

SUMMER 2014

Exporter

Street Smart

September 22-23, 2014



NEW! Street Smart Workshop – September 9, 2014

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As the largest incoming buyer mission of the year, Street Smart 2014 will provide Ontario food and beverage suppliers with a significant opportunity to showcase their best. More than 90 suppliers will host tabletop displays and engage with some 35 US and international buyers in Toronto.

The focus for Street Smart 2014 is upscale retail private label and branded products, as well as 'Wellness – Good for You' food and beverage products. Participants can expect to:

- Be introduced to the buyers from various organizations
- Gain a better understanding of grocery retailers' needs, sales locations and product trends
- Identify the best methods to sell to chains in regional and international markets

"I used to be a General Manager for a food company and had lots of dealings with OFEX at events like Street Smart," says Greg Merlihan, OFEX's Geographic Specialist for the United States. "Now that I'm on the other side of things, it's given me not only an understanding of the issues suppliers face, but also an opportunity to help them."

Since 1999, hundreds of suppliers have benefited from tens of millions of dollars in sales from networking and matchmaking at Street Smart. New this year, the OFEX team will conduct a pre-event workshop to better prepare Ontario suppliers for buyer introductions and new export opportunities at Street Smart.

"The workshop will focus on branding and marketing preparedness and in-depth information about the buyers, which will help suppliers be prepared for the event," says Merlihan. "As a supplier, you need to organize how best to showcase your business and products, as well as get to know the buyers."

Registration for Street Smart is now open. **Contact your export marketing officer for more details.**

Food Safety and Quality Regulations and Standards: A Problem for Ontario's Exporters?

The Food Safety Modernization Act, Global Food Safety Initiative (GFSI) and Country of Origin Labelling (COOL) are all conspicuous reminders of the dramatic changes taking place in the way food safety and quality is governed. Exporters fear that the costs of complying with these new and varying requirements may mean that they can no longer compete in lucrative foreign markets. At times these fears have substance, and in others they are based on circumstantial evidence or rumour. There is an urgent need to identify where real challenges exist and to lay out the best ways in which these can be addressed.

A team led by Spencer Henson in the Department of Food, Agricultural and Resource Economics at the University of Guelph is looking into the challenges that agri-food businesses face in meeting food safety and quality requirements in Ontario's major export markets. This research looks at official data on border rejections of agricultural and food products in the US, EU and Mexico. It also includes the exporter survey mentioned in the article at right that will provide information on the greatest challenges agri-food exporters face and in which markets. The results will inform the Ontario Ministry of Agriculture, Food and Rural Affairs and sector organizations so that they can better assist exporters in overcoming the compliance challenges they face.

Initial results suggest that food safety and quality requirements do indeed pose challenges for Canadian agri-food exporters, but that they are less of a problem than for major competitors, notably Mexico and China, and even the UK. On average, 400 consignments of Canadian agri-food products are rejected by the US Food and Drugs Administration (that regulates everything except meat and poultry) each year. Cereals and products with fruit and vegetables account for around 40 per cent of this total. Major reasons for exports from Canada to be rejected are labelling requirements, missing information and poor hygienic condition or adulteration. By comparison, there are around 1,500 rejections of Mexican agri-food products each year. Although the UK's agri-food exports are much lower than for Canada, it has over 500 consignments rejected each year.

The survey is available at www.surveymonkey.com/s/food_exporter_survey. Results will be available later this year.

For more details, contact Professor Spencer Henson at shenson@uoguelph.ca.



www.surveymonkey.com/s/food_exporter_survey

Regulatory Update: Canadian Agri-Food Exporters — We Need Your Input

The Department of Food, Agricultural and Resource Economics at the University of Guelph needs input from agri-food exporters on challenges related to food safety requirements in export markets. The study aims to identify key issues and their associated markets, and how they affect export performance.

"The world of food safety and standards is changing and changing rapidly," says Professor Spencer Henson of the Department of Food, Agricultural and Resource Economics at the University of Guelph. "We want to identify the real problems and who faces these problems, and then communicate with the government and other organizations on how to deal with the issues and move forward."

