



Overview of the Retail Grocery Market in the Pacific Southwest States



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EXECUTIVE SUMMARY

This report is intended to provide Canadian exporters with an overview of the retail grocery market in the Pacific Southwest region of the United States, which comprises the states of California, Arizona, Nevada, Utah and Hawaii. The information contained in this report was drawn from secondary sources and from the experience and knowledge of the Canadian diplomatic staff.

This region is one of North America's most prominent markets because of its size, wealth, and its trend-setting consumer base. Food consumption in the region is largely affected by the aging of the Baby Boom generation, the time pressures of dual-income households, and growing demands for healthy, convenient products.

With an overall market size of more than US\$46 billion (15% of the US total), this is one of the most affluent, diverse and prosperous markets in the world. The Pacific Southwest is close in proximity to Canada. This puts Canada in an excellent position to take advantage of the opportunities that a market of this magnitude has to offer. It is important to note that this is also one of the most competitive markets in the world, which demands well-defined and concise business strategies on the part of Canadian exporters.

QUICK FACTS

- The combined regional GDP of US\$46 billion is comparable to the GDP of countries like the Ukraine and France.
- There are roughly 46 million people living in the US Pacific Southwest, of which about 76% reside in California.
- The Southwest region's chain stores account for 70.1% of the region's stores and 87.9% of annual grocery sales. The national average for the United States is 65.6% chain stores accounting for 84.8% of annual grocery sales.
- Hypermarkets and Supercenters have begun to offer on-site banking, pharmacy services, automobile gas pumps and even drive-through pick up windows for made-to-order food.
- 25.3% of Arizona's population considers themselves Hispanic or Latino. This is twice the national average.
- Approximately 12.5% of the US population lives in California.
- Asian people make up 58% of the population of Hawaii.
- Nevada has an economy of approximately \$117 billion.
- Utah has the most persons per household at 3.1, compared to the national average of 2.6.

MARKET OVERVIEW

The Pacific Southwest region accounts for roughly 16% of the US population and over 15% of total supermarket sales. The combined regional GDP of US\$46 billion is comparable to the GDP of countries like the Ukraine and Morocco.

This region has experienced strong growth in terms of population, employment and disposable income. Trade agreements like the North American Free Trade Agreement (NAFTA) are helping industry in this region to prosper. The retail grocery market is vast, dynamic and extremely competitive. It offers opportunities for niche products that meet consumer demands for convenience, variety and price. A niche opportunity of this size could be compared to a popular trend in Canada.

Given the assortment of states in the Pacific Southwest, it is useful to further divide this region into three categories. First, California is the largest single economy in the US and is one of the most lucrative and competitive markets in the world. Second, Arizona, Nevada and Utah are relatively small markets, but they lead the nation in economic growth driven mainly by the entertainment and leisure industries. Finally, Hawaii is an isolated, saturated market that, despite modest economic growth, only presents opportunities in selected niche markets.

The United States as a Market

The United States represents Canada's largest export market. In 2004, Canada exported over CDN\$326.7 billion worth of goods and services to the United States and imported over CDN\$203.55 billion in return leading to a positive Canadian balance of trade of roughly CDN\$123.15 billion.

Canada exported over CDN\$15.5 billion in agricultural food goods to the United States in 2004. These exports were led by meat and edible meat offal, preparations of grains, pasta, live animals, beverages, spirits and vinegar, as well as edible vegetables.

The grocery store sector in this market is currently undergoing some changes due to the rising ages of consumers, changes in technology, health concerns and a number of other factors.

The Pacific Southwest

This region constitutes one of North America's most prominent markets because of its size, wealth, and its trend-setting consumer base. Food consumption in the region is largely affected by the aging of the Baby Boom generation, the time pressures of dual-income households, and growing demands for healthy, convenient products.

There has been significant population growth in the Pacific Southwest. Part of the reason for this growth is the US government's provision of land for resource development. The US government allows for activities such as oil and gas drilling and gives out grazing permits for livestock. Local and state governments also offer incentives such as low taxes, cheap utilities, and inexpensive land as incentives to attract business.

As mining and agriculture becomes less labour-intensive and more mechanized, people have started moving to urban areas throughout the country. There is a decrease in total farmland, as these people now provide the labour pool for manufacturing and industry. As urban areas develop and farmland decreases, the Pacific Southwest region has a greater need for imported goods from other places.

Canadian Exports to the Pacific Southwest

Canada's top agricultural food exports to the Pacific Southwest region in 2003 were meat and meat offal; preparations of grains, pasta; live animals; miscellaneous edible preparations; as well as beverages, spirits and vinegar. These contributed to total agricultural food exports of over \$1.6 billion to this market.

Arizona

- Arizona has a population of roughly 5.1 million people, and a median age of 34.2 years. The largest segment of Arizona's population is in the 35-44 (15%) age range.
- From 1990-2000 the population of Arizona grew by roughly 40%.
- 25.3% of the population considers themselves Hispanic or Latino. This is twice the national average.
- Arizona suffered from severe droughts in recent years, seriously hurting its agricultural sector.
- Chain stores account for 89.4% of the state's 576 stores and make up 96.4% of total sales.
- Top Canadian agricultural exports to Arizona are meat and edible meat offal, beverages, spirits and vinegar, as well as preparations of grains and pasta.
- In 2004 Arizona and Canada exchanged US\$2.3 million worth of goods and services.

California

- California has a population of roughly 33.8 million people, and a median age of 33. The largest age segment is the 35-44 year olds who make up 16.2% of the population.
- Approximately 12.5% of the US population lives in California.
- 32.4% of the population considers themselves Hispanic or Latino. This is more than double the national average.
- California is ranked number one in supermarket sales in the US.
- California has the largest economy in the United States.
- As California's population increases so does its reliance on imported food, especially due to the loss of farmland brought on by industry and population growth.
- California has lost over 3.7 million acres of farmland since 1990.
- California is Canada's third largest export market in the world. Canada exports three times more to California than to Japan, which is Canada's second largest national trading partner (behind the US).
- California's top Canadian agricultural food imports were meat and meat offal, preparations of grains, pasta, food industry residues and waste, and prepared fodder.

- In 2004 California and Canada exchanged more than US\$3.9 billion worth of goods and services.

Hawaii

- Hawaii has a population of approximately 1.2 million people, a median age of 36.2, and the largest segment are the 35-44 year olds who make up 15.8% of the population.
- Hawaii accounts for a relatively small 0.4% of the US population base, and accounts for only 2.7% of the population of the Pacific Southwest region.
- The ethnic composition of Hawaii is different from the other states in the Pacific Southwest. Asian people make up 58% of the population of Hawaii. 7.2% of the population considers themselves Hispanic or Latino. This is well below the national average of 12.5%).
- Hawaii supplies more than 33% of the world's commercial supply of pineapple.
- Hawaii's largest Canadian agricultural food imports are grains, beverages and miscellaneous edible preparations.
- In 2004 Hawaii and Canada exchanged more than US\$32 million worth of goods and services.

