

Food and beverages - Canada

Summary of findings related to international market opportunities for Norwegian food and beverage products to Canada.

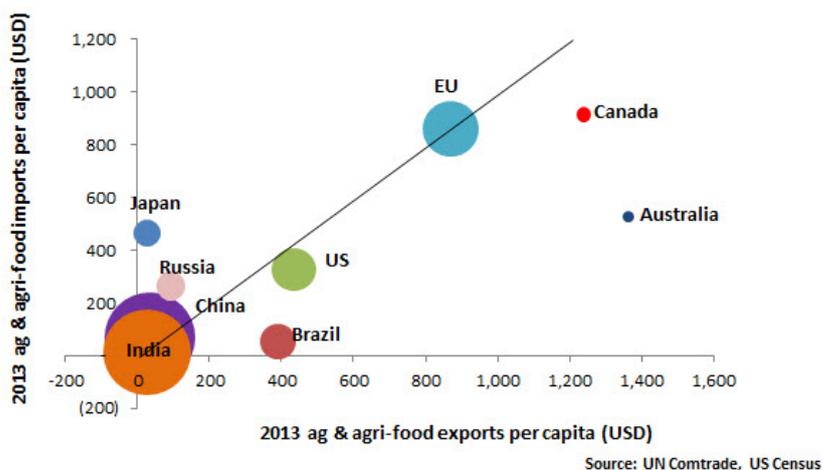
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1. Brief facts about the market

Canada is one of the world's reliable food baskets. The country has a population of around 36 million people, and shares a characteristic with Norway which is both nations have among the lowest population density on earth. In general as in Norway, the north is much less populated than the south. Canada has hundreds of thousands of square kilometres of arable land more than Norway. Canada is the world's fifth largest exporter of agricultural and agri-food products.

Canada still maintains very high trade barriers on all dairy products, chicken and eggs, as well as high barriers on wheat and barley. Canada has recently been under pressure from both the European Union and the Trans Pacific Partnership to reduce import tariffs, including those that protect Canada's supply-managed commodities.



Bubble size = Country population

2. Opportunities for Norwegian companies in Canada

According to the Salon International de l'Alimentation (SIAL), several food trends have been identified in Canada which will influence retailers in their purchase decisions.

These include:

- Sweets and confectionary
- Nut free, Gluten Free: These trends will continue to grow as consumers increasingly will choose these options. Labelling must be taken into consideration so products can be readily identified by consumers.
- Prepared food: An aging population will cause increase the amount of ready meals on grocery shelves. Especially interesting in this area is healthier ready-meals for an aging population, as well as products who contain omega-3, fish and seafood (next section discusses this opportunity in greater detail).
- Organic : In Canada this represented a \$3.7 billion market in 2012, which was tripled from 2006. As recently as 10 years ago, organic foods including were much higher priced than non-organics; and mostly found at specialty stores. Currently, most grocery retailers offer competitively priced organic foods and products across the country. Drivers for this trend are a perceived increase in nutrients compared to non-organic, responsible farming practices with natural pesticides, and less processed ingredients.
- Halal and Kosher : Canada is the recipient of the second most immigrants in the world; and ethnic minorities will represent 21% of Canadian consumers, which is a market worth \$5 billion CAD by 2017. The ethnic-food market will represent constantly increasing demand.

In Canada, the most influential drivers of food choice are:

- Low trans fat content (80%);
- Made with whole grains (78%);
- Low in sugar content (72%);
- Low in salt or sodium content (71%);
- The presence of omega-3 fatty acids (58%);
- The country of origin (50%); and
- Whether a food is organically grown (41%).

3. Challenges for Norwegian companies in Canada

- Existing trade barriers
- Cost of food goods from Norway. . According to Numbeo, grocery prices are around 30% higher in Norway than in Canada (Cost of Living Comparison Between Canada and Norway, 2015). Freight and volumes must be considered when setting final pricing as well.
- Existing diverse and well-priced consumer options in Canada
- Brand presence in market
- A clear challenge is the perceived carbon footprint for foods sourced abroad. Consumers will not have the same connection as they do to locally sourced foods and products.

4. Recommendations to Norwegian companies considering export of food and beverages to Canada

Norwegian expert industry representatives should attend the annual SIAL exhibition in Canada to examine the marketplace and see where the opportunities are. A benefit to this will be seeing how other countries approach the North American market in an important forum such as SIAL. Expert representation from Norway, who know Norwegian growing and production capabilities, will be able to ascertain where specific opportunities lie for increased export from Norway.

Visit Norway could be engaged on branding a Norwegian pavilion for future exhibitions, and recruit the most ready, able and willing companies who have a sound offering to the market to join. IN Toronto can assist companies to develop their strategies for the exhibition in order to make the best impression on distributors. SIAL would assist in making meetings.

Marketing is enormously important to attract and inform consumers, and branding can be very expensive. A consideration the Norwegian industry should have is private labels. For example, Loblaw's groceries have their own private brand called President's Choice, and they currently have no blueberry juice offerings in their line. A Norwegian supplier could sell the concentrate to Loblaw's, and it would be marketed as President's Choice blueberry juice. Loblaw's then takes the job of marketing, distribution, placement, etc. The caveats are that it must seem like it is a lucrative and attractive product, and that the prices on the food ingredient must be competitive.

In general, Norway must approach as a brand. Currently there are not enough products from Norway on the market that result in consumers recognition for new products.