



## **Overview of the Retail Grocery Market in the Pacific Northwest United States**

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Please address any comments or suggestions you have on this report to:

Bryan West – [westb@agr.gc.ca](mailto:westb@agr.gc.ca)

## **EXECUTIVE SUMMARY**

The Pacific Northwest region offers strong export opportunities to Canadian food companies. The Pacific Northwest states form a dynamic and growing market that has an affluent consumer base of just over 11.8 million people; about 4% of the total American population. The majority of growth in the region lies in Washington State where the grocery market is highly competitive between large supermarket chains and independent retailers. Competition in the retail food industry is expected to heighten with the increasing strength of mass merchandisers and alternative grocery store formats. Overall, the retail grocery market is fairly mature, yet it continues to rejuvenate its image in order to meet changing consumer demand.

Attractive prospects for Canadian exporters lie in several Pacific Northwest region markets including Boise and Pocatello, Idaho; Seattle, Olympia and Bremerton, Wash.; Portland, Corvallis, Eugene, and Medford, Ore.; and Anchorage, Alaska. The Boise, Idaho market for example, was ranked overall the best metropolitan area to do business in the United States by Forbes.com in 2005, while the Pacific Northwest region, as a whole, holds 11 of the top 100 metropolitan areas in the country for business. Each of these markets shows signs of strength in population growth, economic health, and business climate. These selected areas also represent strong opportunities for Canadian agri-food exporters.

## **QUICK FACTS**

- National retail grocery sales were approximately US\$650 billion, and retail food sales US\$425 billion in 2004.
- The United States' retail grocery industry is projected to reach US\$720 billion by 2008.
- Supermarkets accounted for 55% of the American retail grocery market, followed by convenience stores with 16%, mass merchandisers with 9%, warehouse clubs with 9%, and dollar stores with almost 2% in 2004.
- The 2004 perishable foods sector was led by supermarkets with 85% market share. Mass merchandisers followed with 5%, warehouse clubs with 4%, and convenience stores with 1% (Euromonitor, 2004).
- In 2004, fruit and vegetable sales were approximately US\$74 billion and are predicted to grow 15% in the United States by 2008.
- Warehouse clubs and mass merchandisers are two of the fastest growing channels in the American retail grocery market, with projected increases in consumable retail sales of 20% and 21% respectively, by 2008.
- Growth areas include private label products, home meal replacements, and prepared, organic, natural, and ethnic foods.

## **PACIFIC NORTHWEST REGION**

The Pacific Northwest region offers a favourable business climate for Canadian exporters wanting to test new markets, comprising approximately 4% of the United States population.

Washington is one of the United States' retail sales leaders as it is a high-population, large-economy state. Washington has the most urban centres in the region, with 281 cities home to about 82% of the state's population. The state also holds the most cities with populations over 100,000 in the Pacific Northwest region; 5 in total. Seattle, Wash., is the 22<sup>nd</sup> largest metropolitan area in the United States and its population is projected to reach 641,790 by 2020; an approximate 12% increase over 2004.

Due to its close proximity to the Canadian border, the Pacific Northwest region's consumers share many attributes with their Western Canadian counterparts. Their willingness to try new products, especially imported gourmet and specialty foods, presents numerous opportunities for Canadian exporters looking to penetrate the American market. Seattle in particular remains a popular test market in the United States due to its manageable size, consumer demographics, high per capita income level, and isolation from neighbouring urban centres. Consequently, Seattleites are willing to try new products and purchase new and unique foods, creating excellent prospects for Canadian food companies.

Like many other regions across the country, the Pacific Northwest states have experienced moderate but steady growth over the last few years. Vancouver, Wash., ranked in the top 50 American cities with the largest increases in population from 2000 to 2004. Other fast growing cities include Salem, Ore., and Anchorage, Alaska.

On a regional scale Idaho is leading growth in the Pacific Northwest having experienced a state-wide population increase of 7.7%, while Washington, Oregon and Alaska saw 5.3%, 5.1% and 4.5% growth respectively, from 2000 to 2004. These states grew faster than the national average of 4% in the same period.

#### 2004 State Populations and Canadian Exports

State/Region	Population	Population as Percentage of Region	Canadian Exports to State (Cdn\$)	Exports as Percentage of Region
Alaska	655,435	5.5%	344.9 million	2.0%
Idaho	1,393,262	11.8%	637.3 million	3.8%
Oregon	3,594,586	30.3%	2.7 billion	15.9%
Washington	6,203,788	52.4%	13.3 billion	78.3%
Pacific Northwest	11,847,071	100.0%	16.981 billion	100.0%

Top grocery retailers in the Pacific Northwest region include Wal-Mart, Kroger, Albertson's and Safeway. Key players in the retail grocery market and their respective market shares vary from state to state.

#### Alaska

- 2004 population: 655,435, ranking the state 47<sup>th</sup> in the nation. Alaska's population is expected to grow 5.4% to 691,027 by 2008.
- Alaska has the youngest median age of the Pacific Northwest states at 33.4 years, and is below the national average of 36 years.
- 2004 per capita personal income was US\$25,466.
- Food purchases accounted for approximately 23% of total consumer expenditure in 2003.
- Alaskans spent an estimated US\$1.2 billion on food for home in 2003, while food away from home sales totalled just over US\$1 billion. Meat and prepared foods were the most popular purchases at roughly US\$215 million and US\$212 million respectively.
- Food away from home sales are expected to increase by almost 25% by 2008.
- Canada's agri-food exports to Alaska totalled over \$9.3 million in 2004. Top export commodities included animal feed preparations at almost 37% of total agri-food exports; plants (23%); non-roasted malt (11.8%); turnip, mangolds, fodder roots, hay and clover (4.5%); and ice, snow and potable water (3.1%).
- Anchorage, Alaska was ranked the 40<sup>th</sup> best metropolitan area to do business in the United States by Forbes.com in 2005.

## Idaho

- 2004 population: 1,393,262 ranking the state 39<sup>th</sup> in nation. Idaho's population is expected to grow 7.9% to 1,499,149 by 2008.
- Idaho's median age is 34.3 and is below the national average of 36 years.
- 2004 per capita personal income was US\$19,269.
- Food purchases accounted for approximately 24% of total consumer expenditure in 2003.
- Idahoans spent an estimated US\$2.4 billion on food for at home in 2003, while food away from home sales totalled more than US\$1.9 billion. Meat and prepared foods were the most popular purchases at roughly US\$439 million and US\$427 million respectively.
- Food away from home sales are expected to increase by 30% by 2008.
- The Boise-Nampa, Idaho, metropolitan area is ranked 87<sup>th</sup> out of the top 100 American grocery markets by sales with over US\$900 million in food sales in 2005.
- Canada's agri-food exports to Idaho totalled just over \$92 million in 2004. Top export commodities included rape/colza seed oil-cake at 19.3% of total agri-food exports; potatoes, prepared or preserved (13.1%); canola and colza oil (7.7%); swine (7.4%); and alfalfa seeds (5.5%).
- Boise, Idaho was ranked overall the best metropolitan area to do business in the United States by Forbes.com in 2005, while Pocatello, Idaho placed as the 11<sup>th</sup> best smaller city for business in the country.

## Oregon

- 2004 population: 3,594,586 ranking the state 27<sup>th</sup> in the nation. Oregon's population is expected to grow 6.4% to 3,824,639 by 2008.
- Oregon's median age is 37, just slightly above the national average of 36 years.
- 2004 per capita personal income was US\$22,230.
- Food purchases accounted for approximately 23% of total consumer expenditure in 2003.
- Oregonians spent an estimated US\$6.9 billion on food for home in 2003, while food away from home sales totalled more than US\$5.9 billion. Meat and prepared foods were the most popular purchases with each totalling roughly US\$1.2 billion.
- Food away from home sales are expected to increase by almost 28% by 2008.
- The Portland-Vancouver-Beaverton, Ore.-Wash., metropolitan area is ranked 20<sup>th</sup> out of the top 100 American grocery markets by sales with over US\$4.3 billion in food sales in 2005.
- Canada's agri-food exports to Oregon totalled nearly \$244 million in 2004. Top export commodities included swine at 9.6% of total agri-food exports; canola and colza oil (6.6%); fruit and nuts (5.4%); beer (5.4%); oats (4.8%); and fescue seeds (4.7%).
- Portland and Salem, Ore., ranked as the 26<sup>th</sup> and 117<sup>th</sup> best metropolitan areas to do business in the United States, respectively, by Forbes.com in 2005. Corvallis, Eugene and Medford, Ore., placed as the 35<sup>th</sup>, 39<sup>th</sup>, and 50<sup>th</sup> best smaller cities for business in the country respectively.