Nevada

- Nevada has a population of roughly 1.9 million people (2000), a median age of 35, and the largest segment are the 35-44 year olds who make up 16.1% of the population.
- 19.7% of the population considers themselves Hispanic or Latino (national average is 12.5%).
- Nevada has an economy of approximately \$117 billion.
- 85% of the state is owned by the US federal government.
- Canada's top agricultural food exports to Nevada are beverages, cocoa, and food industry residues.
- In 2004 Nevada and Canada exchanged more than US\$42 million worth of goods and services.

Utah

- Utah has a population of roughly 2.3 million.
- 9.0% of the population considers themselves Hispanic or Latino. This is below the national average but the number is growing.
- The state is in a period of rapid population growth attributed to both the area's high birth rate and to immigration.
- Utah's median age in 2004 was 26.7 years, well below the national figure of 35.2 years. Utah is expected to continue to have the youngest population in the nation for a number of years.
- It is the 11th largest state in the US by land area, of which the federal government owns 65%.
- Utah has the highest literacy rate in the United States.
- Utah has the most persons per household at 3.1, compared to the national average of 2.6. In addition, Utah's number of people per family is 3.6, compared to the national figure of 3.1.

- Utah's largest agricultural food imports from Canada are live animals, cocoa, preparations of grains, and pasta.
- In 200X Utah and Canada exchanged more than US\$130 million worth of goods and services.

Key Sub-markets

The key food distribution hubs in the US Pacific Southwest are Los Angeles, San Francisco, Fresno, Phoenix, Salt Lake City, and Hawaii (Honolulu). These hubs represent some of the largest cities in the region and are excellent starting points for penetration into this market. They do not, however, represent the best or only entry points for specific products. Given their population, location and importance to their respective states, these cities were selected as possible entry points. There are a number of other cities in the region whose large size may provide opportunities for exporters, such as San Diego, Las Vegas, San Jose, or Anaheim.

Los Angeles, CA

- Los Angeles County accounts for roughly a third of the total population of California (11.3 million). This is more people than the entire populations Utah, Nevada, Arizona and Hawaii combined.
- Los Angeles' population has a median age of 32 and the largest single age group in this city is the 25-34 year old range (over 18% of the population). It is the manufacturing centre of the United States, with extensive industry clusters and unrivalled industrial infrastructure.
- Los Angeles is also the centre of the nation's largest consumer market, a diverse concentration of 16 million people. Los Angeles alone accounts for around 8% of the total US population and over 6% of food store sales. This is a dynamic, trend-setting area of the US.
- Los Angeles is the second largest Latino city in the world, second only to Mexico City.
- Over 80% of Los Angeles supermarkets are chain stores, while more than 15% are classified as independents.

San Francisco, CA

- San Francisco has a population of more than 700,000 people.
- The San Francisco-Silicon Valley area is the nation's fourth largest economic area, accounting for 3.8% of the US population, and is one of the fastest-growing areas in California.
- San Francisco's median age is 37, and the largest age group is the 25-34 year old range (23.2%). This is also a dynamic, trend-setting area of the US.
- Opportunities for Canadians exist in niche market products targeted at the local population and tourists.
- This area boasts a highly educated and skilled work force, with high per capita income supporting extensive retail trade and personal services sectors.
- Extremely high costs of living and doing business, with limited geographic area for industrial expansion. These limitations open up opportunities for quality, lower-priced exports.
- 70% of area supermarkets are part of a chain while 30% are independent retailers. Independent retailers continue to be a strong force in this area.

Fresno, CA

- Greater Fresno has a population of 1.7 million people.
- The large consumer base and high population growth is due to the low cost of living.
- The local economy is insulated from business cycles because of a large government sector.
- Fresno is currently the sixth largest city in the state of California
- The largest segment of the population here is the 25-34 year old range (14.8%). Fresno's median age is 28.5 years and 36% of the population is 19 years of age or younger.
- This city is close to key agricultural operations in the state. Nationwide, Fresno ranks first in grape production, cotton, and tomatoes, third in peaches, plums and prunes and fifth in lettuce production
- Total annual retail food purchases in Fresno are projected to reach US\$1.6 billion by 2006.
- Three quarters of area supermarkets are a part of a chain.

Phoenix, AZ

- Greater Phoenix has a population of approximately 3.2 million.
- The largest age group in this city is 25-34, representing 17.2% of the population. The median age in Phoenix is 30.7.
- Rapid economic and population growth has fuelled a strong market for services and trade.
- Low wages, energy rates and taxes continue to attract firms to this area.
- Phoenix is the fifth-largest city in the US.
- The area's major industries are 1) high-tech manufacturing, 2) tourism and 3) construction.
- Phoenix has an impressive tourism industry which hosts more than 13 million people each year. More than 29 million people visit Arizona each year.
- Chains dominate the supermarket sector in Phoenix with roughly 97% of area stores belonging to a chain

Salt Lake City, UT

- Salt Lake City accounts for 1.2% of the US population base, with a population of 181,743.
- The largest demographic group is the 25-34 year old group who make up 19.7% of the population. The median age in Salt Lake City is 30.
- 40% of the population of Utah live in the Salt Lake Area. It is the state capital.
- Lower wages, lower costs of living, and a highly educated labour force make Salt Lake City a popular metropolitan area for business.
- The city's economy is primarily driven by the service sector
- Independent stores remain a significant player in Salt Lake City and account for over 35% of total supermarket outlets.

Honolulu, HI

- The population of Honolulu is 371,657 people, the largest portion of which (15.4%) are between the ages of 35 and 44. The median age is 39.7 years.

- The largest city and the capital of Hawaii, the city and county of Honolulu (which encompasses the entire island of O'ahu) accounts for over 70% of Hawaii's total population.
- A large military presence provides an insulating role in the Honolulu's economy and adds US\$4.7 billion to the local economy annually.
- Strategic Mid-Pacific location makes Hawaii an ideal bridge to serve lucrative markets on both sides of the Pacific.
- Growing economies in Asia and California will boost local tourism activity.
- The economy is service-oriented with hotels and other service providers accounting for more than one-fourth of the jobs.
- Supermarket chain stores and independents have divided this sector fairly evenly in Honolulu with Chain stores holding a very slim advantage at 52% of the market.

Population and Food Consumption Trends

There are roughly 46 million people living in the US Pacific Southwest, of which about 76% reside in California. The aging of the Baby Boom generation is driving the median age of the US population steadily upwards. The largest population segments of all Pacific Southwest states, with the exception of Utah, fall between 35-44 years old.

As the population gets older, it is also getting larger. There was a 13% increase in the census population for the US between 1990 and 2000. The states in the Pacific Southwest were leaders in population growth during the last decade. Nevada's population increased by 66%, Arizona by 40%, Utah by 29%, followed by California, 13% and Hawaii with 9%.

