

Summer 2009 edition

Knowledge Insider

Where business meets opportunity | **Consumer trends**

50
years/ans
1959-2009



Farm Credit Canada
Advancing the business of agriculture

Canada



“The great illusion of the marketplace is a simple one: That it is supply based . . . that if you build it they will come. The great reality of the marketplace is simpler still: Nobody who produces is in control. Nobody who sells is in control . . . The great reality of the marketplace is that it is demand-based. Customers own it lock, stock, and barrel.”

– Jim Taylor and Watts Wacker, *The 500-Year Delta*¹

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Farm Credit Canada is proud to present Knowledge Insider, a semi-annual publication offering thought-provoking information to producers and other agriculture entrepreneurs. Trends described in this document are supported with facts and figures and examined in the context of what's on the horizon for Canadian agriculture.

Please direct questions and comments to FCC's Customer Service Centre at 1-888-332-3301 or email csc@fcc-fac.ca.

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Cette publication est également offerte en français.

Shopping list

Let's see, I need:

- mushrooms: What kind? Canned, dried or fresh?
- onions: Seven varieties to choose from.
- green pepper: At least there's only one type of green pepper - but do I want organic?

Pasta:

- spaghetti noodles: What is durum semolina anyway? What about whole wheat, rice noodles or corn noodles? Gluten free? Extra fibre? They're all different prices. Some are different sizes. How can I compare them? Ah-ha, here's one that's omega-enriched.
- cooking oil: What is it I've read about linoleic acid levels? It's saturated fat that I should avoid, isn't it? I thought olive oil was best, but what about this blend of flax, olive and canola? And are cold-pressed oils for cooking or for salads?

Meat:

- ground beef: Regular, lean or extra lean? Should I try ground turkey? What about ground soy product? Maybe I'll just order in tonight.

Consumer trends in food markets

Whether you produce, process, distribute or sell food products, the success of your business depends on knowing what products consumers will buy and which ones they won't. This edition of Knowledge Insider explores consumer trends in food markets.

The marketplace is quickly changing. World populations are growing and aging. Wealth is shifting between developed and developing economies. World leaders are questioning the ability of global food systems to feed growing populations and meet changing consumer demands.

The Internet and the media have increased consumer awareness of issues such as domestic food security, food safety and traceability. Consumers can see what people are eating around the world and expect grocery shelves stocked with affordable food that is convenient, tastes good, and keeps our bodies and the planet healthy.

To meet consumer demands, scientists are helping to make food more nutritious, plentiful and

flavourful. Consumers in developed countries have seemingly endless choice, from low fat to organic, ready-to-eat to omega-enriched. Even salt comes with less salt!

The future will bring even more innovation. From biodegradable packaging and cell phones that scan labels for nutrient information to food customized to match personal genetic coding, food production is evolving to meet the changing needs of consumers and the planet.

About 80 per cent of new food products fail in the first year. Annual consumer trend forecasts are available at the click of a mouse. How do you know which trends will stick and what is right for your business? Monitoring and understanding what drives long-term trends can guide your strategic planning.

Businesses in agriculture and agri-food are putting consumer trends on their agendas. As you read through this edition of Knowledge Insider, look for opportunities for your business to adapt to consumer trends in food consumption.



We don't all have the same choices

The topic of food is close to us all, yet not everyone in the world has enough to eat, let alone an overwhelming choice in food products. Over one billion people worldwide live in poverty and many do not know where their next meal will come from. Innovators who can find ways to meet nutritional needs in an affordable way can have a positive impact on people's lives.

Innovations can offer solutions. Nestlé has worked in partnership with farmers in India for 45 years. Their Milk District Model finds cost-effective ways to secure plentiful supplies of fresh milk. Other companies, like Unilever, are extending credit to this massive market and developing customized goods to meet their needs. Could you develop relationships today to build markets in emerging economies of tomorrow?

This edition of Knowledge Insider focuses on trends in developing and developed countries.

It starts with the consumer

It's not just retailers who need to pay attention to consumers. All players in food value chains can use consumer trend information to deliver the right products at the right time.

Monitoring and understanding consumer trends and their drivers can help guide innovation, increase efficiencies and prepare your business for changes in consumer purchasing habits.

Fads versus trends

A trend is evidence that a pattern of repeated behaviour has emerged. A fad is a situation that rises rapidly and then quickly disappears. Do you remember purple ketchup?

There's risk in entering new markets or creating new products based on emerging consumer trends. Martin Gooch of the George Morris Centre compares the uncertainty to penguins ready to jump into the ocean. Will you be the first penguin

to take the plunge and risk being eaten, or will you jump too late, after all the fish have been eaten? Are you a trendsetter, or do you prefer to try new markets during the growth or maturity stage? What information do you need to make the decisions that are right for your business? Start by understanding what's driving trends.

Drivers impact trends

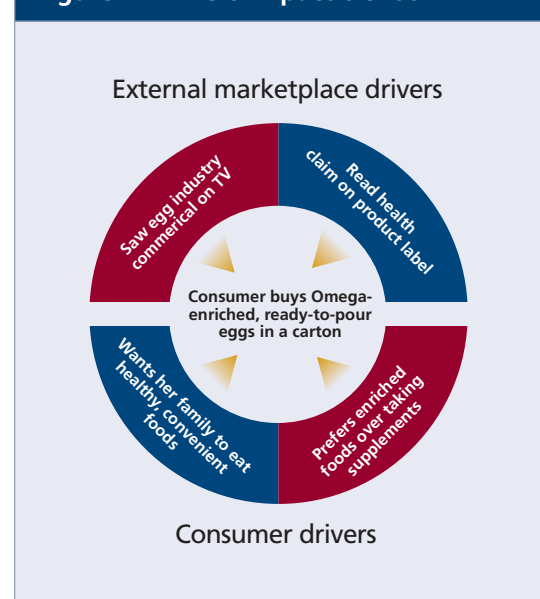
What motivates a consumer to purchase one food or beverage product over another?

Decisions are based on the interplay between external and individual drivers.

Figure 1 shows four possible drivers that were at play when a consumer decided to purchase omega-enriched, ready-to-pour eggs in a carton.

Ideally, every player in the value chain monitors trends on their own and then communicates with their partners to identify opportunities for new or value-added products.

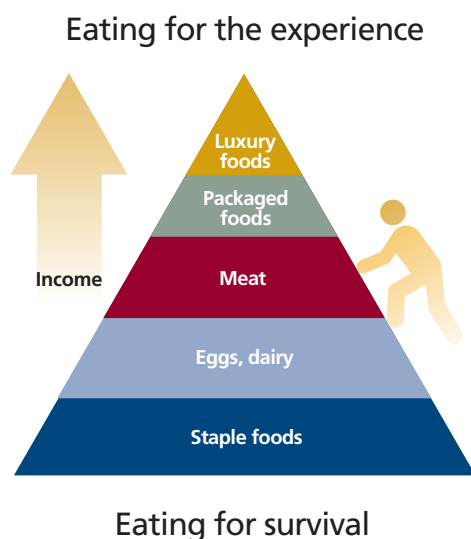
Figure 1: Drivers impact trends



What drives food choices?

Income level is the biggest driver of food choice. Other factors like convenience, quality and variety also drive consumer purchases.

The average U.S. supermarket offers 45,000 products. Add health claims on labels and new types of enriched foods and it's no surprise that some consumers wonder what to buy. Some want green products and others expect traceable food supply chains. Many want to be confident that their food is safe and virtually all want it to taste good.



How could you learn more about what motivates your customers and adjust your products to meet their demands? Consider whether your pricing structure reflects consumers' price sensitivity. Assess which products your customers will pay a premium for.

The impact on agriculture and agri-food

Let's look at how two Canadian industry organizations are using trend analysis.

Pulse Canada's Pulse Innovation Project has studied the link between pulse consumption and health since 2005. They are exploring how to turn an inexpensive protein source into value-added products like pulse-enriched pastas and breads.

The Canola Council's "Growing Great 2015" campaign highlights canola's healthy properties.

Both organizations are linking their product health attributes to consumer priorities (like weight control and diabetes) to drive innovation and industry growth. How are marketing agencies and industry organizations in your value chains using consumer trends, and what could you do to influence their direction?

Consumer trends and business innovation

Successful producers and agribusinesses use consumer trends to guide their decision making. Whether you watch trends on your own, employ professional marketing staff or contract with an external firm, we believe that monitoring trends is only the first step to success. You know your products and your business. How could you learn more about what consumers will want in the future and understand what's driving these trends to inform your business decisions? To find out more, check out Trend Watching 101 in the Tips and Tools.

Did you know?

Prince Edward Island's Sensor Wireless Inc. knows that consumers want fruits and vegetables that are fresh and look good. They sell customized, wireless, potato-shaped sensors that travel alongside potatoes on production lines. The Smart Spud uses radio-frequency identification technology (RFID) to detect how harvesters, windrowers, graders or processing equipment are bruising or damaging potatoes.



The shifting landscape of food consumption

The world is changing quickly and so are food markets. The role of consumers is changing, science is changing food, and a new regulatory environment is being defined. What do you need to know about these changes to get ready for the future?