## Washington

- 2004 population: 6,203,788, ranking Washington 15<sup>th</sup> in the nation. Washington's population is expected to grow 6.3% to 6,594,626 by 2008.
- Washington's median age is 36.4, just slightly above the national average of 36 years.
- 2004 per capita personal income was US\$25,212.
- Food purchases accounted for approximately 23% of total consumer expenditure in 2003.
- Washingtonians spent an estimated US\$12 billion on food for home in 2003, while food away from home sales totalled more than US\$10.8 billion. Meat and

prepared foods were the most popular purchases with each totalling roughly US\$2.1 billion.

- The Seattle-Tacoma-Bellevue, Wash., metropolitan area is ranked 10<sup>th</sup> out of the top 100 American grocery markets by sales with over US\$7.2 billion in food sales in 2005. Spokane, Wash., is ranked 81<sup>st</sup> with just over US\$1 billion in total grocery sales.
- Canada's agri-food exports to Oregon totalled over \$674 million in 2004. Top export commodities included food preparations at 9.4% of total agri-food exports; tomatoes (8.1%); cranberries and bilberries (7.1%); plants (5.4%); and mink fur skins (4.2%).
- Food away from home sales are expected to increase by almost 28% by 2008.
- Seattle, Spokane and Tacoma, Wash., ranked as the 73<sup>rd</sup>, 114<sup>th</sup>, and 123<sup>rd</sup> best metropolitan areas to do business in the United States, respectively, by Forbes.com in 2005. Olympia, Bremerton and Richland, Wash., placed as the 41<sup>st</sup>, 60<sup>th</sup>, and 98<sup>th</sup> best smaller cities for business in the country respectively. Bellingham and Yakima, Wash., ranked 116<sup>th</sup> and 168<sup>th</sup>.

**Key Metropolitan Areas**

**Boise, Idaho**

- Boise had a population of 190,122 in 2004.
- The largest minority groups are Hispanic (4.5%), Asian (2.1%), African American (0.8%) and American Indian and Alaska Native (0.7%).
- Boise had 67 supermarkets, 266 convenience stores, 12 mass merchandisers, 1 warehouse club, and 51 drug stores in 2003.
- Supermarket chains made up approximately 83% of the retail grocery market in 2003, while the remaining 17% was comprised of independent retailers.
- Supermarket sales accounted for roughly 84% of total retail grocery sales in 2003.

**Key Players in the Boise, Idaho Retail Grocery Market**

Retailer	Banner	Number of Stores	Market Share
Albertsons Inc.	Albertsons Inc.	23	35.3%
Wal-Mart Supercenter	Wal-Mart Supercenter	7	19.1%
Kroger Inc.		6	16.2%
	Fred Meyer	6	16.2%
WinCo Foods	WinCo Foods	4	10.6%
Independents		12	7.7%
Pauls Market	Pauls Market	8	6.6%

\*Source: DMA from TradeDimensions International, Inc. – Market Scope 2003

**Portland, Ore.**

- Portland had a population of 533,492 in 2004.
- The largest minority groups are Hispanic (9%), Asian (7.1%), African American (6.8%) and American Indian and Alaska Native (1.2%).
- Portland had 332 supermarkets, 1,110 convenience stores, 103 mass merchandisers, 7 warehouse clubs, and 230 drug stores in 2003.
- Supermarket chains made up approximately 80% of the retail grocery market in 2003, while the remaining 20% was comprised of independent retailers.
- Supermarket sales accounted for roughly 81% of total retail grocery sales in 2003.

**Key Players in the Portland, Ore. Retail Grocery Market**

<b>Retailer</b>	<b>Banner</b>	<b>Number of Stores</b>	<b>Market Share</b>
Safeway Inc.	Safeway Inc.	86	30.5%
Kroger Inc.		52	24.2%
	Fred Meyer	44	22.2%
	Quality Food Centers Inc.	8	2.0%
Independents		81	11.9%
Albertsons Inc.	Albertsons Inc.	38	11.1%
WinCo Foods	WinCo Foods	13	8.3%

\*Source: DMA from TradeDimensions International, Inc. – Market Scope 2003

**Seattle, Wash.**

- Seattle had a population of 571,480 in 2004.
- The largest minority groups are Asian (16.6%), African American (9.7%), Hispanic (6.3%), and American Indian and Alaska Native (0.9%).
- Seattle had 547 supermarkets, 1,899 convenience stores, 72 mass merchandisers, 17 warehouse clubs, and 474 drug stores in 2003.
- Supermarket chains made up approximately 81% of the retail grocery market in 2003, while the remaining 19% was comprised of independent retailers.
- Supermarket sales accounted for roughly 84% of total retail grocery sales in 2003.

**Key Players in the Seattle, Wash. Retail Grocery Market**

<b>Retailer</b>	<b>Banner</b>	<b>Number of Stores</b>	<b>Market Share</b>
Safeway Inc.	Safeway Inc.	118	27.4%
Kroger Inc.		116	25.2%
	Fred Meyer	38	11.9%
	Quality Food Centers Inc.	78	13.3%
Independents		137	12.7%
Albertsons Inc.	Albertsons Inc.	59	12.1%
Haggens Inc.		24	6.7%
	Haggen	9	2.0%
	Top Foods	15	4.7%

\*Source: DMA from TradeDimensions International, Inc. – Market Scope 2003

**MARKET OVERVIEW**

American retail grocery store sales were approximately US\$650 billion in 2004; a 2% increase over 2003. Stores within the retail grocery market include supermarkets, convenience stores, mass merchandisers, warehouse clubs, dollar stores, and specialty food retailers. Due to rising competition, retailers are continually finding innovative ways to improve their operations and expand their share of the retail grocery market.

With competition escalating, this diverse yet fragmented sector may soon dramatically change as national and regional chains continue to consolidate stores and construct larger outlets integrating supermarket formats and gasoline service stations to attract more consumer dollars. Such trends are resulting in smaller independent retailers becoming affiliated with large chains. In 2003, nearly 66% of the nation’s supermarkets were affiliated with a chain, while the remaining 34% operated independently.

Large retail chains and key players in the food retail market such as Wal-Mart, Costco, Kroger, Albertsons, and Safeway, are enhancing their competitive advantage. Mass merchandising and warehouse club retailers like Wal-Mart and Costco are continually

adding supermarket formats to their outlets, while all large chains are increasingly adding gasoline to their product mix. Because of this, convenience stores and independent grocers are facing a new type of competition.

Wal-Mart is one of the largest threats to traditional independent grocers and currently operates 1,353 Wal-Mart stores, 1,713 Supercenters, 85 Neighborhood Markets, and 551 SAM'S CLUBs in the United States. Wal-Mart's annual growth rate of 18% is largely attributed to its expansion into the supermarket industry. The retailer plans on opening approximately 350 new locations throughout the United States in 2006.

### **Supermarkets**

Supermarkets are the largest segment of the grocery retail sector and are dominated by chains. Making an average of 2.2 visits per week to supermarkets, American consumers prefer these outlets due to their selection, convenient locations, and longer hours of operation (Euromonitor, 2004). Despite much growth and success, this segment is under threat from mass merchandisers and warehouse clubs, which are increasingly offering everyday low prices and a broad selection of retail and grocery products.

- Supermarkets dominate the United States retail grocery sector with sales having increased 11% since 2000. In 2004, sales reached more than US\$357 billion, comprising 55% market share.
- Chain supermarkets operating within the annual sales range of US\$12-20 million are most successful and make up 19% of the segment's total market share.
- Chain supermarkets make up 83% of total national retail grocery sales while independent groceries account for 17%.
- Traditional grocery stores carry more private label (i.e. store brand) items (19%) than superstores (14%) and dollar stores (11%).
- Private label market shares increased to 16% in 2004 with over \$42 billion in sales.
- Supermarkets typically have gross margins of 25%, making it difficult to compete with mass merchandisers, warehouse clubs and dollar stores.

### **Convenience Stores**

Traditionally relying on tobacco and gasoline sales as primary traffic-builders, convenience stores are beginning to transform themselves into "grab-and-go" outlets to meet consumer demand for prepared convenience goods. With supermarkets, mass merchandisers and club stores now selling gasoline, and with consumers turning to lower-price competitors for tobacco products, total convenience store sales are expected to drop 6% by 2008. Likewise, convenience store food sales are projected to drop 3% over the same time period. To overcome this obstacle, convenience stores are catering to the trend toward healthier eating and consumers' busy lifestyles by offering prepared foods and "grab and go" convenience products. Such retailers are also adding refrigerated coolers that house perishable foods for added sales.

An additional factor affecting convenience store sales is the increased availability of pay at the pump options when purchasing gasoline. As stated, gasoline is a major draw for many of these retail outlets, but with the option of paying at the pump the need to go into a convenience store is lessening, thus drastically cutting into traditional impulse buys.