The key demographic characteristic of the Pacific Southwest that differentiates it from other American markets is the ratio of Hispanic population to the general population at large. This ratio significantly affects the volume of sales and spending patterns in the area. The Hispanic segment of the population in the Pacific Southwest region of the United States presents a significant opportunity for Canadian exporters.

Over the last ten years, the Hispanic population in the United States has grown significantly, and no where is this more obvious than in the Pacific Southwest. The 2000 US Census report indicated a large increase in Hispanic population, primarily those of Mexican origin. Two years ago US Hispanics spent US\$581 billion on goods and services. Today, their purchase power has risen to US\$700 billion, and is projected to reach US\$1 trillion by 2010.

According to a Food Marketing Institute survey, Hispanic shoppers spend more on groceries and eat at home more often. Spending on groceries averages \$117 per week, versus the national average of US\$87 per week. Average meals out for this group of consumers are low, at only 1.2 times per week.

As the Hispanic population in the Pacific Southwest states has grown, new opportunities now exist for exporters of products catering specifically to their needs and tastes. The US Census Bureau shows Hispanics to be the largest minority in the country. It is predicted that Asian and Hispanic populations will roughly triple in size by mid-century. Because of immigration, minority groups are expected to almost

equal the numbers of Caucasians. The population could rise to 420 million by 2050, a 50% increase from the year 2000.

One exception to the aging population trend is in Utah, where roughly 32% of the population is under the age of 18, and only 8.5% of the population is over 65. This is well below the national average of 12.4%. The average household in Utah has 3.1 people - the most of any US state. Exporters to Utah will need to consider current marketing trends, such as the promotion of fruits and vegetables to younger consumers, and offering more bulk items that appeal to larger families.

The percentage of working mothers in California and Nevada is significantly lower than in the other states of this region. Only 32.6% of mothers work in California and Nevada, compared to Arizona, Utah and Hawaii, with 66.0, 66.9 and 72.5% respectively. The median household income for families in the Pacific Southwest is between US\$40,000 and US\$50,000. The median age for people is between 33 and 36 years old, with the exception of Utah, where the median age is 27.

With the exception of California and Nevada, a growing number of mothers are employed on a full-time basis, increasing the number of dual-income families who have little time to prepare meals. Women who are working full time are most likely to participate in frequent shopper programs. Also, 46% of working women shop in the evening. Growing emphasis on health and convenience has presented a number of opportunities in selective niche markets for prepared foods.

Consumers in the Southwest region insist on a clean, neat store. This is the most important factor when choosing where to shop. The presence of a high quality produce section and a quality fresh meats section are also very important factors. While low prices are not as high on the list of consumer concerns, shoppers are economizing in as many ways as possible. This group of consumers will increasingly demand smaller serving sizes, easy to use packaging, easy to read labels and more nutritious product formulations.

Economizing in this market sees nearly 40% of shoppers checking for newspaper specials and an equal number stocking up on bargains when available. Frequent-shopper programs and store brands are also popular. Roughly 35% of shoppers use frequent shopper programs and 30% of shoppers consciously look for store brands when they shop. In a surprising trend that may have as much to do with competition in the industry as it does with consumer choices, average consumer spending per week on groceries is down from US\$93 as little as five years ago to US\$90.

With the exception of Utah, diverse ethnic configurations have marked a shift in the products marketable to the local community and the ways those products are merchandised. For example, in larger markets such as California and Nevada, major retailers are opening stores that are targeted towards minority shoppers. In Hawaii, exporters need to consider the large Asian population and its retail preferences.

Food Spending/Eating Habits and Trends

In this region, the optimism associated with a stabilizing economy has been effectively tempered by an air of caution. Shoppers are more discriminating, despite relatively high income levels, and expect more quality and value for their money.

In general, the consumers in the Pacific Southwest are inclined to try new products, although consumer interest appears to be concentrated in varieties products that offer nutrition, convenience and quality. Customers in this area will generally pay more for food that is nutritional and of good quality.

Over the course of the last 10 years, spending on perishable grocery products has remained constant at about 50% of grocery store sales. In the Pacific Southwest, spending on dairy products increased 10.4% while meat and seafood expenditures decreased 1.2% in general. Edible grocery sales are comprised of dairy 35.7%, frozen foods 24.7%, bakery 10.7%, and deli 7.5%.

American consumers are purchasing more commercially prepared meals each week than they have in previous years, indicating a preference for prepared foods - a trend which has carried over to consumer spending patterns in the retail grocery market. Figures show that as recently as 1989, 70 cents of every dollar spent in supermarkets went toward meal ingredients, whereas in 1996 it was less than 50 cents. This trend has continued as consumers' overall food and beverage spending dropped from 40% of total spending to 35% over the last 10 years. These numbers will be somewhat affected by the increased presence of non-food products in stores. But the numbers still indicate a trend away from the traditional home-cooked meal. Whether they cook from scratch or take home prepared food, 83% of consumers are eating meals at home at least three times per week.

Grocery merchandisers have reacted to these changes by investing in more product and marketing initiatives for prepared foods. US supermarkets, in direct competition with the foodservice industry, have ventured into home meal replacements (HMRs) in an attempt to build on the 21% of the takeaway food market, compared with restaurants which hold 22% of the market. Some supermarkets have begun to install drive through windows to improve accessibility, convenience and to better compete with the restaurant industry. Fresh, healthy, made-to-order sandwich counters in grocery stores are also providing competition for the take-out restaurant industry.

Busier lifestyles and the effective promotion of better eating habits as key to improving health have encouraged this trend. With greater interest in health and convenience, consumption patterns are beginning to shift toward quick, lower-fat and lower-calorie options. In the Food Marketing Institute's "Shopping for Health 2003" report, 89% of US consumers reportedly feel that healthy eating is a better way to manage illness than medication.

As the median age of the population steadily increases, the trend will be towards better self-maintenance and preventive dietary habits. The USDA's Economic Research Service predicts that in the coming years there will be a smaller average family size, larger household incomes, and larger numbers of older Americans. This is expected to result in increased spending over the next 20 years, and an excellent opportunity for Canadian exporters.

Consumers are demanding healthy products while remaining interested in indulgence foods, particularly in California. For this reason, many researchers are vigilant of a backlash to healthy alternatives, as consumers are increasingly confused by health claims, and change bad eating habits rather than simply giving up "bad" foods. Such

trends may indicate consumers prioritising taste before nutrition in the longer term. For example, in the refrigerated food segment, products that have the three most desirable product attributes of convenience, good taste and perception of health, are growing at a rate in excess of 30% annually.

By appealing to the older demographic base, the market for organic and functional foods (nutraceuticals) is flourishing, particularly in California. Functional foods are defined as any item with therapeutic or preventive health benefits, and includes fortified foods or beverages, a vast array of medicinal teas, sports drinks, energy bars as well as low-fat, low-salt and low-sugar items.

