

**Agriculture and Food Council Policy Forums 2009-2010**  
**Buyer Aware: Understanding and Engaging Consumers and**  
**Markets in Agri-Food**

**Forum #1: Summary of Presentations**  
**November 25, 2009**  
**Leduc, Alberta**

The keynote speaker **Ms. Wendy Holm** from the Holm Team spoke about the importance of public engagement in creating political will, and in turn, in creating appropriate policy and economic sustainability for farmers. Starting in the mid-80's, an increasingly disconnected public contributed to a governance, policy, and farm economic crisis, the effects of which are being felt today across the sector. Support to farmers has decreased as has farm income, while operating costs and debt has increased. Farmers cannot survive under current conditions and this threatens food safety, food sustainability, and food security.

Two factors are creating opportunities for industry and for policy makers to positively impact the crisis at the farm level. The first is that the amount of consumer dollars captured by post-farm gate sectors is huge even though Canadians enjoy some of the lowest food costs in the world. The second is that the public is increasingly concerned with food safety, where food comes from, how it is processed, and its sustainability and availability.

Several trends were noted:

- The concept of “locality” is increasingly becoming a priority for the consumer and includes production, growing, processing, storing, and sourcing locally.
- Urban and peri-urban agriculture is growing in popularity and helps the consumer recognize they are connected to the production of food. Urban Food Systems have many benefits such as reducing greenhouse gases and the vulnerability of the food system to weather and markets while improving choice, biodiversity, controls on quality and inputs, and community economic development.
- The food system is on the public agenda → Safe, Affordable, Local, Sustainable, Accessible = Secure. Food is a basic human right and people will ensure this is on the political agenda (Food Democracy).
- Consumers want to feel a relationship (shared values) and this creates many advertising opportunities and new markets.
- Food Sovereignty must form part of a sustainable future – The right to develop a made-in-Canada food policy, starting at the community level. Local districts need the freedom to decide. Actual democracy happens at the local level.
- Local government priorities should include ensuring access and availability; permanent farmers' markets; developing food security plans as part of social and economic planning; the creation and maintenance of Food Policy Councils; systems to redistribute surpluses; and leadership at regional, provincial and national level.

**Dr. Shiferaw Adilu** from Alberta Agriculture and Rural Development described major trends and issues including that consumers are more sophisticated; markets are demand-driven and change fast; there is increased competition and heightened business risks, and globalization has increased. He noted several implications and opportunities: that the whole value chain must respond; industry needs to accommodate risks in business decisions; and that market signals need to be unfettered.

Priority areas for current and future policy are advocacy, research, niche markets, branding, training and mentoring, guidelines and standards, traceability systems, international marketing, and trade policy. Challenges for the future relate to clarifying roles and responsibilities of industry and government; improving market signals and removing impediments; and ensuring two-way communication across the value chain to facilitate understanding of products and production practices.

**Dr. Ellen Goddard** from the University of Alberta discussed how agricultural policy, environmental policy, and health policy are related and influence consumer decisions. She noted how food consumption is affected by a number of external and internal factors such as economics, advertising, socio-cultural influences, attitudes, values, and preferences. These impact what foods will be purchased and where. Risk (uncertainty) is also a key component of consumer behaviour.

Top consumer concerns include health and nutrition, food safety and security, environment, and ethical purchasing. The food industry has reacted with changes in recipes, new products, enhanced labelling, and by changing marketing strategies and pricing. Regulatory actions have impacted food processing, health outcomes, production technologies, standards, food safety, and advertising.

An important driver of change throughout the agriculture and agri-food system is the economics of diet and health, and the link between what we eat and how healthy we are. Appropriate incentives need to be in place for farms, processors, and stores to produce (have available) the “right” products, and for consumers to make healthy choices. Government programs can have positive or negative effects depending on how they are structured. Similarly, agricultural policy relating to trade, taxation, pricing, and inputs can impact demand and supply in a variety of ways.

Suggested industry actions include promoting on-farm food safety programs; changing the nature of production to achieve different nutrient content in foods; and working with government to 1) define traceability requirements and responsibilities, and 2) to define national standards and definitions.

**Mr. John Scott** from the Canadian Federation of Independent Grocers described how the consumer dictates everything that goes on in retail, and things change very, very fast. On the whole, consumers are very fragmented, well-educated, and ask a lot of

questions. Demographics are important in defining consumer groups and different groups have very different preferences, values and needs.

The recession has created a “worried” consumer that doesn’t have a lot of money but, despite this, strong consumer preferences remain for gourmet products; local products; health related products; and products produced in an environmentally-friendly and sustainable way. This has a direct impact on markets and marketing strategies. The retail response has included differentiation at all levels; the emergence of hard and soft discount stores; and a redefinition of the term “value” (which must be consumer-focused and does not necessarily refer to price). All retailers – discount stores, traditional stores, lifestyle stores, ethic stores, and independent stores – must adjust to consumer trends quickly and continuously look for points of differentiation to remain competitive.

**Dr. Bob Church** from the Canadian Agri-Food Policy Institute (CAPI) spoke about Canadian agri-food policy and in particular about health and agri-food issues. He noted that diet and health trends are very significant and the area of health and personalized medicine will change dramatically in the future. Consumers, food processors, and producers are all responding. Industry should view these trends as challenges and opportunities, and can be proactive and embrace them. For example, industry can look for new markets and develop a product and then market it, instead of the other way around. Industry also needs to have confidence in its ability to market products. Increasing consumer’s understanding about where food comes from is critical. It is also important to note that social media has an impact on consumers in the short and long term.

The objectives of CAPI are to shape a national dialogue (policy models for the emerging agri-food world); to define Canada’s advantage (food & wellness, sustainability, viability); and to develop the policy linkages (improve competitiveness and profitability of the sector). CAPI endeavours to be a catalyst by engaging leaders, focusing research, synthesizing results, and creating dialogue.