Although large chain companies dominate the convenience store sector, it also includes many regional and independent retailers. Their success is largely attributed to truly understanding and meeting the needs and demands of local consumers, while offering convenient, fresh and ready-made products.

- With more than 138,000 convenience stores across the country, in-store sales (not including gas) exceeded US\$100 billion in 2004; a 16% share of national retail grocery sales.
- Convenience stores are the only retailers in the retail grocery market that attract half of American shoppers on a daily basis. Fifty-four per cent of primary household shoppers visit a convenience store weekly.
- Approximately 80% of all convenience stores offer food prepared on-site, especially grab-and-go breakfast products.
- Energy bars and granola/fruit snacks were extremely popular in 2003, with sales of US\$225 million and US\$70 million respectively.
- Top selling convenience store products in 2003 included cigarettes (US\$40 billion), food prepared on-site (US\$15.2 billion), beer (US\$12.8 billion), snacks (US\$5.2 billion), and coffee (US\$4.9 billion).
- Many convenience stores are increasing their service offerings. More than 90% of convenience stores offer ATM services compared to 15% in 1994. Eighty per cent of convenience stores sell money orders, 5.7% offer copy/fax services, 4.5% have check cashing services, and 2% offer drive-thru window service. Furthermore, 90% of such outlets that sell gas offer pay-at-the-pump technology, 35% now have customer loyalty programs, and 16.2% have car washes.
- 7-Eleven is the largest convenience retailer in the United States with approximately 5,320 outlets nationwide and US\$7.9 billion (excluding gasoline sales) in sales in 2004.

### **Mass Merchandisers**

Mass merchandisers are enhancing the competitive nature of the retail grocery market and more specifically challenging the supermarket sector for sales. Much of this channel's growth over the last decade is due to the opening of new outlets, increased advertising of everyday low prices, expanding food selections and the addition of in-store pharmacies. Mass merchandisers are increasingly developing and/or converting into supercenters, and are offering broad product assortments that can include a blend of supermarket and typical mass merchandiser products. With their key feature being aggressive pricing, and consumers ever more adopting the habit of cross-channel shopping, mass merchandisers' market share has steadily increased by 51%, from US\$43 billion in 2000 to US\$65 billion in 2004.

- Mass merchandiser sales reached US\$65 billion in 2004; a 9% market share.
- Mass merchandisers accounted for approximately 14% of non-perishable and 5% of perishable food sales, and 20% of household supply sales in 2003 (Euromonitor, 2004).
- Wal-Mart Supercenters remain one of the largest threats to supermarkets with grocery sections being added to existing outlets and new stores. SuperTarget and Super Kmart represent this same model (Euromonitor, 2004).
- Many mass merchandisers are adding fuel stations to their outlets to benefit from increased store traffic that gasoline sales produce. Some retailers report gains of 3-4% with fuel retailing operations in place.
- The sector is expected to see 21% growth in grocery retail sales by 2008, largely due to Wal-Mart opening new outlets and converting its existing stores into supercenters (Euromonitor, 2004).
- Wal-Mart, Kmart and Target comprise the majority of the mass merchandiser channel together holding an approximate 88% share of the total American retail grocery market.



## Warehouse Clubs

Warehouse clubs are an important player in the retail grocery market in the United States as they are aggressively competing with supermarkets for consumer dollars. These retailers are well known for their low prices, quality products, and "treasure hunt" appeal in which consumers must search aisles for limited-time bargains that are not regularly advertised. Warehouse clubs have a more limited and variable selection of products; however, offer competitive pricing for multipacks, which favours high-volume purchases (Euromonitor, 2004).

Although Hispanics are a relatively small consumer segment in the Pacific Northwest region in comparison to other American markets, they remain an important consumer group in the region's retail grocery market. As such, warehouse clubs may be at an advantage considering that the average Hispanic American family is larger than the national average. Larger families benefit from such retailers' "club sized" or "family sized" product packaging and bulk purchase savings. With Hispanic buying power set to almost double from US\$580 billion in 2002 to \$926 billion in 2007, and the segment's higher than average food purchases, the Hispanic market will significantly impact warehouse club sales in the Pacific Northwest region.

- Warehouse club sales reached US\$60 billion in 2004, a 9% market share.
- Warehouse clubs accounted for approximately 10% of non-perishable and 4% of perishable food sales, and 15% of household supply sales in 2003 (Euromonitor, 2004).
- Warehouse clubs typically have gross margins of 10% and pass these savings on to consumers.
- More than half of American consumers shop at warehouse clubs.
- Threats to warehouse club retailers include the growing baby-boomer population, which does not require products available in large or bulk size formats.
- Grocery sales account for approximately one-third of warehouse club sales. Top selling goods include dairy, meat, produce, and home meal replacement products.
- The Pacific Northwest region's major warehouse club retailers include Costco and SAM'S CLUB with 43 and 7 locations respectively.
- Costco is the leading warehouse club retailer in the United States with 336 locations and US\$47.1 billion in sales in 2004.
- The sector is expected to see 20% growth by 2008, largely due to Costco opening new stores (Euromonitor, 2004).

## Dollar Stores

Dollar store retailers have revitalized themselves over past decade with better quality products and increased product variety, resulting in large channel growth. More recently, there has been a shift to toward adding food aisles and convenience goods to increase sales. Many retailers are adding refrigerated and/or frozen food sections for fresh produce and frozen prepared meals. Family Dollar, for example, recently added coolers that house perishable foods in its stores, while Dollar Tree has increased its offering of pantry items including snacks, canned goods, sauces and side dishes. Large national retailers from other channels such as Wal-Mart, Target, Albertsons, and Walgreens are also trying to benefit from dollar store sales by experimenting with dollar aisles in their stores.

- Sales reached more than US\$10 billion in 2004 and are projected to grow 6% annually over the next five years.
- There is a relatively small concentration of dollar stores in the Pacific Northwest states in comparison to other American markets.

- The number of dollar stores in the United States has more than tripled over the past decade to over 16,000. More than 8,000 new outlets are predicted to open by 2010.
- The Pacific Northwest region's major dollar store retailers include Dollar Tree with 113 locations and Family Dollar with 3 locations in Idaho.
- Two-thirds of households in the United States shop at dollar stores.
- Shoppers with family incomes under US\$30,000 account for 51% of dollar store sales.
- Low-income households are not the only dollar store customers. Households with incomes above US\$70,000 increased their visits to dollar stores by 15% in 2003. This was largely due to dollar stores adding more brand name items to their product mix.
- Top selling agri-food products in dollar stores include candy, snacks, frozen pizza, dairy, sugar, flour, oils/shortening, diet aids, meats and seafood.
- Candy and snack sales rose approximately 10% and 13% respectively in 2003.
- Dollar General is the largest dollar store retailer in the United States with over 7,600 locations in 31 states, and US\$7.6 billion in sales in 2004.

### **Key Factors Shaping Market Growth**

Over the last decade, the American retail food industry has seen extensive consolidation and structural change through amalgamations, divestitures, internal growth and new competitors; a trend that has also impacted the Pacific Northwest region. The area has experienced a number of mergers and acquisitions resulting in larger, stronger players in the Pacific Northwest retail grocery market. Two of the largest combinations in American retail grocery history occurred in 1999 when Albertson's merged with American Stores, making it the second-largest food and drug retailer in the United States, and Kroger acquired Fred Meyer, placing the retailer in first-place.

Such consolidations have ultimately helped national food retailers expand their market share, but have also greatly increased competition throughout the Pacific Northwest. This is especially so between large supermarket chains and small independent grocers, as well as amongst mass merchandisers as they continue to compete with traditional supermarket formats for consumer dollars.

### **Opportunities**

#### **Organic Foods**

It is no surprise that organics are developing as a strong market in the Pacific Northwest region as people become increasingly aware of the environmental, social and health benefits associated with the production of organic foods. In fact, the region is home to roughly 25% of all natural food stores in the country as consumers from the area tend to be more health conscious and are willing to spend more on natural and organic foods. Approximately 30% of American consumers or 88 million people use organic products, with quality being particularly important to Hispanic, Asian and organic shoppers. Furthermore, about 9% of Americans fully incorporate organic usage into their lifestyle, 17% try to do so, and 4% are non-committed and occasionally purchase such food products. However, the demand for prepared or easy-to-prepare meals in the organic food segment is expected to expand as people look for quick, portable and healthy alternatives. Categories with strong growth potential include organic milk, cheese, meat, ethnic foods, frozen foods, beverages, and baby foods.