The Retail Food Sector

The Pacific Southwest's retail food sector is dominated by a small number of large retailers. Chain stores have been more successful than independent grocery retailers. Even the chain stores must consolidate in order to remain competitive. The independent stores that remain have turned to niche marketing and catering to communities (micromarketing) in order to retain some of the market share in this region.

In 2002 the supermarket industry employed roughly 3.4 million people and had US\$432.8 billion in sales. Average weekly sales per supermarket in 2003 were about US\$348,000 nearly double weekly sales per supermarket in 1993. The average store size in 2003 was over 40,000 square feet, up from 33,000 square feet in 1993. The larger 'Big Box' stores are built to be over 100,000 square feet, and Supercenters can be double that size, at 225,000 square feet.

With the densely populated metropolitan centres of the Pacific Southwest, larger retail grocery chains have been far more successful than independent retailers, and far exceed the national average for market share. The Southwest region's chain stores account for 70.1% of the region's stores and 87.9% of annual grocery sales. The national average for the United States is 65.6% chain stores accounting for 84.8% of annual grocery sales.

On a state by state basis, independents represent on average 22% of the sectors' outlets, in comparison to the US national average of nearly 40%. In cities like Las Vegas and Phoenix, chain stores represent over 96% of the sectors' outlets. California's chain stores make up 68.7% and account for 84.1% of total grocery sales. Arizona's chains comprise 89.4% of the state's 576 stores, and generate 96.4% of grocery revenue.

A Food Marketing Institute study showed that the number of consumers who said their primary store was a traditional grocery store fell, from 81 to 72% over the past two years, ending in December 2004. At the same time, consumers who shop mainly in supermarkets rose from 15 to 21%. The most important factors in choosing a food retailer are low prices, a clean, neat store, and, most importantly, high quality fruits and vegetables.

An opportunity for success exists for independent stores, since larger chains lack the ability to 'micromarket' as intensely, and are therefore less able to meet the needs of each local community in the way smaller independent stores can. In addition to this, independents are increasingly able to arm themselves with the power of large

corporations for supply purposes by combining their efforts in the form of either voluntaries or cooperatives, such as IGA, Piggly Wiggly and Red & White. This allows independent retailers the ability to benefit from warehouse pricing for common goods while still maintaining more independence than retail outlets with chain affiliation.

Even chain stores are feeling the effects of consolidation as the supermarket industry is increasingly coming to be dominated by a few companies. In order to become more competitive, lower costs, and improve processes, more companies are either amalgamating or are being taken over by other companies in the industry. Currently the market is dominated by these few companies who continue to establish their market share and compete with each other.

The top five supermarket chains in the US by revenue in 2002 were: Wal-Mart Stores, The Kroger Co., Safeway Inc., Albertson's Inc., and Ahold USA Inc. These chains are among the top stores for each state in the Pacific Southwest. Of these stores, Wal-Mart is the only company that does not currently own and operate subsidiaries within the Pacific Southwest market. Each of these other companies has a minimum of five other companies operating under their own names. This leads to an illusion of diversity in the market.

Although merchandising will vary from region to region, and often from store to store, the typical store in the Pacific Southwest had a product mix of 75% grocery, 17% meat, and 8% produce. In 2003 the average store reported a gross profit of roughly 25% and an inventory turnover of roughly 13 times.

The perishable section of the grocery store accounts for the majority of the industry's sales. Roughly 50% of sales come from this sector. Of the perishables, meat/fish/poultry is the largest subsection accounting for around 15% of all supermarket sales. In the non-perishables sector, dry grocery (food) accounts for nearly 27% of sales. Dry grocery sales comprise almost 9% of total sales volume. The health and beauty care/general merchandise sector accounts for the approximate 10% of sales remaining.

Perishable ingredients like fresh vegetables and meats continue to be among retailers' highest margin rates. However, specific niche markets, such as prepared foods, can offer substantially better margins. For example, supermarket-prepared meals can provide profit margins of 50%.

Industry Trends

Hypermarkets and Supercenters have established themselves in this market by offering competition to the supermarket through lower prices and increased selection. Consumers have responded well and appear to be choosing price and selection over proximity and ease of access. Hypermarkets have become increasingly attractive to young consumers. 30% of younger consumers are using these larger stores, as compared with 20% of consumers in total. Younger shoppers prefer the convenience of large stores and are less likely to prepare a list or look for grocery specials in newspapers.

Supermarkets have become more aggressive in their tactics to draw back customers by adding more convenience options to a shopping experience, and co-branding with other companies to offer more to their customers. Options such as in-house

banking, and the addition of gas bars, which are now found at roughly 19% of area supermarkets, allow customers to do more during their visit to the grocery store.

Exporters are advised to pursue retailers that have effective marketing techniques. For example, the National Grocers Association reports that for 2004, 37% of all retailers offered some kind of frequent shopper benefits, up from 30% in 2003. The strategy behind such customer programs is to build loyalty, expand sales and marketing databases as well as promote the company's image. Studies show that savings card holders spend an average of 33% more on groceries each week.

Another marketing method is the use of coupons, which can include in-store demonstrations, in-store/at shelf promotions, advertising in the newspaper or other advertising outlets, as well as free standing inserts or in-store flyers.

Marketing and promotional efforts are important for reaching customers in the Pacific Southwest. Marketing in the Pacific Southwest will be more effective if the product for export has supporting marketing materials. Examples include good quality colour brochures, product samples, merchandising racks, product specification sheets, direct mail promotional sheets and camera-ready advertising material. Since American and Canadian consumers differ significantly, exporters should consider creating new marketing materials for the US market.

Shifting demographics as well as the expansion of tastes and diets, call for a dynamic approach to marketing. It is important for exporters to be aware of the demographics of their target market. For example, many ethnic foods that were not available in the past have now become mainstream, and are found regularly in grocery stores. There was a US\$2.2 billion frozen ethnic food market in the US in 2001. Of this, Italian frozen foods were \$1.68 billion, Mexican frozen foods were \$488 million, and Asian frozen foods were \$463 million.

Given the importance of the produce department to consumer loyalty and store profitability, stores have also expanded their produce selections. A typical retail outlet may have stocked 100 produce items 10 – 15 years ago. Today, 450 can be found, because consumers are looking for new varieties, new formats and new packaging. Fresh cut fruits are expected to be one of the key areas of expansion in the produce department for the future.

There are a number of national trends emerging in the grocery market in the United States that will have an impact on the Pacific Southwest regional market. First is the emergence of new technologies within the retail grocery segment. As with any other industry, the grocery sector is constantly seeking new ways to improve service to their customers. For instance, the time constraints on consumers which has pushed convenience items such as ready-made meals has also impacted the shopping experience itself. In an effort to speed up the experience, grocery stores are progressively moving towards self-checkout lanes, a process that is expected to become easier with the recent unveiling of a new smaller barcode in the United States.