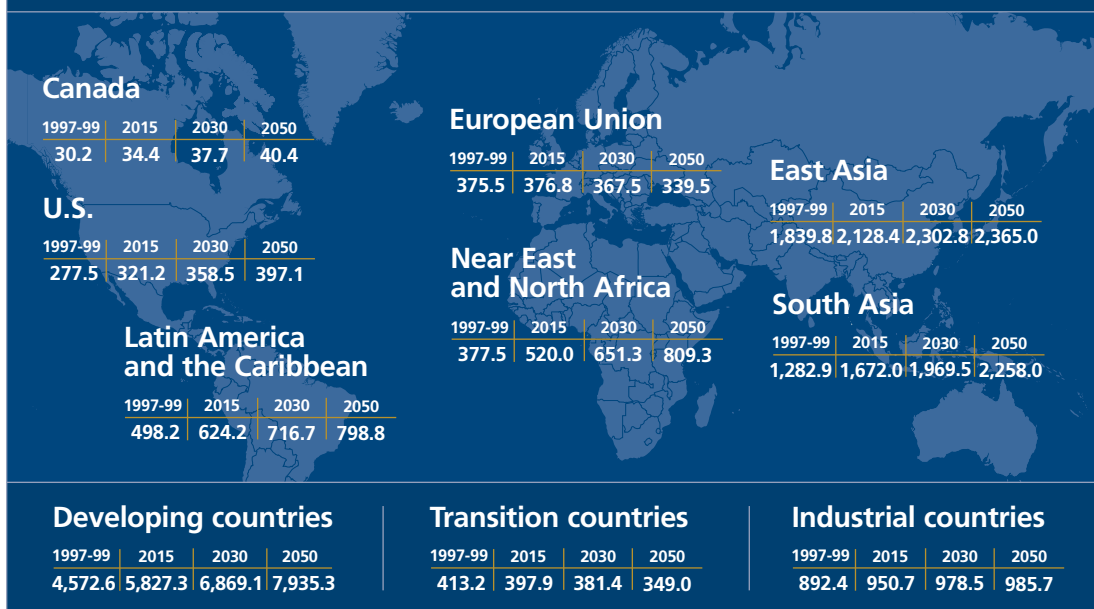
Food markets are changing

Many factors point to changes in food markets. Canadian food-spending is among the lowest in the developed world and has been decreasing proportionately for the past 40 years. World populations are growing and affluence is shifting among countries. Despite the impact of recent global economic events, many experts believe that China will be the world's largest economy within the next three decades.

Figure 2 shows projections of world population growth. Unlike the European Union and North America, developing countries and Asian and African countries will see massive growth. Growing middle classes in developing countries will consume more protein and processed foods. While growth is somewhat stagnant in Canada, the U.S. and Europe, populations are becoming more ethnically diverse. Some markets are aging rapidly and others have many youth.

Understanding how food markets are changing can help you produce the right foods for your target markets and help you take steps today to serve the markets of tomorrow.

Figure 2: World population – From yesterday to tomorrow (millions)



Source: Conference Board of Canada

Figure 3: Global food consumption by category (kg/person/year)

Source: Food and Agriculture Organization of the United Nations

Population growth in North America has slowed. Population in the European Union is projected to decrease. How can you grow market share where population growth is slow or in decline?

Consider niche products for ethnic markets. Value-added, processed foods for busy families may be another opportunity. Aging consumers want more products that promote longevity and have smaller portion sizes. Mass markets seek lower prices or increased value in times of recession.

Global food consumption is changing. Wealthier consumers will want more meat and protein in

their diets and a wider variety of products that offer convenience and health benefits.

Monitoring trends in demographics, food consumption and world markets can offer insights that will help you make business decisions today so that you can be ready for tomorrow.

Trends that have taken hold in developed countries may emerge next in developing countries. The European Union and Japan are widely regarded as trendsetters for food markets.



Figure 4: Fastest-growing food categories by region

Europe Category growth rate	North America Category growth rate	Asia Pacific Category growth rate	EEMEA* Category growth rate	Latin America Category growth rate
Soup – frozen 25%	Energy/ sports drinks 52%	Herbs/ spices 33%	Chips/crisps (cereal-based) 137%	Ready-to-drink drinks 75%
Energy/ sports drinks 24%	Eggs 28%	Cooking fats/ oils 29%	Energy/ sports drinks 66%	Bite-size fresh food 33%
Fruit – frozen 15%	Ready-to-drink drinks 20%	Mixed fruit/ nuts/seeds 28%	Ready-to-drink drinks 58%	Vegetables – frozen 33%
Fruit/vegetable juice – frozen 13%	Dairy/dairy substitute drinks 11%	Probiotic drinks 28%	Fruit/herbal infusions 45%	Butter/butter substitutes 32%
Eggs 12%	Water 10%	Chips/crisps (vegetable based) 25%	Dips 42%	Sweet spreads 29%

Source: <http://ca.neilsen.com/site/documents/2008WhatsHotInFoodandBeveragesFINAL.pdf>

*EEMEA – Eastern Europe, Middle East, Africa

Understanding where Canadian products are currently exported can also help you identify possible future markets. Figure 5 illustrates the diverse range of products that are currently exported. How will this picture change in 15 years?

Check out our Winter 2008 edition, *Knowledge Insider: Imagine if your market was global*, to learn

more about shifts in global wealth and what they mean for Canadian agriculture. Where could your future food markets be? Explore opportunities to capitalize on the trend toward value-added exports and think about your opportunities to combine imported and domestic ingredients in new food products.

Figure 5: Top exports for Canadian agri-food



Source: Agriculture and Agri-Food Canada

Consumers are changing

Values around the world are converging. A better informed and more influential global consumer is emerging. Many global consumers are concerned with health and environmental sustainability. They want customized products, quick, convenient service, and local and international food choices. They have high expectations of the food system and need help figuring out what to eat.

Did you know?

In a U.S. study, 80 per cent of consumers said their purchase decisions are directly influenced by online reviews. More than half of consumers purchasing electronics have read customer reviews and up to 90 per cent of people trust word-of-mouth suggestions.

Many of your future customers are already wired with technology. In Europe and the U.S., Sprint Nextel launched MyFoodPhone, a new mobile phone that helps consumers monitor their daily food choices, consult with professionals and network with a community of like-minded people. What could be next? Refrigerators that track consumption and caloric intake? Shopping carts that calculate nutritional value or rate product choices? Hand-held monitors that analyze daily food intake based on personalized eating habits? Future consumers may access and choose food using different values and systems than we use today.

The individual in the household who prepares meals may no longer be your target customer.

The graphic shows different generations with purchasing power. A 2005 study shows that \$18 billion US in annual household spending is

influenced by 3 – 11-year-olds.² Their older siblings, the Millennials, are active consumers and prefer peer-recommended products. Dr. John Kelly of the University of Guelph says that 75 per cent of U.S. wealth is held by “woofs” – well-off, older folks.³ Whatever their age or demographic profile, consumers are taking on new roles. Here are a few to consider.

Consumer as CEO

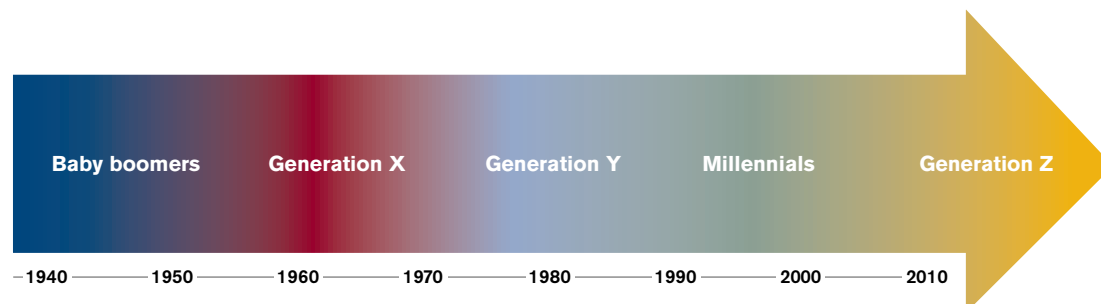
Communication is global, corporations are losing influence in the public arena and some researchers believe that consumers will gain CEO-like powers. Whether speaking for themselves or represented by large corporations that gather consumer purchase data, the voice of consumers is now heard more widely. Some companies recognize that customers want to hear from each other, not from a corporation. They offer customer-to-customer forums, engage loyal customers in marketing campaigns, and feature average people in product ads. Just like corporations, customers are looking to extract the greatest value from markets.

Did you know?

In 2004, U.S. consumers, recognized for their obsession with body image and diet, spent nearly half of their food dollars on meals and snacks away from home.

Consumer as lobbyist

Today, word of mouth travels faster than new products can get on shelves. The Internet and social networking have made it easier for communities of like-minded people to bypass geography and voice collective concerns. The effect of consumer lobbying in agriculture is evident through tighter quality control and traceability



measures in the meat industry. McDonald's influenced changes to animal husbandry in their supply chains and changed their packaging in response to consumer lobbying efforts. Campbell's has voluntarily lowered salt and fat in product lines sold in schools. Can you anticipate consumer concerns and turn lobbyists into spokespeople? Will you be ready if your company comes under increased public scrutiny?

Consumer as product authority

Your customer may know as much about your products as you do. In some cases, customers may be your best salespeople. Customer testimonials can influence others to buy your products.

Viral marketing and social networking are redefining the world of customer influence. The Zagat hotel and restaurant guide highlights the opinions of diners and hotel patrons, not expert reviewers. This trend is already strong in the film, theatre, music and book industries. Restaurants and foods are following suit.

Collaborative filtering software allows consumers to view millions of customer reviews online. In 2008, Google had a patent pending on technology to rank the most influential people on social networking sites like MySpace and Facebook. The technology could rate how successful someone is in influencing friends to read a news story or watch a video clip. Can your customers help you develop your reputation and influence product sales?

