The new concept is about half the size of traditional Meijer stores, at about 100,000 square feet. While Meijer's traditional stores carry a fairly steady mix of merchandise from store to store, the new stores will sell groceries that reflect the ethnicity and demographics of the surrounding neighbourhoods.

## FUNDING programs for food companies

Ontario food suppliers can take advantage of funding programs available through the federal and provincial governments. Here's a sampling of some of the funding that is available:

**Export Market Access (EMA)** An initiative of the Ontario Chamber of Commerce, with support and funding from the Government of Ontario, this cost-sharing grant program is designed to help small- to medium-sized organizations take advantage of opportunities in foreign markets beyond the US. Eligible activities include market research, marketing tools, direct contacts and foreign bidding projects. For more information, visit <http://exportaccess.ca/en/>.

**Ontario Market Investment Fund (OMIF)** is an initiative of the Government of Ontario, to promote consumer awareness of Ontario-produced foods and encourage Ontario to buy locally. Eligible businesses, processors and industry associations undertaking market research, communication initiatives and consumer or trade events that promote Ontario foods are eligible to receive a grant of up to \$100,000 per project. For more information, go to [www.ontario.ca/omif](http://www.ontario.ca/omif), call 1-888-588-4111 or email [omif.omafra@ontario.ca](mailto:omif.omafra@ontario.ca).

**Industrial Research Assistance Program (NRC-IRAP)**, an initiative of the National Research Council of Canada, provides financial support to qualified small and medium-sized enterprises in Canada to help them develop technologies and successfully commercialize them in a global marketplace. NRC-IRAP provides technical and business advisory services and financial assistance. For more information, visit [www.nrc-cnrc.gc.ca](http://www.nrc-cnrc.gc.ca).

### Let us help

OMAFRA has the resources within the Business Development Branch to assist companies with maximizing their funding opportunities in the province. Please contact your export marketing officer who can get you in touch with our colleagues within the Branch. (See page 7 for contact information.)

More than 100 Ontario branded and private label products are represented throughout Meijer



## TREND Watch

# US BAKERY cafés prosper in the troubled economy

*The new trend in fast casual is flourishing*

**A**s a result of the weak economy, the restaurant industry has taken a severe hit in recent years. However, bakery cafés have emerged as consumers' go-to places to eat out on a budget. In 2008, sales for the US bakery café industry grew by 12 percent to more than \$4.5 billion. Units expanded by 6.6 percent to 3,107 locations in the US. Industry leaders, which include Panera Bread, Einstein Bros. Bagels and Au Bon Pain brought in the majority of the sales, with \$2.6 billion, \$393 million and \$307 million respectively. Paradise Bakery & Café experienced the fastest rate of sales growth at 30.7 percent.

"The consumer trade-down from full-service to limited-service formats that solidified through 2008 and into 2009 allowed fast-casual bakery cafés to truly shine," says Darren Tristano, executive vice-president at foodservice industry consultant Technomic, according to the 2009 Technomic *Top 25 Bakery Chains Restaurant Report*. "The appeal of moderately priced, high-quality menu offerings served in contemporary ambiance, as well as consumer perception of value for this format, has more than likely strengthened over the past year."

### Supplying fast casual/bakery cafés

Menu offerings at fast casual restaurants typically include sandwiches and baked goods so US importers are increasingly interested in bakery items, particularly **bread products**. "We're looking for breads for sandwiches, like flat breads, organic pitas and new bread products for

hamburgers," says Al Pish, vice-president of the Atalanta Corporation, a multinational food importer and distributor specializing in meat, cheese, groceries, fruit juice concentrates and fish products from around the world, which imports about \$30 million worth of products from Canada annually. "There is more emphasis on minis, such as mini-wraps, because people are looking to eat less or pay less."

**Frozen foods**, in a range of categories, including appetizers, entrées and baked goods, which don't have a shelf life, may also be in demand at fast-casual restaurants, says Pish. Ontario suppliers interested in selling to this market must be able to produce the volume needed for wide distribution potential. "With today's exchange rate, we are typically not differentiating on the price. So we're looking for product differentiation but we also need the volume; the product can't be so differentiated that we can't get the volume potential."