Other trends are being looked at in the checkout area, including wireless scanning devices which would allow for consumers to checkout their groceries at the shelves. Among the early adopters of these new technologies, 61% of shoppers believe self-serve kiosks to be convenient and hassle-free, 48% say they save time and 36%

describe the technology as being simple and easy to use. Self-serve is growing in popularity, 80% of consumers have uses a self-serve kiosk in 2003, according to a 2003 Coinstar National Currency poll. Additionally, customers view stores that provide kiosks as being more customer service-oriented.

A trend that will soon be prominent in the retail grocery industry (and the retail sector in general) is the emergence of Electronic Product Codes (EPC) and Radio Frequency Identification (RFID). These tracking mechanisms are currently in development, and are slowly being implemented by larger grocery retailers. The system will help to assure consumers that the food they buy has been properly produced, prepared and handled. The technology can be used to track inventory items from production to consumer, giving stakeholders in the industry new control and insight into their entire shipping and delivery system.

Grocery stores are also beginning to use the internet more to their advantage. Use of the internet ranges from online advertising (approximately 87% of stores are reported to have a website) to online ordering. Online ordering allows customers to order their groceries online and then simply head into the store to pick them up.

60% of industry executives are of the opinion that coupons could become a thing of the past in the grocery business. Some recent innovations in the area of coupons and promotions demonstrate this trend. Two prime examples are an increasing frequency of online and e-mail coupons, as well as another program that allows loyalty card holders to scan coupons to their cards to avoid having to carry them around. These initiatives could easily be combined, with grocery stores e-mailing customers to inform them of what "coupons" or savings are now available by using their loyalty card. This would also allow stores to customize the offerings and discounts made to each customer, further improving customer loyalty and profitability.

Some grocery stores even have drive-through pickups so that customers do not have to leave their car. As consumers become more pressed for time and seek a convenient shopping experience, these trends are expected to gain increased acceptance and popularity.

Another trend emerging in supermarkets is the presence and popularity of drug stores or pharmacies within the store. Currently, 10% of total store sales come from supermarket pharmacy prescription sales. Nearly 90% of all supermarket websites have a section of their site devoted to the pharmacy. Nearly half of all supermarket pharmacy web sites offer the flexibility to order prescription refills online for in store pick-up. In recent surveys, more than 50% of US consumers say that the presence of a good in-store pharmacy is an important consideration when they are choosing their primary grocery store. While the pharmacy has long been considered a good source of revenue for supermarkets, there is still room for growth in this area. Over half of all supermarket shoppers say that they don't use the in-store pharmacy when one is present. The presence of a pharmacy is just one consideration for consumers when they are choosing their primary grocery store.

Industry experts and analysts have offered some thoughts on what the grocery store of tomorrow will look like. Take-out and restaurant food prices are expected to increase by about 2.2% annually until 2011. And long term food prices are expected to increase at a rate just slightly below that of the general rate of inflation. Nearly

54% believe that all of their communication will be electronic, over 52% predict smart cards will eclipse all other forms of payment, roughly 55% believe that self-scanning will outnumber regular checkout lanes, and almost 28% believe that checkout stands will be eliminated altogether. Almost 97% of these people feel that grocery stores will be open 24/7, while the other 3% believe that grocery stores may be closed on their slowest day of the week.

OPPORTUNITIES

Meat and poultry

The market for exotic meat is rapidly expanding in the Pacific Southwest since products such as ostrich mignon, lapin, aromatic chicken bacon, and grilled restructured beefsteak are low in cholesterol and considered 'health conscious' products. Ostrich meat has had particular appeal since being introduced in supermarkets throughout the region as it contains less fat than chicken, turkey or beef.

US consumers purchase poultry because of its relative health value and low price. In a recent Food Marketing Institute (FMI) Trends study, 22% of respondents said they were changing their eating habits to improve their health by eating less red meat, and 9% hoped to improve their health by eating more chicken and turkey. There are many product opportunities among a wide variety of chicken preparations such as boned, marinated, breaded and pre-cooked products.

An ACNielsen report summarized the household penetration of meats as follows: beef in 90% of homes, chicken in 81% and pork in 75%. Leaner products, value-added cuts and pre-cooked/pre-seasoned entrees are helping to drive sales in the meat and poultry sector.

It appears that consumers may be more willing to buy meat that has been irradiated to kill bacteria than they were previously. Roughly half of all grocery shoppers have heard of irradiated beef; 12% say that their primary grocery retailer sells it; and when it is available, 25% of consumers will purchase it. In fact, the presence of high quality meats is the third most important factor to consumers when they are choosing where to do their grocery shopping.

Despite the current focus on beef safety, US consumers' confidence in overall food safety remains quite high. The Food Marketing Institute completed a recent survey to determine what concerns were most prominent among food consumers. BSE is third on the list, coming after food poisoning and food-borne bacteria, problems that are a result of improper food storage and handling.

Bakery and cereal products

Although general bakery growth has been stagnant, the specialty bakery sub-sector has experienced growth over the last number of years. Most of this increase can be attributed to specialty stores, either within the traditional supermarket, or free-standing gourmet or deli stores, as well as food service operations. It is expected that sales in this segment will continue to increase, suggesting opportunities for both export trade and partnership ventures.

The fastest growing segment of the US bakery industry is the tortilla market. The largest and most lucrative market for tortillas continues to be the Hispanic centres in the US California, Utah and Arizona. Flour tortillas are the preferred choice for US consumers, accounting for nearly 60% of total sales, compared with 24% for corn tortillas. Annual tortilla sales in the US exceed all other ethnic and specialty bread sales, including bagels, croissants, muffins, and pita breads combined. Tortillas are a US\$4 billion market annually. While originally driven by regional Hispanic communities, a recent study on tortilla consumption showed nearly 60% of tortilla products are consumed by non-Hispanics.

Bread, pastry, cakes and biscuits are the fifth largest Canadian agricultural food export to the US. Canadian exporters have yet to exploit the competitive but largely under-penetrated bagel market throughout the Pacific Southwest. As a hand-held, low-fat, grain-based food, bagels continue to be perceived as a healthy and convenient product. Researchers speculate that rising bagel sales are not just a product trend, but a population trend largely consistent with the aging population seeking healthier alternatives to fast food. Although sales volume has recently shifted from frozen bagels in supermarkets to freshly baked products from bagel specialty retailers, these trends are good for the overall sustainability of the bagel market, which researchers predict will grow between 10-20% annually.