Consumer as individual

Many people want to stand out in a crowd. Some consumers define themselves through their purchases. From personal doodles on credit cards to customized cell phones, the trend toward personalization is strong in many industries. Time magazine recognized this trend and declared "you" as the person of the year in 2006. Nutritional boosters offering benefits like a brain boost or an energy fix are increasingly popular with juice outlets and health product lines. What Canadian agriculture products could be the next healthy energy boost? By understanding what consumers

want next, you could respond to the increasing demand for customized, individualized products.

Consumer as engaged participant

Some food retailers engage customers in their business. The personal values of Whole Foods Market's committed customers mirror their corporate values. Whole Foods customers trust that the company's entire value chain offers healthy foods that are sustainably produced and they're willing to pay a premium for their products. Engaged customers often provide word of mouth referrals. In an era where customer and brand loyalty is fading, engaged consumers may help to sustain your business.

Making it work – The Farm House Natural Cheeses

"Life is about relationships, don't forget that." Debra Amrein-Boyes took her father's words to heart and into her cheese business in Agassiz, British Columbia. In addition to the on-farm retail shop, events like cheese-making workshops and "Brunch on the Farm" provide an experience for customers, and at the same time build brand awareness and customer loyalty. Hundreds of cycling enthusiasts came out for a Slow Food Bike Tour hosted by Slow Food Vancouver, visiting the farm and sampling the cheeses and other local farm products. A spin-off benefit of customer and community involvement is that Farm House is often featured in the media, making promotion a breeze.

www.farmhousecheeses.com

Food is changing

Scientific advances in plant breeding and animal husbandry are adding functional attributes to common foods and untapping nutraceutical attributes in long-standing varieties. The push and pull of science responds to and prepares for future consumer needs. Innovations in food technology offer improved food safety. Inland, urban fish farms are supplying delicacy fish to growing populations and scientists are experimenting with growing in vitro meat in laboratories.⁴

Biotechnology and food science offer solutions in mold resistance, disease and bio-safety. This can increase yield, reduce input requirements and improve flavour. Golden rice, a nutrient-dense staple crop, is one example of how genetic engineering combats malnutrition in developing countries.

Did you know?

Taiyo Kagaku Co. Ltd in Japan has developed a super-dispersion technology to isolate nutraceuticals from hen eggs, making the particles smaller and more soluble and improving the bioavailability for human digestion.

Science is improving what we know about personal eating habits and teaching us how to eat for optimal health. We're learning more about the component parts of food, pulling them apart and reassembling them into value-added products. We're also learning more about human genes. In the future, we should be able to customize diets based on health-related needs – like diabetes or celiac disease – or tailor a diet to individual genomic coding.⁵

The regulatory environment is changing

There's a shift in how we regulate and monitor food production. Canadians want food to be safe and they expect governments and industry to be transparent, accountable and quick to act on food safety risks. Canada's food safety measures are aligned with Health Canada and the Canadian Food Inspection Agency (CFIA), and must respect international trade obligations. Our commitment to food safety could open doors to international markets.

Government and industry leaders recognize the need to improve standards to ensure a secure global food system. The emerging regulatory framework is based on a combination of country-specific initiatives and harmonized agreements. Over 27 countries in the European Union (EU) and the ASEAN 10 (which includes 10 Southeast Asian nations) have defined a common framework. The frameworks function within the broad umbrella of the World Health Organization (WHO) and Food

Did you know?

A study by the Guelph Food Technology Centre showed that 75 per cent of consumers are concerned or very concerned about food safety.

and Agriculture Organization (FAO) of the United Nations. Factors addressed include health claims, classification of foods and supplements, labelling, additives, safety and Good Manufacturing Practice (GMP). Codex Alimentarius, which protects consumer health and ensures fair practices in food trade, works in conjunction with WHO/FAO to increase pressure for harmonization.

Did you know?

More than 60 per cent of the world faces new regulation of dietary supplements, based largely on FAO/WHO guidelines and GMPs.

Can you have influence?

You may see tighter food regulations as a barrier to efficiency or you might see value in the ability to differentiate Canadian products on the basis of quality and high standards. Whatever you believe, the regulatory environment is changing. The call for tighter regulations comes from many players. Producers, manufacturers, shareholders, regulatory bodies, non-governmental organizations (NGOs), government and corporations are all seeking secure, sustainable food systems. New "Product of Canada" government regulations are based on opinions solicited by government from 1,500 consumers, farmers, manufacturers, processors, distributors and retailers. Demand for safe food and a more secure food system is growing. Most consumers want to read and understand nutritional information on labels and websites, and trust that they are accurate.

Some government and non-government groups are ready to support consumers seeking a more controlled system, better traceability or more transparency. One hundred U.S. scientists sent a petition to the Food and Drug Administration (FDA) demanding tighter regulation of energy drinks. Australian politicians are looking at

A photograph of a loaf of bread inside a clear plastic bag. The bag is tied at the top with a white rubber band. The bread is visible through the transparent plastic, showing a golden-brown crust and a soft interior. The background is dark, making the bag and bread stand out.

Changing our food – and what we wrap it in

Scientists at the U.S. Department of Agriculture have developed a composite food packaging film made from pectin, polylactic acids and nisin that can inhibit the growth of *listeria monocytogenes*. And, it can be made from renewable resources!

A new biodegradable plastic, Ecoflex, is certified by the North American Biodegradable Products Institute. It can be used in bags and packaging and remains shelf stable for one year before decomposing into compost within a few weeks. The U.S. Army is testing a new food wrap, Toxin Alert, that identifies when a food has gone bad. When food starts aging, antibodies in the wrap attack pathogens and an X-shaped stamp shows up on the wrap.⁶

What will the new world look like? Are we moving from:

Production-centric thinking	to	Consumption-centric thinking?
"If we produce it, they will buy it"	to	"Find out what they want and produce it"?
Government regulations	to	Self-regulation/certification?
Mass consumption	to	Mass customization?
Disjointed supply chains	to	Deeply integrated supply chains?
Profit-driven business	to	Sustainability-driven business?



Did you know?

Ontario's OnTrace and ATQ (Agri-Tracabilité Québec) signed an agreement in September 2008 to facilitate intraprovincial information exchange. For more information, go to www.ontraceagrifood.com.

regulating the sale of energy drinks to minors.⁷ Consumer watchdog groups monitor regulations and standards in the food industry.

In the U.S., ConsumerLab conducts independent testing of food products in a laboratory environment to substantiate health claims. Consumers and health-care professionals regularly refer to their website. In Canada, groups like KKG Synergize conduct clinical research for companies

Did you know?

The source of the health claim can impact consumer reaction. Most consumers prefer health claims to come from government, rather than industry or private companies.

developing nutraceutical and functional food products, and the Centre for Science in the Public Interest publishes the results of independent testing in their Nutrition Action health letter.

Will you be ready when we reach the tipping point where consumers demand more reliable, consistent information about where and how foods are being produced?

Who's influencing regulatory change?

While world leaders work to create a new global regulatory environment, some groups are already taking action to meet consumer needs. Some large retailers use their influence to set standards and expectations further down the value chain. The Maine lobster industry is seeking certification as a sustainable fishery because Wal-Mart will only source from certified fisheries after 2011. The Stewardship Index for Specialty Crops is a green coalition dedicated to tightening controls and standards around sustainability and health. The coalition includes Wal-Mart, Sysco, the World

Wildlife Fund, the Environmental Defense Fund and others. They're building sustainability into the supply chain for growing, distributing and marketing specialty crops like fruits, nuts, vegetables and horticultural crops. This food industry powerhouse will address such issues as employment practices, pesticide use, greenhouse

Did you know?

The Food Industry Centre at the University of Minnesota has an online diagnostic tool to benchmark best practices in food safety. Do you export to the U.S.? How does your operation rate?

<http://webapps.cfans.umn.edu/TFIC/Main/index.html>

gas emissions and impacts on soil and water. Will you work with your value chains to get ready for tighter standards?

**Making it work –
Flanagan Foodservice**

Food distribution companies don't sell to end use consumers, so why would they watch consumer trends? Ask Dan Flanagan. President of Flanagan Foodservice, he has monitored consumer trends in food markets for 31 years. Dan's customers are school cafeterias, restaurants and long-term care facilities, but that doesn't stop him from looking further up the value chain. He understands that consumer demand drives food sales and works closely with his customers to meet their customers' needs. From addressing food safety concerns by becoming one of the first HACCP (Hazard Analysis Critical Control Point) certified warehouses to demanding traceability from produce suppliers, consumer trends influence Dan's business decisions. He attends conferences and trade shows, scans newsletters from food organizations, actively participates in trade associations and watches for hot topics in the media. For Flanagan, being in the middle of a food value chain means working closely with partners upstream and downstream, and always remembering that the consumer is at the wheel.

www.flanagan.ca



Drivers and trends in food consumption

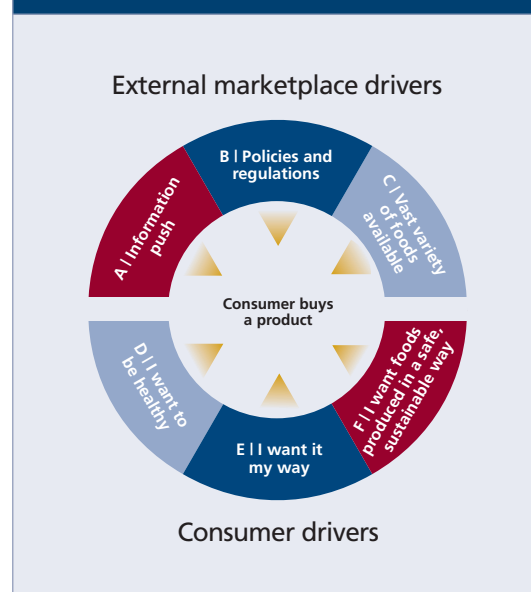


Consumers are influenced by external and internal drivers every time they purchase a food product. As mentioned earlier, income is the biggest driver of food purchases. Price should be a central consideration for all businesses.