2004 national organic food sales were estimated at roughly US\$10 billion, and accounted for 2% of American food sales. Since 1992, such sales have increased by more than 20%

annually, compared to 2 to 3% growth of conventional foods, and are expected to show strong growth for at least the next decade. Organic food sales are predicted to reach US\$32 billion by 2009. Organic dairy, breads and grains, and beverages are expected to double in sales by 2010, while fruits and vegetables are predicted to triple in demand. Meats and produce are anticipated to have improved performance in upcoming years. Demand for organic meat is increasing in part as a result of consumer concerns about food safety and bovine spongiform encephalopathy (BSE). Organic meat sales are expected to grow 31% annually through to 2008.

**US Organic Food Market (2004)**

<b>Category</b>	<b>Market Share</b>	<b>Value</b>
Produce	40%	\$4.4 billion
Packaged Foods	15%	\$1.6 billion
Dairy Products	10%	\$1.1 billion
Frozen Foods	9%	\$1.0 billion
Soy Products	6%	\$0.6 billion
Beverages	6%	\$0.6 billion
Meat	3%	\$0.3 billion
Snacks	2%	\$0.2 billion
Other	9%	\$1.0 billion
<b>Total</b>	<b>100%</b>	<b>\$10.8 billion</b>

\* All values in US dollars

The continual growth of organic foods in the Pacific Northwest region should provide Canadian food companies with good opportunities to penetrate the American marketplace. Although, the United States is mostly self-sufficient in producing organic food to meet domestic demand, opportunities exist for new and unique products. Canadian companies able to provide original, convenient and quality organic foods will find success in the Pacific Northwest region.

Canadian exporters already have the capabilities to produce many organic foods that are in demand in the Pacific Northwest region. Some of these foods and ingredients include organic beef and chicken; grains, cereals and breads; fruits and vegetables; apple products; teas and juices; ice cream; and canola, safflower and sunflower oils. Canadian organic food manufacturers should benefit from consumer perceptions of Canada as a clean, pure and unspoiled food source.

**Ethnic Foods and Ingredients**

The American retail ethnic food market is currently valued at US\$75 billion, and its continual growth is largely due to an increase in ethnic diversity in the United States and mainstream consumers' seeking new flavours. The Pacific Northwest region's retail ethnic food market by cuisine and sales can be broken down into three major food categories: American Indian and Alaska Native, Asian American and Hispanic.

***American Indian and Alaska Native***

The American Indian and Alaska Native consumer segment comprises 0.7% of the United States population; almost 10% of which is concentrated in the Pacific Northwest States. This consumer group includes members of the Cherokee, Chippewa, Navajo, and Sioux tribal groupings. The largest American Indian and Alaska Native population segment is the Cherokee tribal grouping.

Although many American Indian and Alaska Natives are acculturated and generally eat mainstream American foods, traditional Native foods are still widespread throughout the region. The Pacific Northwest's distinct regional cuisine is greatly influenced by the local

Native American populations that have inhabited the land for hundreds of years. Traditional native foods include beans, berries, corn, chili, fish, melons, nuts, plants, pumpkin, squash, wild mushrooms, and game such as caribou, deer, duck, and rabbit. Customary food preparation incorporates drying, baking, stewing and boiling techniques. Today's modern Pacific Northwest cuisine draws many influences from such native cooking methods, with oyster and salmon dishes remaining very popular.

### ***Asian American***

Asian Americans currently make up 4.5% of the Pacific Northwest region's population, surpassing the national average of 4.1%. This consumer segment can be broken down into several sub groups including Chinese, Japanese, Vietnamese, Korean, Filipino, Thai, Cambodian, Indian, and Malaysian consumers. The largest Asian population segment is Chinese American. This group has grown nearly 50% between 1990 and 2000.

Pan Asian and fusion cuisine ingredients have gained popularity in the Asian food market, while pre-made sushi and chai continue to be in high demand. Product trends include artisan sake, Asian barbecue, spring rolls, edamame, Kobe, panko, prawns, squid, octopus, clams, raw foods, cabbage rolls, gourmet noodles and toppings, furikake rice seasonings, dumplings, dim sum, and hot and sour soup. Popular flavours and ingredients include soy, peanut sauce, hoisin, wasabi, miso and cardamom.

### ***Hispanic***

The Hispanic consumer segment is the largest growing ethnic minority in the United States, making up approximately 14% of the population. By 2012, it is estimated that this segment will account for nearly one out of every five Americans, with an estimated 40.5 million Hispanics living in the United States.

Recent product trends within the Hispanic food market include ceviche, curtido, pupusas, paella, fabada, tapas, slow-roasting dishes, dulce de leche, tres leches, plaintains, cherimoya fruit, pico de gallo, and Mateus wines. There is strong demand for foods that are hot and spicy with lemon Cajun, chipotle, mesquite, and chimichuri flavours.

### ***Other Trends***

Several other trends are occurring in the Pacific Northwest region, which may yield opportunities for Canadian exporters. The trends in artisan and specialty cheeses include an increased consumption of Paneer, Chevre, Crottin de Chavignol, Chevrefeuille, Roquefort, Manchego, Perail, Ricotta and Feta. There is an increase in demand for exotic teas with emphasis on Asian varieties including green, chai, herbal, yerba mate, rooibos, oolong, bubble, organic, iced, and decaffeinated tea. Other popular beverages include specialty coffees, ice wine, sparkling wine, flavoured and sparkling water, and sport beverages.

There is also much interest in the emerging cuisine market with concentration on Mediterranean, Middle Eastern, Indian, and especially Asian foods. Chiles, spice blends, sweet and sour concoctions and piquant fruit dressings are increasing in popularity as people crave authentic culinary experiences.

### ***Canadian Ethnic Food Exports***

Canadian exporters have demonstrated the ability to deliver many products that are in demand in the Pacific Northwest region. The following is a list of products that are common to all ethnic cuisine trends in the Pacific Northwest states and can be exported by Canadian companies.

- Shrimp, lobster, crab, salmon, mackerel, ackee, saltfish, cod, scallops and calamari

- Calf brains, kidneys, beef, lamb, pork, chicken, goat, spicy sausage, meat pies, ethnic beef and chicken stew, black bean soup
- Tofu and vegetarian dishes
- Dark chocolate
- Garlic, ginger, coriander, cinnamon, curries, cilantro, cumin, chillies, oregano, bay leaves and laurel leaves
- Chickpeas, cranberries, zucchini, tomatoes, potatoes, mushrooms, peppers, olives and almonds
- Sparkling water and wines

### **Gourmet and Specialty Foods**

The increasingly sophisticated taste of the American consumer is indicated by the rapid growth in the gourmet and specialty food market. Nearly 20% of American adults are gourmet food consumers, fuelling a US\$41.2 billion industry that is expected to reach sales of US\$62 billion by 2009. Such growth is being supported by Americans' growing interest in world cuisines and flavours, their increasing concern with health and wellness, and rising disposable incomes. Growth in this category is also attributed to more affordable, available, and appealing gourmet products. This is in part due to greater in-store marketing, expanding retail distribution of gourmet goods, and a growing synergy between natural and gourmet food industries. Some of the emerging trends from the specialty foods market include:

- Convenience in all forms including pre-washed salads, convenient gourmet sauces, prepared meals, and ready-to-cook and -eat meats.
- Natural and organic foods and ingredients known for their health benefits.
- Baked goods including artisan breads, crackers, cookies and cakes; pasta and grains.
- Indulgent goods including frozen desserts, ice cream and candy (i.e. both chocolate and non-chocolate).
- Non-alcoholic beverages, such as bottled water, specialty coffees and teas.
- Focus on retro, comfort and home-style foods.
- Popular gourmet food brands include Barilla, Ben & Jerry's, Cabot, Carr's, Celestial Seasonings, Godiva, Marie Callender's, Newman's Own, Pepperidge Farm, Perrier, Snapple, Starbucks and Tabasco.

### **Frozen Foods**

The American frozen food market was worth US\$29.2 billion in 2003, and is expected to reach US\$30 billion by 2009; a 3.4% increase. Due to their convenience, portability, and expanding variety, frozen foods offer consumers quick and easy at-home meal solutions. Such convenience and ease of preparation is increasing frozen foods' popularity. Consumer demand for ethnic, natural and organic frozen food choices is increasing, and is supported by growing ethnic diversity in the Pacific Northwest region. Mexican foods accounted for US\$488 million or 22% of the US\$2.2 billion ethnic frozen food market in 2001, while Asian frozen food sales amounted to US\$463 million or 21%. Multiple-serving frozen ready meals are expected to generate large sales through to 2009, with sales forecast to increase 12% to US\$8.9 billion (Euromonitor, 2005). Consumers are also increasing their consumption of frozen snacks in place of full meals as they offer easier portability than conventional frozen meats that require cooking and preparation time. Premium and indulgent frozen foods are on the rise as more consumers want to enjoy upscale, higher priced, quality foods, and are more frequently turning to frozen products for everyday convenient meal solutions (Euromonitor, 2005).

