

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

Forum #2: Summary of Presentations
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The keynote speaker **Dr. Joe Schwarcz** from the Office for Science and Society at McGill University discussed how today's consumer wants to know everything about their food, including scientific information about where it is grown, its nutrition and additives, and how it is processed and packaged. Unfortunately, consumers are presented with a lot of confusing information about what to eat and what not to eat, much of it without scientific basis. In addition, consumers hear one thing one day and another the next which can cause panic and worry because they do not know what or who to believe!

There are many examples of foods or chemicals that may harm us, but rarely do we consume enough of them, or rarely are we exposed to enough to cause a problem – this is why it is critical to focus on numbers, especially in relation to research. As well, many products have good and bad attributes. For example, something may reduce the risk of one thing but increase the risk of something else. Advertisers or protestors often take things out of context, and do not report numbers, or do not report what the number means relative to a health benefit, safety problem, or research study.

There are many factors that contribute to or determine our health including what we eat, our genetics, and the environment in which we live. Food is an important part of health, and it is worthwhile to be aware of what we eat. However, people often want a simple solution to complex problems; they want to cure themselves of disease simply by eating the right things. The many books that promote diet as a solution to disease often look at anecdotal evidence, rather than scientific evidence, and have a great deal of inaccurate information. People believe the authors though because the book is written in an engaging style. Modern science proves a lot about what we should and should not eat – the correct information is there, consumers just need to access it.

Mr. Rich Smith from the Alberta Beef Producers noted that cattle producers have few direct relationships with consumers and this results in a delayed response to trends because of communication challenges, lack of awareness, the inability to identify true market signals, and the fact that production systems are slow to change. Identified trends included BSE/H1N1; the global recession; consumer demand for knowledge and information; more demands on producers and changing requirements; expectation of a closer relationship with consumers;

safe, healthy, affordable, tasty, convenient food; local food; and socially and environmentally responsible food.

The impact of government policy can be positive with appropriate regulations and trade rules that respond to actual, rather than perceived consumer trends. Appropriate government standards can also be a marketing advantage for industry. However, timing and balance are important because while all regulations add costs, benefits may not be realized, particularly if regulations and policies are too far ahead of the market.

Several suggestions to increase the competitiveness and profitability of the cattle industry were made including better communication among all players at all levels; faster response to consumer trends; better understanding and fulfillment of government and industry roles and responsibilities; and working to increase product value via increased market access as well as branding and differentiation campaigns.

Mr. Ward Toma from the Alberta Canola Producers provided an overview of the CanolaInfo Promotion Program which aims to increase the value and consumption of canola oil by differentiating it from other oils based on its superior health characteristics. Key target markets include United States, Canada, Mexico, and India.

It was noted that the canola industry is highly dependent on its strong relationship with the consumer, and that canola oil is what consumers want! Studies have shown that consumption of canola oil in the U.S. has been increasing and they are using more canola oil. These are positive trends for canola oil use and sales in Canada. Industry must continue to generate proven scientific data about the product; differentiate canola within the oil category; have credible, third-party support that is peer reviewed; get the word out; and keep the message simple.

Key messages about canola oil are that it is the healthiest cooking oil in the world because it is free of trans fat and cholesterol and it is extremely versatile because of its light texture, neutral flavour and high smoke point. Canola oil is also recommended by health professionals; a Qualified Health Claim already exists in the U.S. and a similar one is being developed in Canada.

Ms. Jessie Radies, owner of The Blue Pear Restaurant and founder of Original Fare, a consortium of independent restaurants, spoke about the fact that we have a global food system and a local food system. Although the two systems work together and depend on each other, they have completely different values. We need both systems but there should be a balance between the two; currently the local food system is only about 10-15% of the market.

Increased concerns about food safety and the sustainability of a global food system are drivers for the development of a robust local food system that includes direct sales (farm gate, farmers markets); distribution (retail stores, retail delivery, wholesale institutional, wholesale foodservice); and processing and value added (local, domestic, export). Benefits of a stronger local food system include those relating to food security, health, and the environment. The positive economic impact on communities – both rural and urban – can also be significant simply by shifting where consumer dollars are spent (not spending more money).

Although the restaurant industry is diverse and every restaurant has different needs and products, restaurants have a desire to buy local food and further develop relationships with primary producers. Both producers and restaurants benefit through increased access to new customers and increased awareness of each other's businesses. In addition to local food, restaurants also want taste; unique products; flexibility; value for money; convenient, efficient, easy transactions; and especially a predictable supply of food.

The competition to supply restaurants is not the producer down the road but rather the foreign competition that can produce food more cheaply. It is important for farmers to collaborate and work together to increase efficiencies and make it easier to access the restaurant market.

Mr. Ted Johnston from the Alberta Food Processors Association discussed the loss of competitiveness and capacity in the food processing sector, and that processing industry performance in terms of the trade balance and industry output has weakened over the past two years and is the worst since the early 1990s. Competitive pressures have also led to plant closures and the loss of thousands of food manufacturing jobs in Canada. Primary producers who supply raw product to manufacturers are negatively impacted, as are consumers because of decreased choice and opportunity to purchase Canadian products. Canada now imports more than it exports.

Several factors are contributing to the crisis in the processing industry:

- The processing industry in Canada is 40% less productive than the U.S.
- The U.S. industry makes annual capital investments in excess of its depreciation and the opposite is true in Canada.
- The current global economic recession and tight credit market are reducing consumer demand for certain products here and abroad and making credit more difficult to access and costly.
- The high Canadian dollar has made it even more difficult to compete.
- Decreased "Product of Canada" labeling on Canadian products eliminated the consumer's ability to choose between Canadian and import product.
- The new product approval process in Canada is one of the slowest in the world.

- Imported products are not held to the same standards as Canadian manufacturers.
- Health Canada has lagged on approving health claims on food products which makes it difficult to meet consumer needs with Canadian products.
- Canadian processors need to modernize and replace labour with capital for productivity improvement but the market is not attractive to lenders because the margins are low.
- Despite higher wages and the higher unemployment rate, there continues to be a labour shortage, and some processors will be forced to close or relocate.
- Canada has reversed its proactive approach to recruiting and retaining foreign workers in Canada.
- To compete with rising imports Canadian manufacturers must buy competitively priced inputs, but the cost of inputs continues to be high.
- Consumer trends support buying locally but government policy continues to support commodity export over value added be it domestic or export.

A strong processing industry is critical to the maintenance of Canada's "Food Sovereignty". Policies need to ensure streamlined regulatory approvals; capital support programs for modernization; labour policies that recognize the special needs of the industry; and a level playing field for Canadian products as compared to imports. Most importantly, Canada needs a national "Food Policy" to address the range of ad hoc (often competing) policies and that links divergent departments towards a common specified objective.