In addition to price, consumers make choices based on external drivers like product health claims or advertising. They base decisions on individual needs like taste preferences, dietary habits or health concerns.

As you read about the external marketplace drivers and consumer drivers in Figure 6, think about which ones are relevant to your products and where your opportunities lie.

Figure 6: Drivers impact trends



External marketplace drivers

A. Information push



Consumers are inundated with information about food. Whether reporting on food-borne illness or questioning the world's ability to feed growing populations, the media influences consumers. In schools and other public venues, information campaigns suggest what foods to eat or avoid. How can you help consumers make sense of competing and sometimes contradictory messages?

Helping consumers make sense

Some companies post detailed product information to help consumers learn about their products. Atoka Cranberries from Quebec includes product and quality information sheets for each

Did you know?

Forty-five per cent of processed foods launched in 2008 contained health and nutrition messaging, compared to 31 per cent in 2002.

product on their website, citing facts on everything from expected shelf life to ingredients and data derived from chemical, physical and microbiological analysis of each product. In other

cases, the messages are simple. Food author Michael Pollan coined the expression, "Eat food. Not too much. Mostly plants." Minute Maid's top grossing Simply Orange Juice and Simply Apple Juice are just that, simply juice.

Did you know?

Aramark has introduced its Just4You program for vending, identifying over 150 better-for-you products through their vending and school programs.

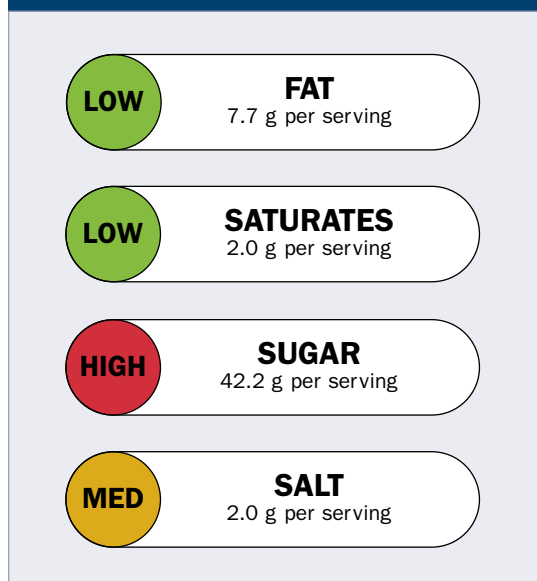
According to Datamonitor, 17.6 per cent of U.S. supermarkets are developing nutritional ranking labels. The NuVal nutritional scoring system in the U.S. makes it easier for consumers to rank a product's nutritional value. The U.K. Food Standards Agency uses signpost labels with green, yellow and red stoplight images. Green indicates low concern while red suggests higher levels of unhealthy ingredients. Researchers at the University of Washington and Yale University are developing new food ranking systems based on nutrient density or overall nutritional quality⁸ (see Figure 7).

Some companies use colour to simplify things. Unilever's "Eat in Colour" Knorr soup campaign features orange, green or yellow soup. Each colour corresponds with specific health claims, offering the simple message that brightly coloured foods are good for you. Parmalat in Italy features a line of products that offer five colours of health. Juices from Japan's Kayome come with a colour wheel to highlight functional benefits. Quebec-based

Did you know?

Beech Nut offers a "No Junk Promise" on some labels, making it easier for consumers to trust that the ingredients are healthy.

Figure 7: A nutritional scoring system



Colarôme Inc. manufactures natural food colorants and flavours from beets and red cabbage for use in nutraceuticals or candy coatings. Smarties brought back its blue candies offering functional benefits by colouring them with blue-green algae.

B. Policies and regulations



Most consumers are unaware of policies and regulations within the food system until a news story highlights gaps or concerns. Recent incidents of food-borne illness have prompted increased public dialogue about safety regulations. Some companies have already tightened up their standards before anticipated regulatory changes come into effect.

To counter problems related to trans fat, Cargill and Dow AgroSciences were producing high omega or trans-fat free, high-stability canola oil decades before legislative changes were made. What could you do to get ahead of the game?

Making it work – Global Egg Solutions

As President of Global Egg Corporation/ EggSolutions, Aaron Kwinter has seen the egg industry weather the ups and downs of high cholesterol concerns and come out on top. As a major player in the egg processing industry, Global has been watching consumer trends for many years. Food safety was a core value for the company long before widespread concerns emerged in the public arena. As Canada's first HACCP-certified egg processing facility, Global was ahead of its time. Aaron believes this gave them a competitive edge in working with industrial and foodservice customers who have come to trust Global's approach to food safety and strong corporate values.

www.eggsolutions.com

C. Vast variety of foods options



Innovations in packaging and advances in food science have created a system where the boundaries appear limitless. Products range from

Making it Work – Woolwich Dairy Inc.

Tony Dutra believes healthy eating has moved from a trend to a way of being. As CEO of Woolwich Dairy Inc., Canada's largest producer of goat cheese products, Tony is growing markets in Canada and the U.S. for his products. Tony uses consumer trends to move goat cheese products from niche markets to mainstream. He reads food magazines, attends North American food shows and travels to the Salon International de l'Agroalimentaire International (SIAL) in Paris. Woolwich's website includes information about its food safety certifications and quality assurance program because Dutra understands consumers want brands they can trust. The company strategy is to make products that taste good, are crisp and clean in appearance, and have high production standards.

www.woolwichdairy.com

new varieties of tomatoes, like Bellas from Demers in Quebec to new tomato products like Gouash tomato spreads by La Tomate, packaged in unique squeeze tubes. According to the Mintel New Products Global Database, nearly 15 times more whole grain products were introduced worldwide in 2007 than in 2000, representing an increase of 1,344 per cent. As you develop new products or rebrand existing ones, how can you stand out in the crowd?



Photo courtesy of Woolwich Dairy

Consumer drivers

D. I want to be healthy



Health is a leading driver in global food markets and a daily topic of debate and dialogue. Many consumers expect more health benefits from food products than ever before. Food allergies are common and obesity and cardiovascular disease widespread. Over the past decade, the number of overweight people in the world has often been equal to the number of undernourished people. It is predicted that by 2030, there will be 80 million people in India with type 2 diabetes. Many consumers are looking for a magic answer that will ensure good health.

Did you know?

New York City, California and Philadelphia have passed regulations that require calories to be listed on the menus of certain restaurant chains. Their goal is to raise awareness and combat obesity.

Two-thirds of respondents in a 2007 ACNielsen study felt that the pressure to look good is much greater today than it was for their parents' generation. The same study showed that globally, 1.6 billion adults are overweight and 400 million are obese.⁹ Health-care systems are stretched to the limit. The World Health Organization (WHO) links obesity to high blood pressure and type 2 diabetes and says that 80 per cent of premature deaths can be prevented by factors like a healthy

Did you know?

Since 2000, the health food industry worldwide has increased by over \$US 50 billion.

diet. WHO predicts that 700 million adults will be obese by 2015.¹⁰

Related trends we're watching:

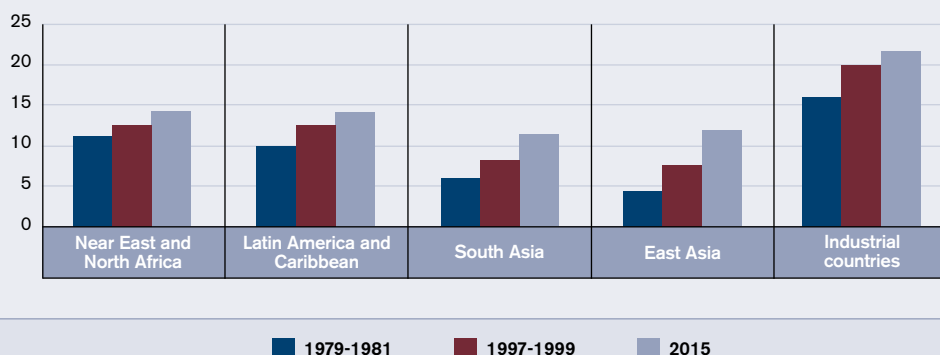
Healthy oils

Knowledge about the health benefits of oil is growing and it looks like your grandmother's daily dose of cod liver oil made sense. At the same time that trans-fat bans are growing, overall world consumption of oils is rising.

In Canada, the export value of fats and oils increased 52 per cent in 2007.¹¹ Current trends are showing a demand for healthy oils that include essential fatty acids (EFAs).

Researchers are experimenting with healthy replacements for commonly used oils. Canada's canola and soybean industries are developing oils to meet specifications of Consumer Packaged Goods food processors and restaurants in Canada. Researchers in South Korea and the U.S. have found a way to use functional ingredients extracted from oats to replace some of the fats traditionally used in baked goods. Interest in hemp products is growing, partly due to their high gamma-linolenic acid content.

Figure 8: Per capita consumption of vegetable oils



Source: Food and Agriculture Organization of the United Nations

Essential fatty acids (EFAs) are fatty acids (linolenic, linoleic and oleic) that are necessary for human nutrition and can only be obtained through diet to support immune, cardiovascular, reproductive and nervous system function. The body can manufacture omega-9 from oleic acid on its own if the other two EFAs are present (omega-3 from alpha-linolenic acid and omega-6 from linoleic acid). Chicken, flax, fish oil and many other foods are rich in EFAs.