Canadian agri-food exporters can complete the survey (approx. 30 minutes) at www.surveymonkey.com/s/food_exporter_survey. Results will only be considered valid if there is input from a cross-section of businesses. Anyone completing the survey can receive a summary of results on completion of the study.

For more details, contact Professor Spencer Henson at shenson@uoguelph.ca.



Retailer Profile: Top Retailers

Supermarket News' Top 75 North American retailers report highlights a 2014 market shift that has big supermarket retailers refocusing their operations and pursuing bigger opportunities: Kroger will acquire Harris Teeter and push past \$103 billion, Safeway sheds its Canadian division and shuts down its Dominick's business, Supervalu sheds 877 Alberstons stores, which Albertsons then acquired, bumping them up from 35 to 10 in the ranking.

These and other significant changes provide new opportunities for those looking to increase sales. Here we give a profile of the Top 10 – **to see the full report please contact your export marketing officer.**

Rank	Company	Corporate / Franchise Stores	Sale in \$ Billions
1	Walmart Stores	5,166	374.4 estimated
2	Kroger Co.	3,527	98.9 estimated
3	Costco Wholesale Corp.	539	90.5 actual
4	Target Corp.	1,921	73.6 estimated
5	Safeway	1,406	37.3 estimated
6	Loblaw Cos.	1,058	30.6 estimated (US)
7	Publix Super Markets	1,080	28.8 estimated
8	Ahold USA	765	26.9 estimated
9	7-Eleven	8,285	25.3 estimated
10	Albertsons	1,103	23.0 estimated

Implementation Growing Forward 2

In our Fall 2013 Exporter Newsletter, we detailed how Growing Forward 2 (GF2) is helping Ontario agri-food sector processors grow profits, expand their market, and manage risk through capacity building. Capacity building is one of the two primary areas of funding support – the other is implementation.

Implementation Funding Assistance will be available to eligible processors and new processing businesses. Processors can access 35 per cent cost-share towards projects, and 50 per cent cost-share towards innovative projects. Project selection is based on evaluation criteria.

There are currently three major projects being considered for funding:

- 1. Meet established standards and requirements to gain access to new markets and expand existing market share.*
- 2. Develop new markets and expand existing market share.*
- 3. Develop value-added products with attributes to satisfy specific market or customer demands.*

"We encourage applicants to include strong rationale for their projects and a well-developed project plan," says Dean Post, OFEX Supervisor. "New and emerging markets represent a tremendous growth opportunity for the industry. By exploring these areas, retaining and expanding existing markets and developing value-added products, Ontario will be positioned to expand its market share and foster economic growth."

Visit ontario.ca/growingforward2 for more information including program guidelines, applications and intake notes.



Meet Your Sector Specialists

"We have a strong team of five Sector Specialists that have strong industry and trade backgrounds, and provide resources to help companies address challenges, make connections, and explore new food development opportunities," says Alan Crawley, Manager, Ontario Food Exports. "It's an equation, and we see ourselves in the middle as facilitators who seek to add value to the industry's efforts."



Kiran Pandey, Protein, Beverages and Confectionery

519-826-3489 or kiran.pandey@ontario.ca

Kiran Pandey works closely with Ontario confectionery manufacturers, alcohol and other beverage suppliers, and further processed meat companies who are keen to explore exporting opportunities. Kiran recently coordinated the Ontario Craft Brewers (OCB) Buyers Mission in January (see page 8 for details) and is helping OFEX begin our exploration of the expanding markets in India (see page 5 for details).



Kathryn Liotta, Specialty/Gourmet, Health Food, Dairy and Delicatessen

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Kathryn oversees a large portfolio that gives her opportunity for extensive industry engagement. Most recently she partnered with the Canada Organic Trade Association, Export Development Canada and others to provide a value-added program for the Natural Products Expo West tradeshow in Anaheim. This included a seminar and store tours for 30+ Canadian companies (20 from Ontario).