When looking for new products, Pish works directly with OFEX's trade advisor for the US northeast, Joe Senft. "I tell him what I need and he does a very good job of researching and coming up with Ontario products that might fit," says Pish. Ontario suppliers interested in capitalizing on opportunities in fast casual bakery cafés should start by talking to their sector officer to learn about opportunities in the sector and attending tabletop events, such as Street Smart, to connect with importers/distributors. At a previous OFEX Street Smart event, Pish put together a Toronto bakery company with Jason's Deli



Restaurants in the US. "From what I've seen, Ontario suppliers are in a good position to capitalize on the fast casual trend," says Pish. "Anyone who has the production capacity and can cover the costs can do it. We need the right companies who are willing to spend the time knowing there may be a pot of gold at the end of it."

## OFEX'S research team delivers market intelligence to Ontario suppliers



**O**ntario suppliers in need of information on potential markets, retail buyers and market statistics, can tap into the wealth of information available through OFEX's market research team. "We want to encourage Ontario suppliers to ask for help and we're pleased to provide it with the help of our research associates," says Karen Edwards, OFEX Export Marketing Assistant.

Thanks to its partnerships with the federal and other provincial government departments, OFEX has access to several large online databases. "Annual subscriptions to these databases are hugely expensive but we have negotiated access to them as part of a consortium for the benefit of our clients," says Edwards. As a result, OFEX

researchers are able to track down a wide variety of information for clients, including information on companies located around the globe. "We can find you key contacts and email addresses and also company or market information," says Edwards. Through the online databases, including Euromonitor, Global Trade Atlas and Planet Retail, OFEX researchers can also find information for suppliers on particular sectors and products; statistics on growth and trends in a wide range of sectors worldwide.

Ontario suppliers interested in getting help from OFEX's research team should make a request through the Export Marketing Officer for their sector.

## IN Good Company: Sweet success for an Ontario cookie manufacturer

*Market tours and face-to-face meetings with buyers are helping this Ontario exporter*



**The company:** E.C. Best Friends Inc. in Alfred, Ont.

**The challenge:** Making headway into the US and Japan

**How OFEX helped:** Participation in OFEX events, including Street Smart and PROFIT, helped the company connect with buyers and understand potential customers

**Words to grow by:** “As an exporter, you encounter a new issue or a new hurdle every day but you can never give up,” says Heidi Suter, vice-president, E.C. Best Friends Inc. “A no is never a no, it’s a maybe. Keep on it and keep pushing forward.”

A high-quality product and flexible approach have helped cookie manufacturer E.C. Best Friends Inc. make inroads into lucrative export markets. The company was started in 1994 by President Esther Waring who originally baked her old-fashioned rolled oat cookies, one sheet at a time, in her own kitchen to sell to local retailers. Waring teamed up with her business partner Heidi Suter in 1998 and the two opened their own small production facility in Alfred, Ontario where they now employ a staff of 16. The duo focused on creating a superior product by using only the best ingredients, such as butter and pure flavours, and working hard to preserve the quality of their home-made cookies while using larger equipment. Unlike most rolled oat cookies, E.C.’s Aunt Lizzie’s cookies are thin, crisp and tender. Available in four flavours, Aunt Lizzie’s cookies are sold to retailers, wholesalers and distributors throughout Eastern Canada.

When E.C. Best Friends began receiving cookie orders from US retailers in 2001, the company turned to OFEX for help with exporting. Suter participated in OFEX events, such as PROFIT—to learn about exporting requirements— and the PROFIT Great Lakes retail tour— to help understand potential clients’ needs. “Those tours are great for small companies who don’t have the resources to go to the US on their own. We were able to see the stores and how the retailers show and place the products so we have more knowledge when we’re pitching them,” says Suter. “We’re now in talks with one of the major retail chains in the US and thanks to that tour I understand their needs better.”

Working with OFEX also helped E.C. Best Friends find customers in Asia.

“Through OFEX I got to work with federal and provincial agencies and trade commissioners in Japan and Korea and we’ve slowly built a network of connections which has helped a lot,” says Suter. She had the opportunity to showcase her company’s products to buyers from Asia at OFEX’s 2009 Street Smart event where she connected with a buyer from Japan who became her first client in the region. “Thanks to OFEX we have good opportunities now so slowly but surely we’re growing there.”

Despite the company’s success in exporting to Japan, the experience hasn’t always been easy: “We had to look at our ingredients’ list and change some of the companies that provide us with ingredients because certain things are not allowed in Japan,” says Suter. “They have tougher requirements than we do.” Packaging has also presented a challenge. “The clients are looking for smaller packaging than we

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“PROFIT tours are great for small companies who don’t have the resources to go to the US on their own.”