Making it Work – Manitoba Harvest Hemp

Mike Fata no longer weighs 300 pounds. He credits hemp products for his successful lifestyle change and weight loss. His story is a cornerstone of his marketing campaign for Manitoba Harvest Hemp. When asked how they monitor consumer trends, Mike replied, "We helped create some of them!" As Harvest Hemp has grown, Mike has continued to personally promote the health benefits of hemp at trade shows, consumer events and in-store demonstrations. Mike learns what consumers want by being on the street with them. Harvest Hemp has many customer testimonials on their website and is active on YouTube and MySpace. They send a monthly newsletter to over 5,000 readers and will soon be launching a customer blog. For Harvest Hemp, engaging and educating consumers is the key to success.

www.manitobaharvest.com

Organics, whole foods and superfoods

The trend toward purchasing food reduced in sugar, salt, fat or other ingredients has been strong in recent years. Whole foods and superfoods are a more recent trend, evidenced by the popularity of the Whole Foods Market chain. Whole foods have little or no processing. Foods like broccoli, almonds and oatmeal are often considered superfoods as they provide multiple health

benefits. It's estimated that whole grain food sales in the U.S. will reach \$7.5 billion by 2009.¹²

There is debate about the future of organics. Some analysts don't foresee a rapid rise in organics because of end-user price sensitivity. Others indicate growth. A Canadian Grocer publication showed 28 per cent growth in certified organic foods from 2005 to 2006 and many large retailers are including organic product lines.

Making it Work – ShaSha Bakeries

As business owner, ShaSha does more than make bread and cookies for customers. He engages them. Customers are involved in product testing, educational seminars and can access nutritional information on the company's website. Formerly a chef consultant for a luxury hotel chain, ShaSha quit to develop a business selling products baked without yeast, made with a sourdough leavening agent from Egypt. ShaSha believes that some consumers have been awakened by personal health circumstances. He credits the growth of his business to a strong following of customers, many with health concerns, food allergies or an enlightened view of nutrition. He knows that customers also like his baking because the products taste good.

www.shashabread.com



Photo courtesy of Manitoba Harvest

Functional foods and nutraceuticals

A trip to the grocery store will reveal that functional foods and nutraceuticals are becoming mainstream. Recent Canadian consumer research shows that there is more awareness of functional foods and nutraceuticals, and increased appreciation of the health benefits related to their ingredients. Over 75 per cent of the U.S. population believes they are deficient in some nutrient.¹³ Functional foods and nutraceuticals offer natural and convenient ways to provide nutrition.

Health Canada and Agriculture and Agri-Food Canada developed the following definitions.

“Functional foods are similar in appearance to, or are conventional foods demonstrated to have physiological benefits and/or reduce the risk of chronic disease beyond basic nutritional functions. Functional foods may be developed by adding active ingredients to basic food products (e.g. muffins with beta-glucan, foods with added soluble fibre) or by using special production techniques such as plant breeding, genetic modification and specialized feeding regimes (e.g. tomatoes with enhanced lycopene levels, omega-3 eggs).

Nutraceuticals are products purified from foods that are generally sold in medicinal forms, such as powders, tablets or capsules, demonstrated to have physiological benefits or to provide protection against chronic disease. Nutraceuticals can be derived from plants (e.g. antioxidants, echinacea, fenugreek), from animals and microorganisms (e.g. elk velvet, essential fatty acids, enzymes, etc.) and from marine sources (e.g. glucosamine, chitosan, fish oils).”

Functional foods have been popular in Japan, the EU, the U.S. and China for several years. One study showed that 66 per cent of U.S. consumers used functional foods in 2008 and that educated female baby boomers were the biggest users.¹⁴ Many food processors are adding functional ingredients to products like bread, milk, yogurt and cheese. Most of the 2,000 members of the University of Guelph



Consumer Food Panel prefer healthy foods to come in a product form they are already eating. Canadian producers grow crops like borage, evening primrose, hemp and blueberries for use as nutraceutical ingredients. What could you produce or process to enter this market?

Consumers use nutraceuticals, often in pill or powder form, to customize their diets and meet their health needs. Some examples of nutraceuticals are beta carotene (derived from carrots for cellular antioxidation), flavonols from

Did you know?

About 20 per cent of Japanese consumers over the age of 65 regularly purchase functional foods. Foods with approved health claims in Japan are considered FOSHU (foods for specific health use). Are you ready to enter the FOSHU market?

onions (to neutralize free radicals), and lycopene from tomatoes (for prostate health). As our understanding of personal genomic coding increases and the demand for customized diets grows, is there an opportunity for your products in the nutraceuticals industry?

Intestinal bacteria live in our digestive systems. Probiotics are friendly bacteria found in fermented foods like sauerkraut and yogurt. Prebiotics are non-digestible foods that pass through our digestive systems and help the friendly bacteria to grow and flourish.



Canadian researchers are developing new food products. Some, like the University of Guelph, are developing omega-enriched milk. Others are finding new ways to optimize nutrition from whole grains.

Barley, rarely used as a food ingredient in North America, is being processed into flour for use in baked goods, pasta, snack foods, nutrition bars and noodles. The Canadian International Grains Institute and the Food Processing Development

Did you know?

Attribute-rich foods can be consumed directly by humans for enhanced health benefits and fed to animals to produce enriched products for humans. A diet fortified in flax can be fed to poultry to produce omega-3 enriched eggs. The Canola Council of Canada says feeding canola meal to dairy cows will increase milk production by one litre per day in comparison to soybean or cottonseed meal.

Centre in Leduc, Alta., are developing barley flour with enhanced nutritional properties and testing it with various food products. Whole grain barley flour is rich in beta-glucans, known to reduce serum cholesterol and the risk of heart disease. In December 2005, the United States Department of

Agriculture (USDA) approved a health claim that barley may reduce the risk of coronary heart disease.

To help consumers reach Health Canada and USDA-recommended pulse consumption levels, Canadian researchers are incorporating pulses into common food products like muffins, breads, pasta, cookies and noodles. They're also

Making it Work – Bioriginal Food & Science Corp.

In 2000, after developing an innovative line of flax-based products for functional food applications, Bioriginal opened offices in the Netherlands and China, and an oilseed processing facility in northern China.

More recently, the company worked with Agriculture and Agri-Food Canada to develop a new patented process for manufacturing conjugated linoleic acid (an essential fatty acid) and was one of the first Canadian companies to receive a site licence from the Natural Health Products Directorate. Bioriginal took innovation from the laboratory to the board room.

www.bioriginal.com

developing functionally enhanced flour from prairie grains for use in bakery products.

Wheat, buckwheat, pulses, barley and flax offer specific health benefits. Barilla from Italy sells whole grain pasta made from a blend of flours that includes wheat, lentils, chickpeas, spelt and others. What else do Canadian producers grow that could be a new functional ingredient for healthier foods?

Probiotics and prebiotics

Many products are enriched with the functional benefits of probiotics. BioGaia sells gum and lozenges with probiotics. Nestlé's Boost Kid Essentials boxed dairy drink includes the bacteria in the straw. Could your food products be enriched with probiotics or prebiotics? What could the next trend in additives or functional ingredients be?



Photo courtesy of Canadian International Grains Institute

E. I want it my way!



Some consumers want their purchases to define them. Others want their products to offer an experience. This trend is growing and many products and services are already being tailored to meet the global demand for customization.

Related trends we're watching

Ethnic foods

Growing racial and ethnic diversity throughout Canada, the U.S. and the EU offer opportunities to provide niche products. Ethnic food markets are growing in cities (see Figure 9). The George Morris Centre forecasts that by 2017, more than half of the Greater Toronto population will be non-European in origin. Their study of the Canadian pork industry suggests that the ethnic Chinese market is currently worth \$47 million and that Mandarin and Cantonese consumers want a different sensory experience in taste, texture, tenderness and colour than other Canadian consumers.¹⁵ How could you change your current food products to meet the unique needs of ethnic market segments in North America or overseas?

Halal food

Halal refers to foods that are permissible under Islam based on the content and process.

Guidelines to produce Halal foods are extensive and can be applied to meat, seafood, dairy, grains, oilseeds, fruits, vegetables, beverages, nutrient supplements and pharmaceuticals. There are 1.5 billion Muslims in the world, with between nine and 10 million Halal consumers in the U.S. and over 800,000 in Canada. It is projected that by 2011, there will be more than one million Halal consumers in Canada and that 10 per cent of the population of Metro Toronto will be Halal consumers.

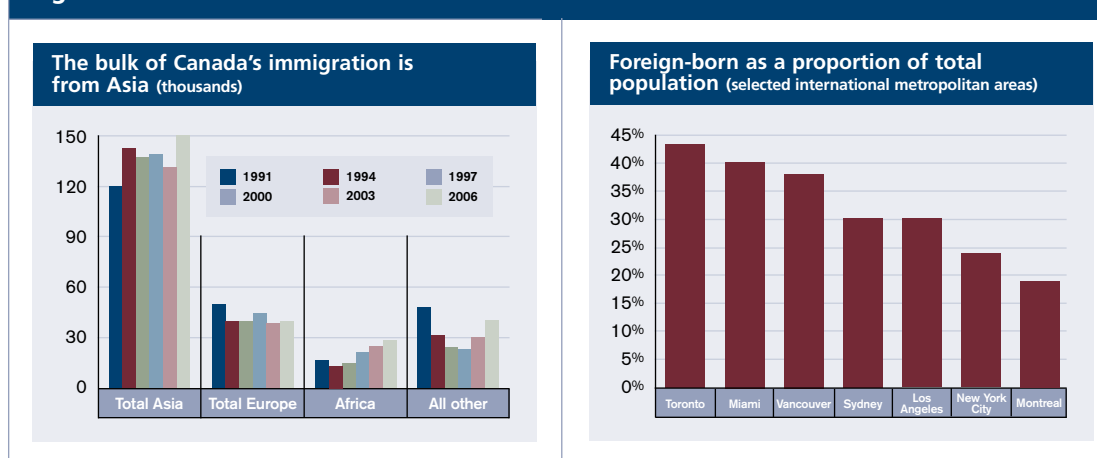
Kosher food

Kosher certification is becoming common at many stages of food value systems. Kosher foods meet specific, detailed Jewish dietary laws. Producing kosher foods or labelling them more clearly is a growing trend in North America and other developed countries. A broad perception that kosher foods are safer has contributed to recent growth, with as many as two-thirds of kosher products in the U.S. purchased by non-Jewish consumers. Many Canadian producers, large and small, include kosher certification on their labels, websites and other promotional material.