Karen Moore, Bakery/Other Grain-Based Products, Prepared/Frozen Foods

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Baked goods and other grain-based products represent a significant strength for Ontario with more than \$2 billion in exports: Ontario is renowned for adding value to wheat by adding ingredients to it. With our team for more than 20 years, Karen is well-experienced and has built outstanding relationships with her clients. Most recently, she led development of the Publix's Incoming Buyers Mission in March that provided 25 Ontario suppliers with the opportunity to present products to a procurement team.



Shannon McCarthy, Agriculture

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Shannon has a strong grasp of Ontario's primary agriculture landscape and what it takes to be a successful exporter. She is well-connected with national export associations and provincial industry groups working to identify key international market opportunities and facilitate profitable relationships. Shannon also serves as OFEX's Geographic Specialist for Mexico and Latin America, just last month securing a commitment from Walmart Mexico.



Debra Oliver, Prepared and Dry Ingredients, Fruit, Vegetables, Grocery, Snack Foods

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Debra started in the Ministry in a client-facing role at Foodland Ontario. She continued the relationships that she developed there overseeing Ontario's produce sector, effectively representing their interests and those of the province's ingredient processors, and the huge number of companies in Ontario that are producing world-class snack food and grocery products. Debra plays a critical role in helping to recruit and coordinate the presence of her clients in leading OFEX events such as Street Smart and SIAL Canada.

India



India's retail food market represents a growing opportunity for Ontario suppliers. Increased cooperation from the Indian government, and a growing demand for imported food products, are also creating significant opportunities for our food processors.

As one of the fastest growing economies in the world, India is Canada's eighth largest agricultural trade partner – in 2012, Canada's exports to India totalled \$532 million, with only \$3 million from Ontario. Furthering the gap is that products were primarily commodity-types such as pulses, along with beverages such as fruit and vegetable juices.



“Canadian exports have been more on the Western provinces’ side with products such as feed, oils, etc.,” says Kiran Pandey, OFEX’s Export Marketing Officer for protein, beverages & confectionery. “Ontario’s interest will be more on fresh fruit, juices, distilled spirits (wine and beer), and processed foods. We feel the market in India is changing and Ontario exports will increase as a result.”

According to a report by PricewaterhouseCoopers, India's retail sector is estimated at US\$500 billion and is expected to grow to US\$900 billion by 2020 – a growth rate of 30% annually that will mark India as the third-largest global retail destination. Growth is attributed primarily to the increase in purchasing power of the Indian middle class, and changing lifestyle and retail expansion.

Opportunity does not come without challenges however, including high tariffs on imported products, market access issues (particularly on meat and meat-based products), low average incomes, competition with Indian companies producing similar products at competitive prices, and poor logistics in shipping.

“Our role is to keep suppliers informed about what is happening in India, how the retail sector is changing, and the potential opportunities,” says Pandey. “We support suppliers at industry events in India, and invite Indian importers to Ontario for one-on-one meetings and tours. Despite challenges, India is changing and embracing more of the Western lifestyle, which opens up opportunities for Canadian and Ontario suppliers.”

For more information, please contact your export marketing officer.





Top 10 Global Consumer Trends for 2014

The 2014 consumer is contradictory: From a willingness to spend more to a desire to save, and a desire for luxury and a need for the feeling of home and community, the consumer wants it all, according to *Euromonitor International's* report:

1. **Quick sale:** Consumer buying is being more influenced by social media – followers of a company's blog, app, Facebook and Twitter feeds, are turning into buyers.
2. **Eating right:** More consumers – both affluent and less so – are looking for healthy and authentic products. Reduced-sugar, reduced-fat and reduced-salt are becoming increasingly popular, and consumers are willing to pay more.
3. **ECO-worriers and social conscience:** Consumers crave products that are not associated with negative environmental and social impacts. Many are turning to organic and ethical shopping, and developing community gardens.
4. **Home and community:** There is a revived focus on home life and the importance of community. Locally-produced goods are becoming more popular, as are products that allow more time with loved ones and the community.
5. **Work/life balance:** Products that simplify consumers' lives will be sought, with more willingness to pay extra for convenience.
6. **Luxury:** More consumers want luxury, particularly those in evolving markets, but want this luxury to be less conspicuous, and lower-priced: discount luxury.
7. **People's choice:** Consumers are turning to social media to research products and spread the word when they are displeased or satisfied.
8. **Post-recession coping:** Consumers are adapting their buying behaviour, whether it's leaning more heavily on credit or finding ways to save by buying in bulk, pre-planning grocery shopping, living frugally and buying discount.
9. **Apps:** Apps are in great demand and are revealing indicators of consumer interests and behaviour. Apps present opportunity to keep customers loyal, and engage new ones.
10. **Visual craving:** The importance of a visual is paramount. And while digital enhancements are becoming normalized, there is also a love of "natural" and "authentic" imagery.