Dairy products

Opportunities exist in the Pacific Southwest market in the frozen dairy dessert categories, as they account for the bulk of roughly US\$3 billion in frozen food sales. The Salt Lake City market, for example, ranks sixth in the country for per-capita sales of supermarket ice cream. New and exotic products and flavours continue to be a driver for growth. Meanwhile, there is a simultaneous trend in the Pacific Southwest toward natural fruits and lower-fat and lower-carb alternatives such as sorbet and frozen yogurt. Market share is growing for convenience and single-serve items in this product category as well. There is increasing demand for novelty ice cream treats at stores throughout the United States.

Fruits and vegetables

California continues to be the main supplier of fruits and vegetables to the Pacific Southwest, but due to a significant increase in produce consumption, both in the region and worldwide, opportunities are opening up to introduce new products and supply segments which are struggling to meet the increase in demand.

Canadian companies may have difficulties competing with local produce from California and other strong producing states such as Florida and Texas. However, since the Guest Worker Bill was defeated in Congress. US producers may lack sufficient resources to harvest comparable volumes of produce in markets where Canadian exporters can compete, such as cabbage, cucumbers, green beans, squash and onions. Additionally the US market for fruits and vegetables is growing as people become more health conscious.

Roughly 70% of US grocery shoppers say that they are consuming more vegetables, and consider the presence of high quality fruits and vegetables to be the most important factor when choosing a grocery store. According to the Produce Marketing Association, 22% of consumers said taste is the most important factor when deciding

to purchase produce. Taste outranks any other attribute driving their decision to buy. A full 85% of US consumers consider quality fresh fruits and vegetables to be very important in choosing a grocery retailer.

Natural and organic foods

The organic foods sector, considered a burgeoning industry only a few years ago has become much more mainstream. Entire sections of stores are now dedicated to organic products. The US organic market is now worth roughly US\$4 billion and given the size of the market and the rapid expansion of the consumer base, this sector may also provide opportunity for Canadian exports to the region.

In 2003, US\$42.8 billion was spent on natural and organic products. Natural product sales in general were up by 7.8%. Organic foods represent about 10% of the natural and organic food segment. Organic meat and seafood showed a 51% sales gain in 2004. Organic and health food shoppers spend more money on groceries and generally have a higher income. Natural and organic products are perceived as being fresh, healthy and convenient. These perceptions fall in line with the priorities of consumers as they make their shopping choices.

Potential exporters may wish to note that the National Organic Standards Board announced that the market for organically-produced fresh food, processed food and meat will be subject to more scrupulous federal oversight. It is expected this will result in more stringent federal labelling requirements and require companies exporting to the US to obtain federal certification.

Prepared foods and sauces

The trend for a wide variety of convenience foods has been coupled with a desire for quality food. Taken one step further are the wide ranges of foods which are prepared cooked and served in-house. The variety of foods available in store is seemingly endless. Included in with the prepared foods category, are barbequed chickens, pizza, salads, sandwiches etc. These prepared products can be combined with fresh ingredients and cooked quickly to create fast and delicious meals. Most opportunities to enter the market will be through the specialty section of the major supermarkets or through independent delis.

As people look for faster ways to be able to cook at home, the condiment, sauce and spice market has been expanding. Customers want to cook and eat at home, but feel that cooking from scratch is time-consuming and can be difficult. In response, an array of sauces and spices are now offered, which allows for experimentation and exotic flavouring of foods at home. ACNielsen research in this area identified a number of trends in the dressing/sauce market, including informative, re-sealable packaging, dual usage products, and flavours inspired by high-end and gourmet food seasonings. Dressings and sauces in the United States are a US\$9 billion business, which has grown 2.6% over the past three years. Mature categories such as mayonnaise, barbeque sauce, mustard and ketchup are being updated with new flavours and given new innovative packaging, such as inverted squeeze bottles. As well, alternate uses are being listed on packaging, such as marinades, dips, etc.

Home-meal replacements (HMRs)

According to the Grocery Manufacturers of America, US consumers now prepare meals in 15 to 20 minutes, a figure which continues to decline. This presents some exciting opportunities for food retailers in the grocery industry, particularly in the larger markets of the Pacific Southwest. Home-meal replacements are a means to satisfy consumer demands on a number of levels, especially in light of the success of American food retailer Boston Market. This market segment is worth over US\$100 billion and is expected to continue to grow at a healthy rate. Currently, three-quarters of US supermarkets offer fully prepared meals made on the premises and 70% offer ready-to-cook meals.

Until recently sales in this category have been split fairly evenly between prepared chicken, salads, pizza and refrigerated entrées. These products have shared roughly 75 to 80% of sales with hot entrées, ribs and other products making up the remaining 20 to 25% of sales. More recently a wide expansion in the variety and availability of hot entrées has helped this segment increase its market share. Chickens, salads and pizza continue to dominate overall sales, but it is the increasing variety of foods with an emphasis on exotic flavour and convenient preparation which will push the segment's growth.

Frozen foods

The market for frozen foods in the United States in 2003 was worth US\$13.4 billion. Frozen foods include meals, snacks and appetizers. Frozen pizza is a very popular item, making up 27% of retail sales in this category for the year (US\$3.7 billion). The frozen pizza market is expected to slow down over the next few years, mainly because of low carb eating. Take-and-bake options are also eroding market share, as people buy freshly-assembled pizzas to cook at home in their oven. In the coming years, there will be opportunity within the frozen food market, given that these foods are quick and convenient. Trends of packaging that can go from freezer to oven to table, healthier offerings, individual portions, and of more variety in flavour will help to boost the frozen food market in coming years.

Beverages

Recent trends in the beverage industry are almost entirely contingent on nutritional and health trends. Opportunities exist to capitalise on the US public perception of Canadian products as 'pure and natural.' Canadian exporters have an opportunity to gain from this favourable perception.

The fortified beverages sector has seen strong sales in recent years with the sector growing from a US\$6 billion segment in 1997 to an expected US\$28 billion segment by 2006. Although researching, developing, marketing and producing fortified foods can be a costly endeavour, the beverage category is the exception. Fresh fruit juices can be made and marketed competitively on a regional or even local basis, and new companies can enter the market easily.

The energy drink market is another attractive market. Rapid growth has characterised this sector, which has expanded nearly 465% from 1998 to 2003. Growth rates of 20% are expected to continue into the foreseeable future. Overall this market is forecasted to grow 210% between 2003 and 2008 before any significant stabilization is seen. The target markets for this segment are women, older consumers and ethnic groups. This niche market is expected to account for

only a small portion of the US\$460 billion beverage category, but should be open to competition as it is expected that over 10 companies will be fighting for market share within the next 3 to 5 years.

Supermarket bottled water sales across the US are valued at US\$6 billion annually. The US represents 16% of worldwide bottled water sales. Water sold in PET (polyethylene terephthalate) bottles reached about 1.7 billion gallons and this sector is forecasted to grow at an annual rate of roughly 15% for the next few of years. Regionally, sales of bottled water in Los Angeles-area supermarkets account for 13% of the total US sales volume.