Food allergies

Consumer awareness and concern about food allergies and sensitivities is growing. The impact of food allergies is widespread, from consumers

Figure 9: North American Markets for ethnic foods



Sources: Statistics Canada

Did you know?

Pomegranate is a kosher supermarket in New York similar to the Whole Foods Market gourmet mega-store model. Their motto, “Even better,” reflects their highly regulated processing standards. Rabbis supervise kosher standards in three kitchens – one for dairy, another for meat and a third for parve (fish, vegetables, fruit and grains).

seeking customized foods to schools becoming peanut-free. The United States Department of Agriculture’s National Peanut Genomics initiative is using plant genomics research to mitigate peanut allergies in consumers.

I want foods I can afford

Income is the biggest driver of consumer purchases. Some consumers are willing to pay a premium for foods that meet their individual needs or preferences. For others, price is the key factor in making a purchase. Other factors come next. What else do you need to understand about your customers’ price sensitivity?

What will the future bring?

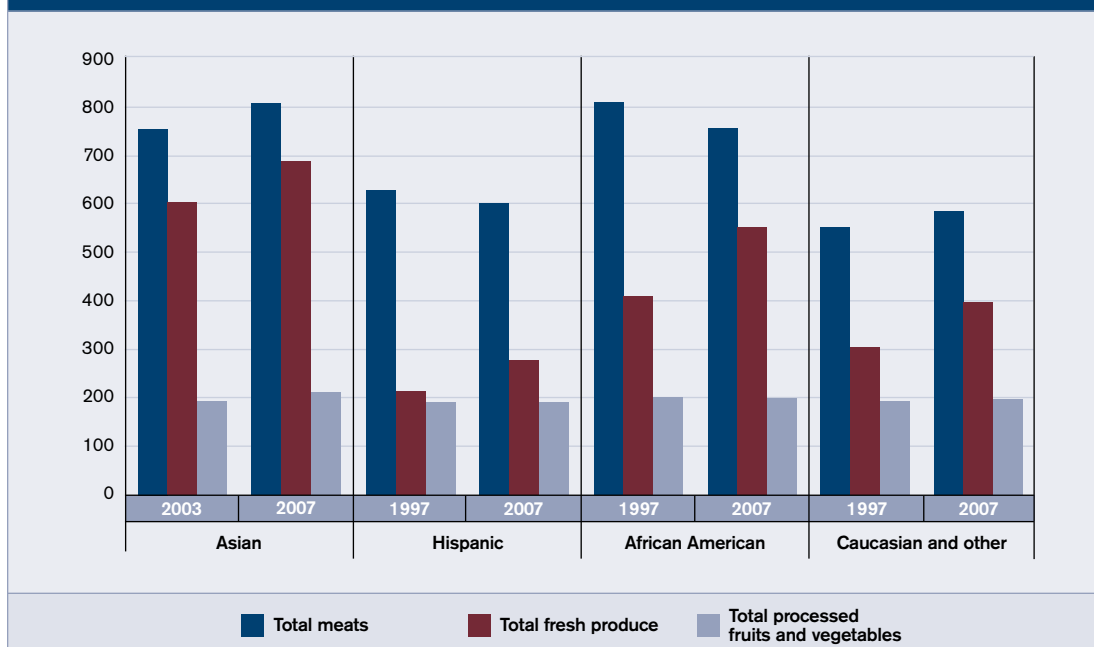
Mass customization

Through their Clubcard program, global retailer Tesco offers millions of product lines, each one slightly different. By tracking purchases and using the data to influence product design, Tesco combines mass production with the demand for customization, allowing them to mass customize products.

Genomic coding

Nutrigenomics studies how genetic variation determines each body’s requirements for, and response to nutrients. After 10 years of work, in 2000, the Human Genome Project completed its first draft of research, which allows scientists to use DNA profiles to tailor individual diets. California-based Pacific BioSciences claims that they can sequence a person’s entire genome in half an hour at a cost of less than \$1,000. Personalized nutrition based on genotype could be the future of food.¹⁶ If so, existing food systems will require massive re-engineering. What could you do to get ready for this change?

Figure 10: Ethnic-based consumption patterns in the U.S. (kg per capita)



Source: Statistics Canada

F. I want foods produced in safe, sustainable ways



Some consumers are demanding more sustainable, greener solutions from their food products and systems. Most want to trust that foods are safe to eat. As the world searches for sustainable solutions and builds more secure food systems, what opportunities can you create for your business?

Related trends we're watching

Food safety

The globalization of food supply has pushed the limits of safety systems. No system is perfect. Food safety is needed at all stages, including food

Did you know?

Canadian Partnership for Consumer Food Safety Education has launched a new website to raise awareness about food safety practices at home.

www.befoodsafe.ca

preparation at home. Technologies to address food safety concerns like canning, freezing, pasteurization and vacuum-packaging have become commonplace. Technologies such as food

irradiation and genetic modification can challenge consumer confidence. Increasing calls for greater food safety are prompting further research and innovation.

Traceability

Not in retail? Wondering how consumer trends apply to businesses that don't sell directly to end use consumers? Here's some food for thought. As food systems become more traceable, all players in value chains will experience increased scrutiny regarding issues of food safety, sustainability and other consumer trends. Canada's federal agency CanTrace advocates food supply chains that can trace one step forward and one step back. What will you do to get ready?

Sustainability

The food industry can make it easier for consumers to feel good about the effect that their purchases have on the environment. The U.K. uses food miles as one measure of the overall environmental "food print" of agriculture and agri-food. Japan's Sapporo Breweries is the first beer company to advertise its carbon footprint on cans. Environmental, humane, natural and organic trends in the EU are often ahead of the rest of the world. When your value chains start calculating CO₂ emissions, will you be ready? What can we learn from food systems overseas?

Who are the early adopters or trend setters?

Dole Organics is an industry leader in traceability. The Planet Dole program allows consumers to log onto their website and, using the code from the label of a Dole product, they can enjoy a virtual visit to the farm where that piece of fruit was grown.

The Carbon Trust program in the U.K. measures carbon used in creating products and lists it on their labels. Juice manufacturer Odwalla contributes to farmland conservation and keeps 99 per cent of its fruit and vegetable waste out of the landfill. Ice cream maker Haagen-Dazs recently began a honey bee conservation program.¹⁷







The response of Maple Leaf Foods to the 2008 listeria outbreak is seen as a model for corporate trust, transparency and accountability by the publication Food Safety & Quality and others. Maple Leaf developed a values-based code of behaviour to guide quick decisions based on two corporate values – do what’s right, and dare to be transparent.

Making it Work – Sunworks Farm

In 1995, Ron and Sheila Hamilton started growing organic chickens for their own use. Faced with various health concerns, from allergies to celiac, the choice was personal. Sunworks Farms is now the largest organic chicken producer in Alberta, raising over 100,000 broilers per year. Their operation is expanding to keep up with demand. According to Sheila, they have grown 20 to 30 per cent per year without doing anything different. Today, Sunworks Farm sells organic, free range chicken, turkey, duck, geese, pork, beef and eggs to consumers at Edmonton and Calgary’s farm markets or directly from their farm. While Sunworks has grown, it hasn’t lost sight of its roots. Sheila talks to customers regularly to find out what they want and speaks to groups about her family’s journey back to health. She hears from customers who want clean, quality food and who like to know where it comes from. She invites them to Family Farm Day to share a meal every Labour Day. Guests bring condiments and Sunworks provides the meat.

www.sunworksfarm.com

Final thoughts

Modern food systems have come a long way. Innovations in logistics and food handling systems have improved our ability to move fresh goods around the world. Scientific advances have increased crop yields. Our growing understanding of human health and the nutritional properties of foods is furthering the development of functional foods and ingredients. Consumers in developed and developing countries expect food to be plentiful and nutritious. Recent developments in packaging and nutrigenomics provide hints about what the future of food will look like. How can you be ready to meet their needs in the new era of food consumption?

Monitoring long-term consumer trends and understanding what consumers want can help you distinguish trends with real value from passing fads. While you understand what your customers want today, what about your future customers? Whether they’re looking for a quick, convenient meal or want sustainably produced foods, understanding what matters to consumers can help you meet their needs. Sustainability and health will drive consumer purchases. What else is on the horizon?