- Frozen ready meals remain the number one subcategory in the frozen food sector with more than US\$5.9 billion in annual supermarket sales.

- According to the American Frozen Food Institute, the average American ate a frozen meal six times a month or 74 times between 2001 and 2002.

### **Home Meal Replacements**

Consumer buying behaviour is shifting toward the purchase of prepared meals to replace purchasing ingredients to cook meals at home. Retail grocers have reacted by investing in more product and marketing initiatives for such foods. American supermarkets, in direct competition with the foodservice industry, have ventured into home meal replacements (HMRs) in an attempt to build on their 21% share of the takeaway food market, compared with restaurants, which maintain 22% of the market. Some supermarkets are beginning to install drive-thru windows to improve accessibility and convenience, and 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.

According to Grocery Manufacturers of America, American 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 Northwest region. HMRs are a means to satisfy consumer demands on a number of levels, including convenience, and quick and healthy takeaway options. The HMR market segment is worth over US\$100 billion and is expected to see approximately 8% sales growth by 2020. Currently, three-quarters of American supermarkets offer fully prepared meals made on-site 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. Chicken, salads and pizza continue to dominate overall sales, but it is the growing variety of foods, many with exotic flavours, and their convenient preparation which will push the segment's growth.

### **Private Label Products**

Private label brands (also called store brands) are a critical component in the evolution of the retail grocery market, and currently account for 20% of all items sold in American supermarkets. The growth of private label brands can be partly attributed to their improved quality, expanding product lines, and cost savings passed on to consumers. These factors have led to increased knowledge and positive perceptions of store brands, supporting an industry worth over US\$50 billion.

Market research has indicated that consumers are shifting their spending towards the purchase of private label goods to get the most value for 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 increased by 1.4%. Price has historically been the driving factor in consumer decisions to purchase store brands; however, shoppers are increasingly purchasing high quality, premium offerings under these labels. In fact, recent studies indicate that Americans are just as likely to prefer the taste of private label products over that of well-known national brands. Furthermore, 75% of consumers identify store brands as "brands", 90% are familiar with the concept of private branding, and 83% regularly buy private label products. This presents an opportunity for Canadian exporters to enter the American store brand industry by selling high-quality, lower-priced goods to retailers for resale as private label products.

American retailers are aggressively seeking high quality private label goods with attractive packaging to add to their product mix. Developing such products for premium private label lines can also be profitable. Opportunities exist for Canadian manufacturers that can produce quality private label products for specific markets and/or those who specialize in particular product lines; especially those that include organic and ethnic foods. Several private labels that are rapidly expanding in the Pacific Northwest region include Wal-Mart's Great Value brand; Costco's Kirkland Signature brand; The Kroger Co.'s Private Selection, FMV, Naturally Preferred, and Nature's Song brands; Albertsons' Our Own Brands; and Safeway's Safeway SELECT and Safeway brands.

## **Population and Food Consumption Trends**

The Pacific Northwest States are home to approximately 11.8 million people, of which about 52% reside in Washington. The region's aging baby boomers are steadily driving the population's median age of 35 upwards. The largest population segments of the Pacific Northwest states fall between 45 and 54 years of age, with the exception Washington, whose largest population group falls between 35 and 44 years of age.

As the Pacific Northwest's population gets older it is also increasing in size. The region experienced 5.4% population growth between 2000 and 2004, with each state showing modest but steady growth. Idaho's population increased by approximately 8%, Washington's and Oregon's by 5%, and Alaska's by 4.5%.

### ***The American Consumer***

In today's Pacific Northwest region there is no longer a homogeneous shopper to target. Consumers must now be categorized and marketed to according to various demographics including ethnicity, age, income, neighbourhood of residence, and personal shopping trends (e.g. whether they purchase low-carbohydrate, low-fat, organic or natural foods).

American consumers average eight shopping trips a month and spend about US\$93 on weekly groceries; US\$70 of which is spent at their primary grocery store. Although low prices still greatly affect consumer purchases, shoppers rate store cleanliness as the most important factor, even above store proximity. Store cleanliness is followed by high quality produce, high quality meat, price, service, and finally store location.

Recent studies suggest that with as many as two thirds of Americans being overweight and 55% trying to maintain a healthy diet, the trend toward healthier eating has increased in popularity. Consumption patterns are beginning to shift toward low-fat and low-calorie options. Seventy-three per cent of Americans now purchase more nutritious foods and beverages than in the past. Furthermore, 66% per cent of consumers look for food products made with whole, unrefined grains when they are grocery shopping; followed by those containing vitamins and minerals (59%); goods that are reduced or low in fat (65%), calories (54%), and carbohydrates (42%); and sugar free (49%) products. Natural and organic foods, and products that are high in fiber or free of trans fats are also extremely popular.

Aside from healthier foods, consumers also want a variety of quality, quick and convenient portable options. With 75% of dinners still eaten at home, and 44% of which are prepared in 30 minutes or less, there is great demand for prepared foods as consumers turn to supermarkets and restaurant takeout counters for meal solutions. Since 2002, consumer demand for such products has resulted in more higher-priced, upscale dinners, restaurant brand foods, and ethnic frozen meals, mainly in the Hispanic and Asian food segments. Many food companies are responding with new assortments of convenience products, especially ready-to-eat and -cook meals. Supermarkets are also following suit by making such entrées in-store with fresh ingredients. Supermarkets

captured 27% of consumer takeout meal purchases in 2004, while fast food outlets accounted for 35%, and restaurants acquired 18% of this market.

When discussing the trend toward healthy eating in the United States, it must be remembered that larger portion sizes are still commonly used as marketing features at the retail and foodservice level. Products advertised as "King sized" and "Man sized" continue to be very popular. In addition, products advertised with promotional bonuses, such as "now with 33% more", are very effective ways of marketing a product. The trend toward healthy eating in the United States is significant, but it fails to offset the traditional perceived value and popularity of products promoted with larger product packaging and larger product portions. As much as healthy eating is a trend amongst the average consumer, the effort to eat healthier could easily be described as casual, with healthy eating choices being incorporated into less than healthy diets.

Seniors also represent an important consumer segment in the Pacific Northwest retail grocery market. There are more than 34 million Americans age 65 and over in the United States; 3.8% of which live in the Pacific Northwest. Washington alone is home to over 671,000 seniors or 52% of the region's total. This growing consumer segment offers numerous opportunities for food retailers to cater to. However, as the opportunities increase, the need to accommodate and adjust services to serve this demographic is evident. The demand for senior parking sections and discounts, and larger in-store signage for easier navigation is increasing. More product information is also requested as seniors have less brand loyalty and more time to research their purchases than other consumer groups.

Seniors between the ages of 65 and 74, and those aged 75 and over, spend 8.9% and 9.2% of their total expenditures on groceries respectively, compared to the national average of 7.6%. Consumers age 55 and over annually spend more than US\$101 billion on groceries. Furthermore, 87% of seniors are willing to pay more for healthy, quality food products, especially fresh, natural, organic, gourmet, and convenience foods.

#### ***The American Indian and Alaska Native Consumer***

The Pacific Northwest region's large American Indian and Alaska Native population of nearly 10% sets it apart from other American markets. At more than 13 times that of the national average, the ratio of American Indian and Alaska Natives in the region does have a considerable effect on the sales volumes and spending patterns in various markets in the area. Furthermore, both the American Indian and Alaska Native consumer segment in the Pacific Northwest states and the region's well-known Native-inspired cuisine, present a significant market opportunity for Canadian exporters.

#### ***The Asian American Consumer***

In addition to the Pacific Northwest states' largest overall ethnic consumer group, there is strong emphasis on addressing the needs of the region's expanding Asian population. Between 1990 and 2000 the nation's Asian American population increased nearly four times as fast as the American population overall, and is expected to reach 37.6 million or 9.3% of the country's total by 2050. Asian Americans are the most affluent market segment in the United States, with average household incomes of US\$83,804; 8% higher than that of non-Hispanic white consumers. Such growth and prosperity makes Asian Americans an important consumer group for retailers and marketers nationwide.

Asian Americans held a purchasing power of US\$296 billion in 2002, and spend approximately US\$25 billion on food annually. Asian retail food sales saw 27% growth between 2000 and 2004 due to the increasing Asian American population and mainstream consumer demand for ethnic foods.