Private-label products

Private label brands are a key part of the evolution of supermarkets. Private label brands (also called store brands) currently account for 20% of all items sold in US supermarkets. Store brands continue to grow and expand as new products are introduced. The segment currently represents over US\$50 billion in retail sales. The growth of private label brands can partly be attributed to improved quality, expanded product lines and cost savings that are passed on to consumers. These factors have led to an increased knowledge and positive perception of store brands.

Consumer research has indicated that consumers are tending to shift their spending to private label products in order to get the most out of their dollar. Private label sales in the supermarket sector increased by over 2% to nearly US\$43 billion in 2003, while the sales of branded products only increased by 1.4%. Historically, price has been the driving factor in consumers' decision to purchase private brands. Increasingly, though, high quality and premium offerings under these labels are what the consumers are buying. 75% of shoppers identify store brands as 'brands,' 90% of people are familiar with the concept of private branding, and 83% of consumers regularly buy these goods. This presents an opportunity for Canadian exporters to target the store brand sector by selling high-quality, cheaper products to stores to be resold as private label goods.

COMPETITIVE ENVIRONMENT

Local Capabilities

Canadian exporters will face intense competition from small to medium-sized local and national food manufacturers that typically operate on a regional level. There is also the presence of large multinational manufacturers that have entered the Southwest market through acquiring smaller producers.

Because of its size, the Pacific Southwest market has world-class infrastructure and support systems in place for international trade. The area is home to a vast, but diminishing agricultural sector. The population in the area is growing, and the area of farmland is shrinking. Processing and production capacities are in place, as well as distribution mechanisms necessary to support Canadian exporters to this area.

International Competition

Canada's top competitor for Agricultural products in this market is Mexico. Mexico exported roughly US\$2.3 billion worth of agricultural products to the United States in the 12 months ending July 2004. Canada's exports to this market were just over US\$1.1 billion during this same period. Chile took third place in exports in both markets, selling a total of just over US\$750 million in agricultural products and just over US\$214 million in livestock. Other exporters in this sector lagged far behind with the fourth place country in both categories having US exports of just 6% of Canada's exports to the US.

EXPORT LOGISTICS

When companies are further along in the export planning process, they should contact the Canadian Consulate General in Los Angeles, which actively promotes Canadian products and provides general market planning assistance. The consulate provides companies with lists of contacts (brokers, distributors and retailers), and assists Canadian exporters with advertising and promotion plans. Regulations and procedures for Canadian exporters are also available.

The U.S. market is vast, complex and highly competitive, and can be intimidating to enter. But thousands of Canadian enterprises – small, medium, and large – have been very successful south of the border. More join them every year, and there's no reason that your company can't be among them.

The "Exporting to the US" guide from Exportsource is an excellent tool to answer specific logistical questions. This guide contains the basic information that is common to all exporting, as well as emphasising the practical side of doing business in the United States. This guide will explore:

- tools you can use to analyze U.S. markets and their characteristics;
- the on-the-ground effects of NAFTA on Canadian exporters;
- product liability litigation in the U.S.;
- NAFTA and non-NAFTA classifications for cross-border travel to the U.S.;
- border security and how it affects Canadian exporters; and
- U.S. Customs procedures and regulations, and how to deal with them.

Exporting to the US – Exportsource.ca

PROMOTIONAL EVENTS

Trade shows represent one of the most important ways of entering the lucrative and competitive U.S. food and beverage market. Export-ready companies can learn about market and product trends, check out their competitors, and meet prospective customers. At key shows, the Canadian government organizes official Canadian food pavilions, which exporters are invited to join. The Government also organizes several expositions and other trade promotion events to help introduce Canadian food and beverage exporters to the U.S. market. For more information, contact the Agri-food Trade Service office nearest to you.

Winter International Fancy Food and

FMI's Supermarket Industry Convention &

Confection Show

January 23-25, 2005
Moscone Center, San Francisco, CA
One of the premier events for the specialty/gourmet food sector.

National Grocers Association 2005 Supermarket Synergy Showcase

February 8-11, 2005
Bally's Las Vegas
Las Vegas, NV
Trade show for foods and beverages, equipment and services.

Organizer:
National Grocers Association
1005 North Glebe Road, Suite 250
Arlington, Virginia 22201-5758
Telephone: (703) 516-0770
Facsimile: (703) 516-0115
E-mail: info@nationalgrocers.org
Website: www.nationalgrocers.org

Natural Foods Expo West

March 17-20, 2005
Anaheim Convention Center, Anaheim, CA
Natural and organic foods (85%), vitamins and supplements for the health foods industry.
www.expowest.com

Organizer:
New Hope Natural Media
1401 Pearl Street
Boulder, CO 80302
Telephone: (303) 939-8440
Facsimile: (303) 998-9020
E-mail: info@newhope.com
Website: www.newhope.com

Educational Exposition

May 1-3, 2005
McCormick Place, Chicago, IL
Largest annual grocery trade show in the US for all types of consumer-ready foods and beverages.

Organizer:
Food Marketing Institute
655 15th Street NW.
Washington, DC 20005
Telephone: (202) 429-8444
Facsimile: (202) 429-4519
E-mail: fmi@fmi.org
Website: www.fmi.org

Spring International Fancy Food and Confection Show

May 1-3, 2005
McCormick Place, Chicago
One of the premier events for the specialty/gourmet food sector.

Summer International Fancy Food and Confection Show

July 10-12, 2005
Jacob K. Javits Center, New York
One of the premier events for the specialty/gourmet food sector.

Organizer:
National Association for the Specialty Food Trade
120 Wall Street, 27th Floor
New York, NY 10005-4001
Telephone: (212) 482-6440
Facsimile: (212) 482-6459
Website: www.specialtyfood.com

KEY CONTACTS

CANADIAN GOVERNMENT AGENCIES

Canadian Consulate General in Dallas

St. Paul Place, Suite 1700
750 North St. Paul Street
Dallas, TX 75201
Contact: Laura Aune, Business Development Officer
Tel.: (214) 922-9806
Fax: (214) 922-9815
E-mail: laura.aune@dfait-maeci.gc.ca
Internet: <http://www.can-am.gc.ca/dallas>

Agriculture and Agri-Food Canada (AAFC)

International Markets Bureau

International Trade Canada (ITCan)

125 Sussex Dr.
Ottawa, ON K1A 0G2
Internet: <http://www.itcan-cican.gc.ca>

International Business Opportunities Centre (IBOC)

Tel.: (613) 944-6000
Fax: (613) 996-2635
E-mail: iboc@dfait-maeci.gc.ca
Internet: <http://www.iboc.gc.ca>

Market Research Centre (TMR)

930 Carling Ave.
Ottawa, ON K1A 0C5
Contact: Brent Wilson, Senior International Market
Development Officer
Tel.: (613) 694-2394
Fax: (613) 759-7506
E-mail: wilsonb@agr.gc.ca
Internet: <http://www.agr.gc.ca>