To see the full report please contact your export marketing officer.





Increase your exporting potential by participating in an **OFEX trade-related event**

September 9, 2014
Street Smart Workshop

September 22-23, 2014
Street Smart

October 2014
UniPro Foodservice incoming buyers mission

October 19-23, 2014
SIAL Paris

November 3-4, 2014
Taste of Canada, San Francisco

November 16-18, 2014
PLMA, Chicago

For more information about any of these programs, please contact your export marketing officer.

College Program Provides Student Support for International Projects

The International Business Management program, offered through the Lawrence Kinlin School of Business at Fanshawe College, connects students and companies looking for assistance with international projects such as importing and exporting food products.

“It’s a win-win opportunity,” says Jim Johnston, Coordinator, Online Learning at Lawrence Kinlin School of Business. “There are no costs to the company, since it’s an investment in human capital. The partners get valuable information and progress on their projects. The students get live experience and a greater understanding of the industry outside of the classroom.”

Companies meet with the Program Coordinator or a professor to discuss the project. If it will provide both a learning experience and valuable assistance for the company, the professor matches a student or students to the project, and develops a project plan. The professor remains as primary liaison with the company to ensure quality, privacy and minimal disruption to company operations: “Every project is carefully monitored,” says Johnston, and “the project results kept confidential.”

“It’s a great opportunity for students. It exposes them to how international business is done and the mechanics of important deals, different cultures, and how to create and develop marketing plans to meet those needs.”

Students in the program have already earned a degree and bring a diverse range of backgrounds ranging from engineering and business to computer science, marketing and more. It is also a multicultural group, with students coming from many different countries and bringing unique experiences that are often useful in partnerships.

The program has been running for seven years with great success, and administrators are actively looking for partnerships in the agricultural sector. A current project involves two students completing marketing research for a dairy goat farmer.

“One of the key items that students in our program research is identifying possible markets for entry,” says Johnston. “The United States is close both in distance and in terms of cultural similarity, so we often look there first. There are almost always other countries which have large and potentially viable markets.”

For more information visit www.fanshawec.ca/kinlin or contact Albert Knab, Coordinator of the International Business Management Program at 519-452-4430 x4374 or email aknab@fanshawec.ca.

In Good Company: Ontario Craft Brewers

Great partnerships lead to great opportunities: OFEX was pleased to host a Buyers Mission in late January with Ontario Craft Brewers (OCB). OCB promotes fresh, natural, quality beer made with traditional ingredients, and is an active voice for Ontario's craft brewers with the provincial government.

Representatives from two US craft beer importers and 23 beer store operators from the Buffalo, New York area were treated to some of the best Ontario has to offer. As a result, some breweries have already begun exporting to US contacts from the mission.

"It's a great opportunity for all involved and has been very successful," says Greg Merlihan, OFEX's Geographic Specialist for the United States. "We've received a lot of positive feedback from the participants, and plans are already in the works for other missions."

January's event was the second one OCB and OFEX held: In June 2013, OFEX hosted craft beer buyers from Mexico. Buyers from "The Beer Box" toured five Ontario breweries and met with their principals. OFEX is now working with OCB to coordinate the first shipment of Ontario craft beers from four of the breweries to the Mexican buyer.

In February OFEX also facilitated an incoming mission in collaboration with Anaheim Trade Enterprise Co. Ltd. of Taiwan. Buyers visited four Ontario craft breweries and have shown subsequent interest in sourcing from three companies. **For information on Buyers Mission opportunities, please contact your export marketing officer.**



Ontario Food Exports^{OM}

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