## IN Good Company: Sweet success for an Ontario cookie manufacturer

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use in North America so we changed our package from 180g to 120g," says Suter. "Now we make smaller individual packages with four cookies per package." Visiting Asia firsthand made it easier for Suter to understand their requirements. "It really came to light when I went on a market tour; in Asia you really need to look at the stores and see how they present the products."

With success in exporting to Asia and US, E.C. Best Friends plans to keep tapping into OFEX's connections and networks to help find success in other markets. Since first attending OFEX's Street Smart event in 2006, the company has taken advantage of the opportunity every year since to meet face-to-face with retailers and distributors. "It's a really great event for small companies like ours because OFEX does the homework for you," says Suter. "All of the research and legwork would take us a lot of time that we don't have."

## PROFIT prepares Ontario companies for exporting to the US

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constantly evolve and modify it to suit our clients' needs and cover topics they ask about," says Hannam.

The event is essential for companies that are considering exporting or brand new to exporting and want to learn the key information. When cookie manufacturer E.C. Best Friends Inc. started exporting to the US, the company's vice-president, Heidi Suter, learned the basics at PROFIT. "We learned about all of the shipping requirements and visited the border and they showed us how they process the shipments, which was really helpful," says Suter.

Companies who have attended PROFIT before should also consider taking a second look at the event. "If you've got new staff, you should consider

sending them to PROFIT," says Hannam. Even companies that have been exporting for years can get something out of the seminar because it delivers up-to-date information. "Exporting regulations have changed and as the US continues to ensure that its borders are safe, they are constantly re-evaluating the border, ensuring they have the best programs and safety features in place," says Hannam. "Ontario companies that are aware of exporting changes can plan accordingly."

For more information on PROFIT, see OFEX Trade Events, page 2.



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## ECONOMIC outlook for the US food industry

*Opportunities in private label continue thanks to budget-conscious consumers*

**A**ccording to the Bureau of Economic Analysis, the GDP (Gross Domestic Product) grew by 5.7 percent in the fourth quarter of 2009 in the US, indicating that the recession may be over. While economic turbulence shows signs of easing, the central US is still in a recession with unemployment slightly over 9.7 percent. In the northeastern states, the recovery has been modest, says Joe Senft, OFEX's trade advisor for the US northeast. "There is still a great deal of concern about unemployment and the general state of the economy." As a result, consumers remain in savings mode.



In the central US, private label products have experienced more than 10 percent growth over the past two years.

### Changing consumer patterns

Consumer food and beverage purchases have changed dramatically over the past two years, largely in response to adverse economic conditions, explains Rick Tuma, OFEX trade advisor for the central US. "They are looking for deals through all channels of food and beverage distribution, using coupons, shopping from their lists, eliminating non-essential products and most of all, switching to store brands/private label products because they want value."

Supermarket sales are up about two percent from last year, but foodservice is down slightly because people are eating at home to save money instead of eating out, says Senft. "Upscale restaurants are suffering more than fast food since people are spending less when they do eat out."

### Growth in private label products

The market for private label products continues to grow in the US. "People switched to private label products because they are less expensive and now many consumers are sticking with them

because they've discovered that they are of equal or better quality," says Senft. "They offer a big opportunity for Ontario suppliers."

In the central US, store brands/private label products have experienced more than 10 percent growth over the past two years. "We're seeing an increase of new SKUs and an increased shelf presence and the major supermarkets are taking on multiple lines of private label," says Tuma. Those include entry level (low cost, marginal quality), mainstream (equal to the national brand in quality), upscale/premium (better than the national brand), organic, 'good-for-you'/healthy (reduced calories/fortified) and ethnic.

### Focusing on geographically advantageous regions

Ontario suppliers may wish to focus their exporting efforts on the states bordering the Great Lakes of Ontario, including Ohio, Indiana, Illinois, Michigan, Wisconsin and Minnesota, says Tuma. "These states have excellent interstate systems, high metro populations, high median incomes and high restaurant concentrations and are also home to numerous food and beverage corporations."

Within these states, suppliers should focus their sales efforts on supermarket chains with more than 16 stores, which are looking for strong private label growth, such as Meijer or Kroger, says Tuma.

Companies interested in learning more about opportunities for exporting private label products should contact their export marketing officer or contact Rick Tuma or Joe Senft directly. (See page 7 for contact information.)