**The Hispanic Consumer**

Apart from the growing Asian American segment, the Pacific Northwest region’s Hispanic population of more than 296,000 is also experiencing strong growth. This is especially so in Idaho, Oregon, and Washington where much of the growth is located. This Hispanic segment can be further broken down into consumers of Mexican (60%), Puerto Rican (10%), Central American (5%), South American (4%), and Cuban (3%) descent, with the remaining 18% from other backgrounds. The American Hispanic consumer segment has grown significantly over the past decade, and its purchasing power is expected to almost double from US\$581 billion in 2002 to US\$1 trillion by 2010.

Hispanics make more shopping trips, spend more on groceries, and eat more at home than their mainstream American counterparts. Hispanics average 26 shopping trips per month or three times more outings than mainstream shoppers, and spend an average of US\$133 per week on groceries compared to non-Hispanic shoppers’ typical US\$93 weekly purchases. The average number of meals eaten outside of the home is low for this group, at only 1.2 times per week. Hispanics are also more likely to visit independent bakeries, butcher shops, produce markets, bodegas (i.e. small markets), convenience stores, drug stores, and warehouse clubs than other shoppers. In fact, over 50% of Hispanics visit such stores where they spend about 30% of their total food dollars, compared to that of 18% of mainstream American shoppers.

Fresh, quality products are especially important to Hispanics and are frequently used in their cooking. This segment also accounts for much of the produce sales in the retail grocery market. Ethnic seasonings are also characteristic of this consumer group’s cooking, with 91% of Hispanics using fresh and dried spices, seasonings, and sauce mixes on a regular basis.

Although many Hispanics often cook meals at home, acculturated Hispanics are increasingly leading busy lifestyles, and therefore the demand for authentic Hispanic convenience foods is growing. Mainstream Hispanic and Mexican convenience food sales, including entrées and portable items, rose from US\$250 million in 1999 to US\$505 million in 2004. Double income Hispanic families are also leading much of the growth in the frozen and refrigerated grab-and-go product category. Although Hispanics fuel most of the US\$4.3 billion Hispanic food and beverage market, it is important to note that non-Hispanic consumers are also a growing source of sales.

**State Ethnic Populations and Demographics**

Distinct trends exist in each of the Pacific Northwest states. Age, race, and income demographics vary from state to state and county to county. Oregon, for example, has a large Hispanic community while the region as a whole has an Asian American population greater than the country average. The Pacific Northwest states also have an American Indian and Alaska Native population more than 13 times that of the national average.

**2004 State Populations and Demographics**

State/Region	Population	American Indian & Alaska Native	Asian American	Hispanic
Alaska	655,435	12.9%	4.4%	4.8%
Idaho	1,393,262	1.6%	1.2%	8.9%
Oregon	3,594,586	1.0%	3.5%	9.6%
Washington	6,203,788	1.2%	6.3%	8.5%
Pacific Northwest	11,847,071	9.9%	4.5%	2.5%
<b>United States</b>	<b>293,655,404</b>	<b>0.7%</b>	<b>4.1%</b>	<b>13.8%</b>

### ***Eating Habits and Trends***

With the trend toward healthier eating, the quality and freshness of fruits and vegetables is very important to consumers. Fifty-four per cent of shoppers only purchase produce from supermarkets during peak growing seasons, 58% of consumers purchase all of their fresh fruits and vegetables at supermarkets due to their convenience. However, 34% of Americans prefer fruits and vegetables from local farm stands and small produce stores; 76% of which believe these locations offer fresher produce than supermarkets.

American consumption of bottled water has increased with consumers opting for healthier beverage choices. Per capita consumption rose by 7.6% from 22.1 gallons in 2003 to 23.8 gallons in 2004. Such growth was driven by single-serve bottled water sales, with Coca-Cola, Nestle Water of North America and Pepsi-Cola capturing 58% market share. Pepsi-Cola's Aquafina is the largest selling brand of bottled water in the United States, and reached over US\$1 billion in sales in 2004.

With the "low-carb" craze beginning to fizzle out, supermarket bakeries are expected to see improved sales, especially with indulgent baked goods which are very popular. However, many consumers are still watching their carbohydrate, calorie and fat intake. American bread consumption is still at a low 1.8 servings a day compared to the four servings average in 1999.

Beef, pork and chicken remained popular with consumers in 2004 and represented 91% of all packaged meat in supermarkets. However, food retailers have been making more room for ready-to-eat and -cook meals, value-added products, and self-serve seafood, because consumers are generally willing to pay premiums for these products. Meat product packaging containing recipes, cooking directions and photos of the prepared product continue to draw consumers. Beef also remains in high demand, especially premium meat such as organic, natural, Kobe, and 100% certified Angus or Hereford beef, veal, and preservative-free sausages. Overall beef sales have been declining for decades, but premium meat sales continue to see significant increases. Americans eat meat an average of three or more times a week.

Chicken consumption rose almost 40% from 36.3 lb. per capita in 1990 to 50.7 lb. in 2005. Such growth can be attributed to chicken's price, availability, and versatility in meal preparation in comparison to other meats; as well as its common occurrence on restaurant menus. American consumers eat chicken an average of 2½ times a week; 81% of which is purchased from supermarkets.

A notable trend in the dairy category is Americans' increase in cheese consumption. Consumers increased their cheese intake by 18% from 25.9 lb. per capita in 1992 to 30.6 lb. in 2002. Specialty cheeses are also increasingly popular and consumption has grown five times faster than overall cheese consumption in the past decade. Popular assortments include flavoured, boutique, farmstead, wash-rind and ethnic cheeses. Organic and natural cheese options, increasing ethnic diversity, and changing consumer tastes have also attributed to the rise in cheese consumption.

### **Supermarket Industry**

The Pacific Northwest region's supermarket industry is undergoing many changes to satisfy the needs of its consumers. Many large chain retailers are remodelling stores to offer a more simplified and convenient shopping experience for time-starved shoppers. Common improvements include the addition of self-scanning kiosks where shoppers can check product prices and features, ethnic food aisles, prepared food sections, dollar store type aisles, and pharmacies.

With consumers increasingly looking for retailers with fast checkouts, quick-stop areas, and a wide range of products and services, supermarkets are responding with many solutions. Approximately 63% of supermarkets nationwide have an in-store pharmacy; 10% of which offer drive-thru service. Many supermarkets may soon be offering automated prescription refill kiosks that do not require pharmacist consultation. Chains such as Safeway and Walgreens recently received approval to install such devices.

In-store television may also become more widespread among American supermarkets. The Kroger Co. recently launched a television network in more than 2,500 of its stores across the United States, in which plasma and LCD screens deliver information on new products and services, cooking tips, special promotions, community service initiatives, and entertainment segments. It is projected that more than 68 million shoppers will be exposed to such in-store media each week.

The number of supermarkets offering online shopping to consumers has also become more widespread, from 9% in 2000 to 16% in 2005; a more than 43% increase. Furthermore, 31% of supermarkets offer self-scanning checkouts used by over 50% of consumers; 22% of which do so on a weekly basis. Aside from such services, many supermarket chains have also added gasoline to their product mix; with 19% of such outlets having done so. Forty-five per cent of consumers pump gas at supermarket stations, and about 19% do so weekly.

Although the supermarket industry is taking large strides to transform itself into a one-stop outlet for groceries and other products and services, consumers do not always see supermarkets as quick and convenient options for takeout meals or those to be eaten on-site. The common perception remains that supermarkets largely sell raw ingredients for at home meal preparation and that they are not fast. Moving forward, supermarkets face logistical challenges to combat this perception including offering quick, in-and-out service, better parking sections, and drive-thru takeout windows.

With many supermarket chains adding such improvements and additions to their facilities, independent grocers are experiencing increased competition. To stay competitive, successful independent grocers are trying to truly understand their clientele in order to meet consumer demand and needs, and are catering to large ethnic markets, providing excellent customer service, and also making store improvements to facilitate the shopping experience. Such developments include rearranging aisles for enhanced shopability; prime examples being positioning peanut butter and jelly by bread, and milk across from the cereal section. These complimentary product clusters facilitate shopping and benefit a grocer's bottom line by influencing purchases on the spot.

## **Major Food Retailers and Intermediaries**

### **Retailers**

With competition in the American retail grocery market growing, major retailers are expanding their product and service offerings to stay in the game. Loyalty programs have become popular and are offered by most retailers, especially supermarkets. At least 86% of adults have at least one loyalty card from a supermarket retailer; however, most have a loyalty membership with more than one retailer. As online shopping grows, so do online loyalty memberships. Currently, 24% of American online retailers have a loyalty program, while 43% plan to implement one in 2006. Among retailers with such programs, 77% offer regular promotions, 60% provide excellent online customer service, 58% have exclusive offers and events for members, and some even allow members to redeem points for gasoline. The strategy behind such customer programs is to build loyalty, expand sales and marketing databases, as well as promote the retailer's image.