Canadian Food Exporters Association (CFEA)

885 Don Mills Rd., Suite 301
Don Mills, ON M2C 1V9
Tel.: (888) 227-8848 or (416) 445-3747
Fax: (416) 510-8044/3
E-mail: info@cfea.com
Internet: <http://www.cfea.com>

Canadian Food Inspection Agency (CFIA)

59 Camelot Dr.
Ottawa, ON K1A 0Y9
Tel.: (613) 225-2342
Fax: (613) 228-6125
E-mail: cfiamaster@inspection.gc.ca
Internet: <http://www.cfia-acia.agr.ca>

Agriculture and Agri-Food Canada

930 Carling Avenue, Room 737
Ottawa, ON
K1A 0C5

Agri-Food Trade Service regional contacts:

Brenda McIntyre
Senior Marketing and Trade Officer
Life science, natural health products, trade policy,
investment
USA
Telephone: (780) 495-4143
Email: mcintyre@agr.gc.ca

Contact: Jennifer Gowan, International Market
Analyst
Tel.: (613) 996-1835
Fax: (613) 943-1103
E-mail: jennifer.gowan@dfait-maeci.gc.ca

Market Support Division (TMM)

Contact: Clément Coté, Trade Commissioner
Tel.: (613) 995-1773
Fax: (613) 943-1103
E-mail: clement.cote@dfait-maeci.gc.ca

United States Business Development Division (NUB)

Contact: Dan Mrkich, Trade Commissioner
Tel.: (613) 995-0759
Fax: (613) 944-9119
E-mail: dan.mrkich@dfait-maeci.gc.ca

Export Development Canada (EDC)

151 O'Connor St.
Ottawa, ON K1A 1K3
Tel.: (800) 850-9626 or (613) 598-2500
Fax: (613) 237-2690
E-mail: export@edc4.edc.ca
Internet: <http://www.edc.ca>

Carl Light
Canadian Consulate General
550 South Hope, 9th Floor
Los Angeles, CA
90071-2627
Telephone: (213) 346-2700
Fax: (213) 346-2767
E-mail: carl.light@Inglis02.x400.gc.ca

EXPORT-ORIENTED CANADIAN FOOD INDUSTRY ASSOCIATIONS

Quebec Agri-Food Export Club

200 MacDonald Street, Suite 102
St. Jean-sur-Richelieu, PQ J3B 8J6
Telephone: (514) 349-1521
Facsimile: (514) 349-6923
Internet: <http://www.profil-cdi.qc.ca>

Canadian Food Exporters Association

885 Don Mills Road, Suite 301
Don Mills, ON M3C 1V9
Telephone: (416) 445-3747 or 1-888-227-8848
Facsimile: (416) 510-8044

Food Beverage Canada

17311 - 1023rd Avenue, suite 201
Edmonton, AB T5S 1E5
Telephone: (780) 486-9679 or 1-800-493-9767
Facsimile: (780) 486-0985
Internet: <http://www.foodbeveragecanada.com>

Alliance of Manufacturers and Exporters of Canada

75 International Boulevard, Suite 400
Toronto, ON M9W 6L9
Telephone: (416) 798-8000
Facsimile: (416) 798-8050
Internet: <http://www.palantir.ca/the-alliance/>

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U.S. GOVERNMENT AGENCIES

Embassy of the United States of America

490 Sussex Dr.
Ottawa, ON K1N 1G8
Tel.: (613) 238-5335
Fax: (613) 688-3082
Internet: <http://www.usembassycanada.gov>

Commercial Service

Tel.: (613) 688-5217
Fax: (613) 238-5999
E-mail: ottawa.office.box@mail.doc.gov
Internet: <http://www.buyusa.gov/canada/en>

U.S. Department of Agriculture (USDA)

14th Street and Independence Avenue SW
Washington, DC 20250
Tel.: (202) 720-2791
Internet: <http://www.usda.gov>
Note: All USDA offices are accessible from the main telephone number.

Food Safety and Inspection Service (FSIS)

Tel.: (202) 720-7025
Fax: (202) 205-0158
Internet: <http://www.fsis.usda.gov>

U.S. Food and Drug Administration (FDA)

Dallas District Office
4040 North Central Expressway, Suite 300
Dallas, TX 75204-3145
Contact: Maria Velasco, Public Affairs Specialist
Tel.: (214) 253-5205
Fax: (214) 253-5318
Email: mvelasco@ora.fda.gov
Internet: <http://www.fda.gov>

U.S. FOOD INDUSTRY ASSOCIATIONS

Food Marketing Institute

655 15th Street NW
Washington, DC 20005
Tel.: (202) 452-8444
Fax: (202) 429-4519
E-mail: fmi@fmi.org
Internet: <http://www.fmi.org>

Grocery Manufacturers of America (recently merged with the Association of Sales and Marketing Companies [ASMC])

2401 Pennsylvania Avenue NW, 2nd Floor
Washington, DC 20037
Tel.: (202) 337-9400
Fax: (202) 337-4508
E-mail: info@gmabrands.com
Internet: <http://www.asmc.org>

Organic Trade Association

60 Wells Street
Greenfield, MA 01301
Tel.: (413) 774-7511
Fax: (413) 774-6432
E-mail: info@ota.com
Internet: <http://www.ota.com>

Private Label Manufacturers Association

369 Lexington Avenue
New York, NY 10017
Tel.: (212) 972-3131
Fax: (212) 983-1382
E-mail: info@plma.com
Internet: <http://www.plma.com>

ASMC International
58 Meadowbrook Lane, #100
Unionville, ON L3R 2N9
Tel.: (905) 477-4644
Fax: (905) 477-9580

OTHER REFERENCE MATERIAL

Useful Internet Sites

- InfoExport <http://www.infoexport.gc.ca>
- ExportSource <http://exportsource.gc.ca>
- Agri-Food Trade Service Online <http://atn-riae.agr.ca>
- Strategis <http://strategis.ic.gc.ca/engdoc/main.html>
- DFAIT web site <http://www.dfait-maeci.gc.ca>
- Canadian Agri-Food Trade Alliance <http://www.cafta.org>
- Food Marketing Institute <http://www.fmi.org>
- Trade Show Central <http://www.tscentral.com>
- California Growers Association www.cagrocers.com/
- Food Institute Trade Show Listing
<http://www.foodinstitute.com/tradeshows/SearchShow.cfm>
- NACS Industry Resources
http://www.nacsonline.com/NACS/Resource/Links/links_associations_ir.htm
- National Grocers Association <http://www.nationalgrocers.org/>
- Retail Trade Associations <http://www.businessfinance.com/trade-associations-list.asp?type=browse&category=Retail>
- Key US Trade Shows
<http://www.gov.on.ca/OMAFRA/english/food/events/ustradeshows.htm>
- Private Label Manufacturers Association <http://www.plma.com/>
- NACS Home page