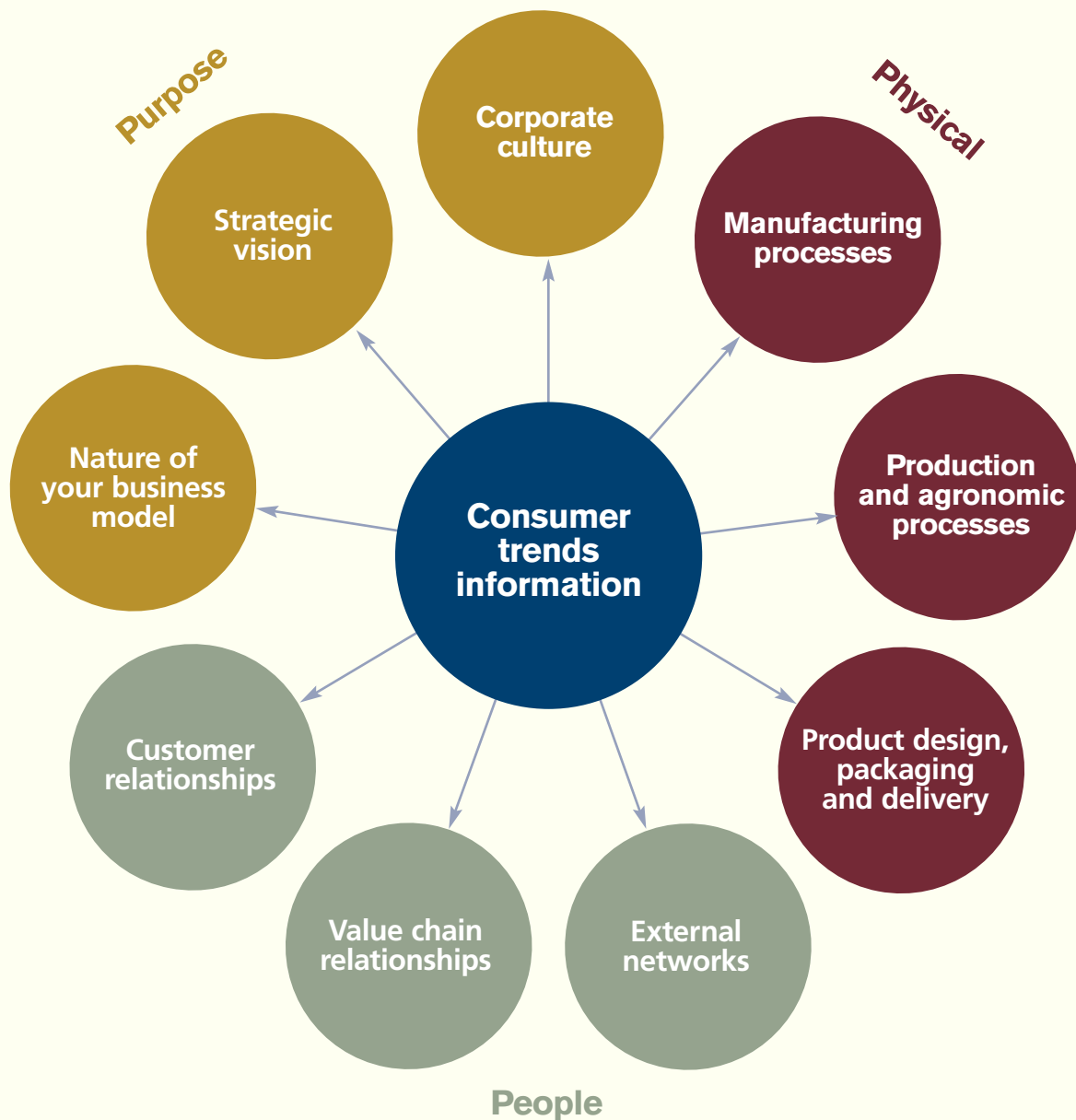
To be sustainable, businesses will find ways to meet the needs of consumers and the environment while remaining profitable. Understanding what the consumer wants is a good place to start. The future of your business and Canadian agriculture lies in finding the right mix between the needs of people and the planet.

A man in a brown shirt is shown in profile, looking out over a vast rural landscape at sunset. The sky is a deep blue, transitioning to a warm orange and yellow glow on the horizon. The landscape below features rolling green hills, a winding road, and a small cluster of buildings, including a white house and a blue barn. The overall mood is contemplative and serene.

Knowledge Insider

Tips, tools and strategies | **Consumer trends**

How will consumer trend information influence your business?



Anticipating impacts today can help you prepare for tomorrow.

Where do I start?

If you watch the news, go online, attend trade shows and read industry publications, you already have a good start. You know your products and your business. What do you need to know about consumers and trends that's relevant to your future success?

The sheer number of people allows for a wide variety of niche markets and trends to develop. You can start to shape the future of your business by asking yourself these questions:

- Which consumer trends could result in new products and markets? How could I anticipate trends before they become widespread?
- Where are the markets for my products? Are they niche markets or mass markets? Are they domestic, overseas or both? Should I look at something new?
- Who can I work with to influence the strategic direction of my industry? How could I improve communication within food value chains? How could I use consumer trend knowledge through all steps of the value chain?
- Do my products offer solutions for customers by making it easier for them to reduce their impact on the environment or address health challenges? Could I simplify their lives by providing clear, concise product information?

- Will my current business model or way of thinking need to change, and how?
- Where do consumers want to find my products and how do they want to access them? What new delivery channels or formats could I develop?
- How do I meet consumer needs during volatile economic times?
- What new research can help me with new products, packaging, food safety or formulation?
- What do I need to understand about the changing regulatory environment and how it impacts my future business opportunities?
- What's my company vision? Do we need to change to get ready for a new world of sustainable consumption?
- What's the role of consumers in my business and have I integrated their role into my vision?

Enhance your corporate competencies through learning

- www.fcc-fac.ca/en/LearningCentre/workshops_e.asp#vision-and-goal-setting
- www.gftc.ca/index-e.cfm
- www.farmcentre.com

Notes

Trend watching 101

Watch for new concepts and emerging fads. Some may get traction and catch on. Monitor consumer behaviours and media over time to see what patterns emerge. What are “foodies” eating? What are youth doing? Today’s fringe behaviours may be tomorrow’s lifestyle. There are many ways to monitor trends. What mix is best for your business?

Trend analysis

Some companies monitor emerging trends and offer information on a website. Some create original content including forecasts and predictions of future trends. Customized data can be purchased and some research is free.

Neilsen Buzz-Metrics, a Cincinnati firm, says they have figured out how to gain access and track trends based on blog content and online dialogues between millions of people. The firm’s search engine uses a process called Floodgate to group messages according to general themes by tracking key words and phrases. Then they sort demographically and track emerging trends in consumer opinion.¹⁸ For food trends, check out just-food.com or agencies like Datamonitor and Euromonitor.

Clinical research on consumer preferences

Researchers worldwide test consumer responses to new food and beverage products in controlled laboratory settings.

At Nestlé’s research centre in Switzerland, consumers test products for taste, texture and aroma. At the Restaurant of the Future, a \$4.5-million facility in the Netherlands, cameras record facial expressions, gestures and even the weight of their diners.¹⁹ In Manitoba, the Canadian International Grains Institute and the Richardson Centre for Functional Foods and Nutraceuticals conduct on-site product development and testing. What resources are available in your province or region?

Consumer surveys and research

Data from consumer surveys can tell you what they believe or think, but it doesn’t show how they behave. Academic researchers study many topics related to food and consumers, and many academic programs post academic studies and findings on their websites.

Collecting consumer purchase data

Customer loyalty programs are one way that data is collected from consumer purchases. Some retailers will share this data with members of their value chains to help get the right products on shelves. Tesco, Britain’s largest supermarket chain, is a world leader in data collection, tracking consumer purchases through their Clubcard customer loyalty program. The Home Grown Cereals Authority in Britain co-funds a program using Tesco’s Clubcard consumer purchase database to help the grains sector understand market trends.²⁰

Engaging customers

Many companies, large and small, involve customers in their business to help increase their engagement and loyalty. You could engage your customers more through product demonstrations, crowd-sourcing, blogs, customer-to-customer forums, new product development or invite them to your farm or facility to experience agri-tourism and entertainment activities.

Gathering competitive intelligence

Watch what your competitors are doing on their websites, at trade shows, through media coverage or even by collaborating with them. Look beyond the food industry. Lands’ End allows customers to create a virtual model based on their personal measurements and then cuts clothes to fit perfectly. Adidas will customize shoes to each customer’s feet.

Thinking of developing new products?

One way to connect your business with changing consumer needs is to develop new products or redesign existing ones. You may also find opportunities to rebrand existing products or use new packaging technologies. Start by exploring consumer trends and drivers as a way to generate ideas for innovative product development.

New product I'm considering: _____

What opportunities does this product present for my business?