Studies show that reward cardholders spend an average of 33% more on groceries each week.

In addition to customer reward programs, major retailers are competing with traditional grocery retailers as they add supermarket and convenience store aisles or formats to their locations. Even drugstore chains such as CVS, Eckerd and Walgreens are adding refrigerated and frozen food aisles, while dollar store giants Family Dollar and Dollar Tree offer a wide selection of grocery goods.

Many large retailers are also catering to the trend toward healthier eating by stocking healthier food products and/or developing such private label goods. 7-Eleven, for example, recently launched its Formula 7 line of functional foods and beverages that enhance energy, endurance, wellness and strength. The product mix includes bottled and canned beverages, and two nutritional bars.

### **Intermediaries**

Many distribution companies currently face multiple technical challenges including facility design, operational security, safety and ergonomics, food safety, and implementing distribution centre automation. In order to overcome such challenges, new industry trends include the shift toward using radio frequency identification (RFID) and voice recognition technology, paperless delivery, and mobile wireless application and satellite tracking for fleet operations, to facilitate the distribution process. Many companies also offer web-enabled buying and selling in real-time, and can customize service according to retailers' needs.

RFID technology is slowly being implemented by large grocery retailers and is expected to soon be prominent in the retail grocery industry. The system can be used to track inventory items from production to consumer, giving industry stakeholders new control and insight into their entire shipping and delivery systems. Such technology will also help to assure consumers that the food they purchase has been properly produced, prepared and handled.

### **Industry Trends**

There are a number of national trends emerging in the American retail grocery sector that will have an impact on the Pacific Northwest region's market. First is the increasing number of mass merchandisers. Such retailers have entrenched themselves solidly in the retail grocery market by offering lower prices and more selection than traditional supermarkets. Consumers have responded well and appear to be choosing price and selection over proximity and ease of access. Mass merchandisers have become increasingly attractive to young consumers, with 30% of which shopping at these larger stores compared to 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 their product mix, and co-branding with other companies to offer more to their customers. Options such as in-house banking and the addition of gas bars allow consumers to do more during their visit to the supermarket.

The focus on healthier eating is another trend impacting the retail grocery market. Increasing consumer interest in health and wellness, especially due to a surge in high profile trend/fad diets, has made for an influx of healthy, organic and natural foods into the American retail grocery market. Although low-carbohydrate food and beverage

products saw increased sales in recent years, cholesterol-reducing products may take the lead by 2009 as low-carbohydrate diets lose popularity.

Store improvements and remodelling is yet another major trend among the Pacific Northwest region's grocery retailers. Many dollar and drug stores are adding refrigerated food sections for extra sales, while some convenience store chains are including mini grocery aisles and dollar store sections, foodservice stations, and more convenience products. Fresh ground beef, for example, is being tested at Walgreens, while retailers outside of the region, including HandiMart, Kroger's Kwik Shops, and Osco Drug, are also flowing suit.

As with any other industry, the grocery sector is constantly seeking new ways to improve its service to consumers. In an effort to speed up the shopping experience, new payment technology is increasingly being implemented in retail outlets and provides added security for consumers' bank and credit card accounts. For example, Southeast retailer Lowes Foods in North Carolina is using QuikTouch, a biometric payment system, in which only a customer's fingerprint is used to authorise payment from their checking account. 7-Eleven and Sheetz now also accept "blink" contactless payment cards, which allow consumers to hold their card one inch away from a secure reader rather than swipe it, and eliminates cards from exchanging hands. Contactless payments are 25% faster than cash transactions.

### ***Future Trends***

Industry experts and analysts have offered some thought 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, while long term food prices are expected to increase at a rate just slightly below that of the general rate of inflation. Nearly 54% of industry analysts believe that all supermarket 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. Furthermore, almost 97% of industry experts feel that supermarkets will be open 24 hours a day, seven days a week, while the remaining 3% believe that grocery stores may be closed on their slowest business day of the week.

### **Profile of the Food Distribution System**

The Pacific Northwest region is home for some of the largest food distributors in North America. To arrange distribution in the Pacific Northwest, the manufacturer has three options at their disposal: manufacturer direct to the food outlet; manufacturer to merchant wholesaler, to food outlet; or manufacturer to distributor, to retailer, to food outlet.

The majority of exporters (75-80%) choose to ship their product directly to the retailer's warehouse. The advantage of this channel is that exporters eliminate the cost of excessive transportation and labour costs of shipping directly to the store.

SYSCO, with sales of US\$28 billion, is the largest food distributor in the United States. Other substantial broadline distributors serving the Pacific Northwest region include DPI Northwest, Food Services of America, Ocean Beauty Seafoods, Pacific Seafood Group, Unified Western Grocers, and United Natural Foods. Many large grocery retailers in the Pacific Northwest region also have their own distribution operations. Retailers with their own distribution centres located in the region include Albertsons, Kroger, Safeway, and Wal-Mart.

### ***Natural/Specialty Distributors***

Lower volume, niche or higher-end products are best sold through a wholesaler or distributor who will manage the logistics of inventory management, shipping and store service. Warehouse and distributor consolidation can also help to reduce costs to Canadian exporters.

### ***Dealing Directly with Retailers***

Supercenters deal with large volumes of goods and are prohibitive to smaller exporters. Large exporters willing to offer discounts may consider selling directly to a supercenter. The American based support infrastructure is well established and open to working with Canadian exporters. This market is best-suited for sophisticated exporters with in-depth experience and understanding of the American marketplace. Key points which Canadian exporters need to consider before entering the market include:

- Dealing with time consuming and unpredictable border crossing paperwork can be an even greater challenge than managing shipping costs. A thorough understanding of the cost and timing implications of cross border shipping is critical to attract sophisticated American buyers.
- Carefully considering the costs and benefits of a broker before requesting their services. Furthermore, companies involved with private labels are less likely to make use of brokers.
- Being flexible and responsive to buyers' needs will help develop stronger credibility and access to new market opportunities.

## **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 in the Pacific Northwest states, especially since the area is known for its agricultural output. Alaska is widely recognized for its seafood. Idaho is known for its potatoes, wheat, peas and lentils. Oregon is recognized for its berries, crops and greenhouse products, while Washington is known for its apples, beef, milk and wheat. Although local American suppliers remain top competitors for Canadian exporters, the Pacific Northwest market overall is very open.

The grocery industry in the Pacific Northwest region is well established, and products from other states provide ample support for food capabilities in the region. The diversity in food commodities exported to Canada from the Pacific Northwest region demonstrates that each state holds different strengths in agricultural production.

Canada has long been the number one exporter of meats, processed fruits and vegetables, grain mill products, bakery goods, sugar and confectionary, and fats and oils to the United States. The capability to produce all these products is a distinct competitive advantage for Canadian producers over international competitors.

### **International Competition**

Imported food is one of the fastest growing categories in many American supermarkets. Canada, Mexico, Chile and Argentina are long time global competitors in the United States market. Newer agricultural exporters from Brazil, Russia, India and China are increasing the competition level in the region. Top countries exporting agri-food and seafood products to the United States include Mexico, Chile, France, Italy and China. The main exports from these countries are as follows:

- Mexico: edible vegetables, alcoholic beverages, edible fruits and nuts, beer and tomato products
- Chile: edible fruits and nuts, fresh grapes, shellfish, peaches, and alcoholic beverages
- France: wine, brandy, vodka, sparkling wine, and dairy products including cheese
- Italy: wine, olive oil, prepared cereal and flour, dairy products, and cheese
- China: prepared vegetables and fruit, seed oils, edible fruits and nuts, citrus fruit, and tea

A wide variety of products from around the world are being exported to the United States. According to the USDA, 78% of fish and shellfish consumed in the United States is imported; up 10% from 2000. Imported wines claimed 27% of the American market in 2004 compared with 21% in 2000.

### **Canadian Position**

Canadian companies will find several opportunities in the retail grocery sector considering that roughly four cents out of every dollar spent by Pacific Northwest consumers on imported food flows back to Canada. The changing demographics of age and ethnicity, depending on the specific area in the Pacific Northwest, make it wise for exporters to conduct thorough consumer analysis.

- It is estimated that Canada's agri-food and seafood exports to the United States will be up 2.9% in 2005 over 2004 totals.
- Canadian agri-food exports to this region totalled more than \$1 billion in 2004, and represented 6.4% of the United States' total Canadian agricultural imports.
- In 2004, Washington was the largest regional importer of Canadian agri-food products with more than \$674 million or 66% of the Pacific Northwest states' imports. Oregon ranked second with more almost \$244 million (24%), followed by Idaho with \$92 million (9%), and Alaska with \$9.3 million (0.9%).
- Top Canadian exports included food preparations which accounted for almost 7% of total exports to the Pacific Northwest region, tomatoes (5.7%), cranberries (5.2%), plants (4.8%), and rape/colza seed oil-cake (4.4%).