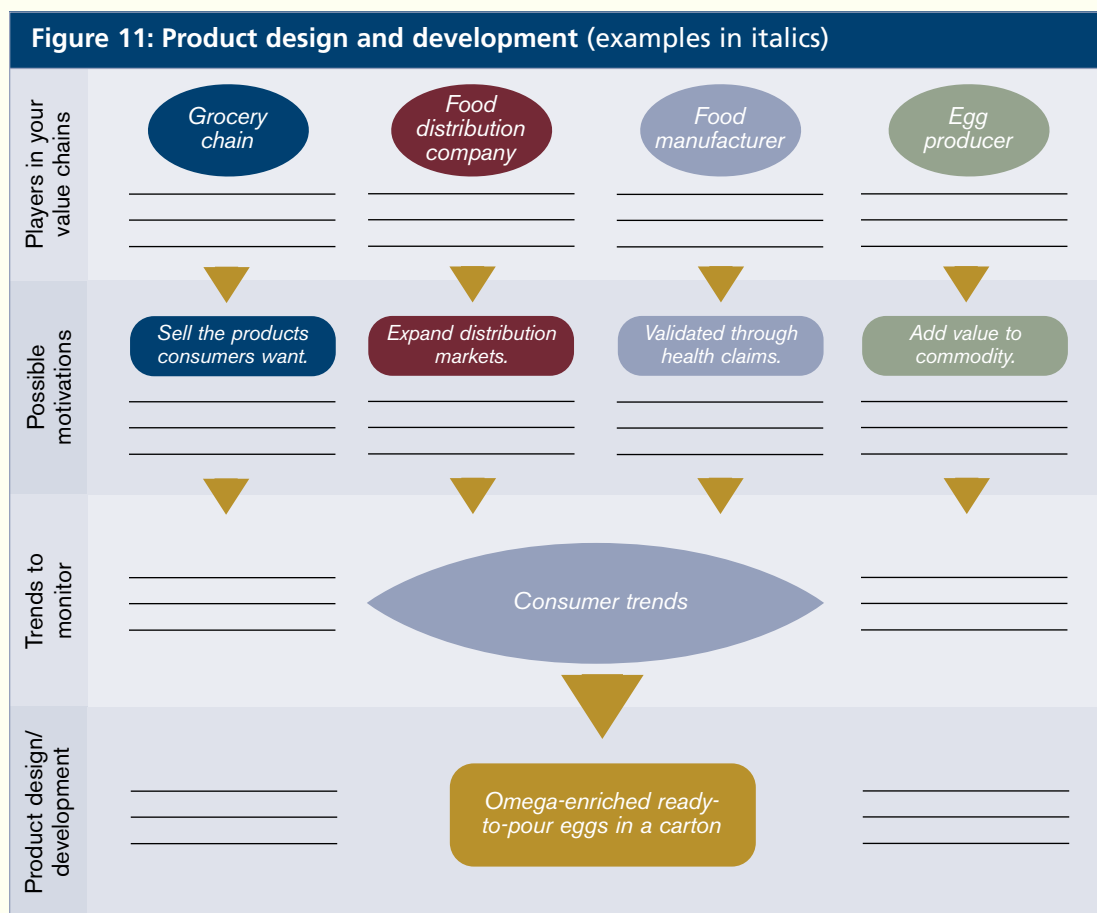
- Increase market share in existing markets?

- Develop new markets or niche markets?
- Replace or enhance current product lines?

Are your value chains ready?

Does your value chain work collaboratively to meet changing consumer demands? What could you do differently? How could you help your partners understand their role in meeting consumers' needs?

What motivates your value chain partners? How can you use this understanding to help your value chains get ready for changing consumer food habits?



What about your business culture?

What's the culture of your business? The world is increasingly transparent, and consumers care about corporate values and expect accountability. Is it time for a tune-up? Here are a few questions to get you started.

1. Is my business transparent?

Why not share your corporate and product information with consumers? It could help you increase customer confidence and appeal to younger generations who have been raised to expect openness and transparency.

2. Do you build consumer confidence through trust?

Consumers want to trust that foods have been prepared with their best interests in mind. What do you look for in trusting relationships and how can you build trust with your customers?

3. Do you have a culture of accountability?

Are you fully accountable for your products and decisions and how they impact customers? Will you be responsible when things go right, and when they go wrong? All FCC employees have received training and coaching in being accountable. To find out more, go to (www.fcc-fac.ca/en/AboutUs/Profile/culturalpractices_e.asp.)

4. Is your approach to sustainability genuine?

Consumers are smart. Those who value sustainability are looking for genuine efforts to reduce environmental impact. How green is your business? Are you communicating your stewardship to consumers?

5. Do you offer and deliver quality?

Consumers increasingly demand quality. They look for certifications that ensure processes are consistent and meet or exceed expected standards. If you're making quality products, let consumers know.

6. Do you use knowledge to influence strategic decision-making?

Knowledge is a key way to advance Canadian agriculture and agribusiness. In a complex world, knowledge can guide informed decision-making based on facts, long-term trends and food science. How do you use knowledge? What are your knowledge gaps?

7. Can you rethink your company in relation to future consumers?

How do customers see you? Are consumers driving the direction of your future product and market development?

8. Are values your value-add?

Do your corporate values mirror those of your customers? Some stores, like Whole Foods Market, have made it easier for customers to shop based on their values. Many of their customers don't read labels because they trust that the values of the corporation match their own and that Whole Foods's sourcing and value chains are sustainable.

Are you looking to improve trust in your organization? The Conference Board of Canada publication "The Trust Imperative: Taking Governance to the Next Level" is written for directors and managers who want to improve their corporate trust with stakeholders including the public, investors, employees, customers and suppliers. It looks at how trust impacts operations and long-term prosperity, at the factors that help determine how different stakeholder groups evaluate an organization's trustworthiness, and the kinds of questions directors should be asking to oversee and assess stakeholder trust. According to Michael Bassett of the Conference Board of Canada, "In a world of ever-increasing complexity, trust is proving to be a key competitive advantage for firms."

Blue-sky thinking

Innovative ideas can come from many sources. They may be a surprise that comes from an unexpected combination of ingredients or thoughts. They may come from new employees who see things with fresh eyes. Or they could come from dedicating time to brainstorming or blue-sky thinking. Carve out some time for your company. Read through publications and start thinking differently about your products, markets and customers. Then let the ideas flow.

What if?

Population growth in India and Africa presents opportunities for increased tonnage or new markets for my commodity-based bulk products or value-added packaged foods.

What I know: _____

What I need to find out: _____

Where to look: _____

What if?

Rising incomes in emerging economies create demand for different goods that my company could produce for new markets.

What I know: _____

What I need to find out: _____

Where to look: _____

What if?

Adding functional ingredients to my company's existing products would open up new markets or boost existing sales in Canada and the U.S.?

What I know: _____

What I need to find out: _____

Where to look: _____

Consider food waste

Researchers at the University of Arizona have shown that 40 per cent of all food produced in the U.S. isn't eaten. Wasting food contributes to higher costs and less productivity and profit and can negatively impact the environment.

How can innovative thinking help turn this story into an opportunity? To start, you could reduce food waste within your operation. Then you could collaborate within your value chain to reduce food waste from farm to fork. Both steps may decrease food waste and increase profits.

Now, think about consumers and what drives them. Many consumers want to minimize their impact on the environment. They want fresh, tasty and affordable food. Many want to feel included and unique through their purchases. How could this knowledge help reduce food waste?

Here's a possible solution. Your value chain could convert food waste or other biomass into biohydrogen as an energy source, or compost it into fertilizer.²¹ You could develop innovative packaging that reminds consumers to eat foods before they expire, reducing household food waste. Product labels and advertising could promote your food waste initiative. You could encourage consumers to buy bulk by offering lower prices and pass along your savings from reducing waste.

This is just one example of how you could use your knowledge of the changing landscape and role of consumers to create a sustainable future. Excessive food waste is one of many signs that our current state isn't sustainable. Innovators like you will find ways to turn bad news stories into opportunities, maintaining or even growing profit margins. How can you turn problems into profit?

Knowledge Insider tools

What you'll find	Web address
Learn about economic or market conditions	
The World Bank provides national and international data, research and analysis of global trends.	http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/0,,menuPK:476823~pagePK:64165236~piPK:64165141~theSitePK:469372,00.html
The Conference Board of Canada	www2.conferenceboard.ca/web/linx/
Visit agriculture and Agri-Food Canada's Canadian Consumers page about food and beverage consumption.	www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1170860293780&lang=eng
North America Agriculture Statistics Fact Sheet	http://webpage.siap.gob.mx/menubarbol/english/FactSheet-Englishfinal.pdf
Food and Agriculture Organization, United Nations	www.fao.org
United States Department of Agriculture's National Agriculture Statistics Service	www.nass.usda.gov
Listen to podcasts about innovation and consumer preferences.	www.foodcom.com/trends-insights/mattson-innovation-radio
The George Morris Centre	www.georgemorris.org/GMC/Home.aspx
Be informed about food safety	
The American Council on Science and Health food safety information	www.acsh.org/healthissues/categoryID.6/category_detail.asp
Agriculture and Agri-Food Canada – sector-specific economic and market information	www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1177676316971&lang=eng
Monitor health trends	
Alberta Agriculture and Rural Development Report on Obesity and Food Consumption	www1.agric.gov.ab.ca/\$department/deptdocs.nsf/all/sis8438
The European Food Information Council	www.eufic.org/index/en/
Independent firms provide trends reports.	www.trendwatching.com/trendreport/
Agencies monitor the business environment.	www.frost.com/prod/servlet/svcg.pag/CMFB
Subscribe to online publications and reports	
Register for a free subscription about trends.	www.just-food.com/register/index.aspx?lk=faq
The Datamonitor Group and Euromonitor International offer business information and market intelligence.	www.datamonitor.com www.euromonitor.com
Find learning opportunities or network with others	
Canadian Farm Business Management Council's	www.farmcentre.com
Functional foods and nutraceuticals network.	www.nutrinetcanada-nnc.ca
MaRS Landing links agriculture, food and health.	www.marslanding.ca

What you'll find	Web address
Industry-related research	
Prince Edward Island Food Technology Centre	www.gov.pe.ca/ftc
Guelph Food Technology Centre	www.gftc.ca
University of Manitoba's Richardson Centre for Functional Foods and Nutraceuticals	http://umanitoba.ca/research/rcffn
Government of Alberta's Food Science and Technology Centre	www1.agric.gov.ab.ca/\$department/deptdocs.nsf/all/fst5129
Pacific Agri-Food Research Centre, British Columbia	www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1180620561099&lang=eng
Cintech Agroalimentaire	www.cintech-aa.qc.ca
Agriculture and Agri-Food Canada has 19 research centres across Canada	www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1166204468590
Regulations & Policies	
Canadian Food Inspection Agency	www.inspection.gc.ca/english/toce.shtml
Funding for food companies in Ontario	www.omafr.gov.on.ca/english/food/industry/funding-prog-index.htm

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