Canada has strong potential to capture part of the organic, natural and nutraceutical food market that is rapidly growing in the United States. The North American market for organic products is reporting the highest growth worldwide.

Canadian organic producers planning to enter the Pacific Northwest market must receive the USDA National Organic Program accreditation.

### **EXPORT LOGISTICS**

Agriculture and Agri-Food Canada's partners in Team Canada Inc have compiled information for those interested in exporting to the United States. The information is presented in a comprehensive guide to interested Canadian exporters at [exportsource.gc.ca](http://exportsource.gc.ca)

Case studies on exporting to the Pacific Northwest region are also available. These are on the website, under the heading, "Case Studies of Successful Export into the US Pacific Northwest and Southwest" [ats.agr.ca/us/e3460.htm](http://ats.agr.ca/us/e3460.htm)

Free and Secure Trade (FAST) is a completely paperless cargo release mechanism put into place to reduce customs information requirements and has dedicated lanes at major

crossings for participants. The program is designed to streamline the commercial processes for clearance by offering expedited clearance to carriers and importers enrolled in Customs Trade Partnership Against Terrorism (C-TPAT) or Canada's Partner's in Protection (PIP).

Website [www.cbsa-asfc.gc.ca/import/fast/menu-e.html#information](http://www.cbsa-asfc.gc.ca/import/fast/menu-e.html#information)

FAST into Canada [fast-expres@ccra-adrc.gc.ca](mailto:fast-expres@ccra-adrc.gc.ca)

FAST into the United States [industry.partnership@customs.treasdhs.gov](mailto:industry.partnership@customs.treasdhs.gov)

## PROMOTIONAL EVENTS

Trade shows represent one of the most important ways of entering the lucrative and competitive American food and beverage market. Export-ready companies can learn about market and product trends, check out their competitors, and meet prospective customers at trade shows. 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 American market. For more information, contact the Agri-food Trade Service office nearest to you.

Website: [ats.agr.ca/region/home-e.htm](http://ats.agr.ca/region/home-e.htm)

2006 Northwest Food Manufacturing and Packaging Exposition  
January 15-18, 2006  
Oregon Convention Center  
Portland, OR  
Website:

<http://www.nwfpa.org/eweb/DynamicPage.aspx?webcode=EventList>

Alaska Hospitality and Foodservice Show  
April 11-12, 2006  
Sullivan Arena  
Anchorage, AK  
Website:

<http://www.sourdough.net/events/hospitality/index.html>

ComFish Alaska  
March 16-18, 2006  
Kodiak High School  
Kodiak, AK  
Website: [www.icomfish.com](http://www.icomfish.com)

Craft Brewers Conference & BrewExpo America  
April 11-14, 2006  
Washington State Convention and Trade Centre  
Seattle, WA  
Website:

<http://www.beertown.org/events/cbc>

Northwest Food Service Show  
April 30-May 2, 2006  
Tacoma Dome  
Tacoma, WA  
Website: [www.foodshownw.com](http://www.foodshownw.com)

2006 Western Frozen Food Convention  
February 25-March 1, 2006  
Sheraton San Diego Hotel and Marina  
San Diego, CA  
Website: [www.affi.com/wffc06](http://www.affi.com/wffc06)

18<sup>th</sup> Annual National Fiery Foods and Barbecue Show  
March 3-6, 2006  
Sandia Resort and Casino Events Center  
Albuquerque, NM  
Website: [www.fiery-foods.com/ffshow](http://www.fiery-foods.com/ffshow)

American Association of Cereal Chemists  
2006 Annual Meeting  
September 17-20, 2006  
The Moscone Centre  
San Francisco, CA  
Website:  
[www.aaccnet.org/meetings/2004/](http://www.aaccnet.org/meetings/2004/)



Americas Food and Beverage Trade Show  
November 19-20, 2005  
World Trade Center Miami  
Miami, FL  
Website:  
[www.americasfoodandbeverage.com](http://www.americasfoodandbeverage.com)

Expo Comida Latina  
April 23-24, 2006  
George R. Brown Convention Center  
Houston, TX

October 15-16, 2006  
Los Angeles Convention Center  
Los Angeles, CA

November 14-15, 2006  
Jacob J. Javits Convention Center  
New York, NY  
Website: [www.expo-comida-latina.com](http://www.expo-comida-latina.com)

Food Safety Summit  
March 22-24, 2006  
Mandalay Bay Convention Center  
Las Vegas, NV  
Website: [www.foodsafetysummit.com](http://www.foodsafetysummit.com)

FMI Annual Meat Conference  
March 4-7, 2006  
Dallas, TX  
Website: [www.fmi.org](http://www.fmi.org)

International Baking Industry Exposition  
(IBIE)  
October 7-10, 2007  
Orlando, FL  
Website: [www.bakingexpo.org](http://www.bakingexpo.org)

Kosher World 2006  
May 23-24, 2006  
Anaheim Convention Center  
Anaheim, CA  
Website: [www.kosherworld.com](http://www.kosherworld.com)

National Dollar Store Expo  
June 7-8, 2006  
Las Vegas Convention Center  
Las Vegas, NV  
Website: [www.dollarstoreexpo.com](http://www.dollarstoreexpo.com)

Natural Products Expo East  
October 4-7, 2006  
Baltimore Convention Center  
Baltimore, MD  
Website: [www.expoeast.com](http://www.expoeast.com)

PLMA's 2006 Private Label Trade Show  
November 12-14, 2006  
Rosemont Convention Center  
Chicago, IL  
Website:  
<http://www.plma.com/showinfo/showinfo2006>

PMA Fresh Summit – International  
Convention and Exposition  
October 20-24, 2006  
San Diego, CA  
Website: [www.pma.com](http://www.pma.com)

Natural Products Expo West  
March 23-26, 2006  
Anaheim Convention Center  
Anaheim, CA  
Website: [www.expowest.com](http://www.expowest.com)

SNAXPO 2006  
March 19-22, 2006  
Mandalay Bay Resort and Casino  
Las Vegas, NV  
Website: [www.snaxpo.com](http://www.snaxpo.com)

The Great American Dessert Expo  
June 9-11, 2006  
Las Vegas Convention Center  
Las Vegas, NV  
Website: [www.dessertexpo.com](http://www.dessertexpo.com)

## KEY CONTACTS

### CANADIAN GOVERNMENT AGENCIES

Canadian Consulate General  
Greg Goldhawk, Deputy Consul General  
1175 Peachtree Street N.E.  
100 Colony Square, Suite 1700  
Atlanta, GA, 30361-6205  
Tel.: 404-532-2000  
Fax: 404-532-2050  
Email:  
[greg.goldhawk@international.gc.ca](mailto:greg.goldhawk@international.gc.ca)

Agriculture and Agri-Food Canada (AAFC)  
International Markets Bureau  
930 Carling Ave.  
Ottawa, ON K1A 0C5  
Contact: Brent Wilson, Senior International  
Market Development Officer  
Tel.: (613) 694-2394  
Fax: (613) 759-7506  
Email: [wilsonb@agr.gc.ca](mailto:wilsonb@agr.gc.ca)  
Website: [www.agr.gc.ca](http://www.agr.gc.ca)

Canadian Food Inspection Agency (CFIA)  
59 Camelot Dr.  
Ottawa, ON K1A 0Y9  
Tel.: (613) 225-2342  
Fax: (613) 228-6125  
Email: [cfiamaster@inspection.gc.ca](mailto:cfiamaster@inspection.gc.ca)  
Website: [www.cfia-acia.agr.ca](http://www.cfia-acia.agr.ca)

ExportSource  
Team Canada Inc.  
Phone: 1-888-811-1119  
Website: [exportsource.ca](http://exportsource.ca)

Market Research Centre (TMR)  
Contact: Jennifer Gowan, International  
Market Analyst  
Tel.: (613) 996-1835  
Fax: (613) 943-1103  
Email: [jennifer.gowan@dfait-maeci.gc.ca](mailto:jennifer.gowan@dfait-maeci.gc.ca)

Market Support Division (TMM)  
Contact: Clément Coté, Trade  
Commissioner  
Tel.: (613) 995-1773  
Fax: (613) 943-1103  
Email: [clement.cote@dfait-maeci.gc.ca](mailto: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  
Email: [dan.mrkich@dfait-maeci.gc.ca](mailto: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  
Email: [export@edc4.edc.ca](mailto:export@edc4.edc.ca)  
Website: [www.edc.ca](http://www.edc.ca)

International Trade Canada (ITcan)  
125 Sussex Dr.  
Ottawa, ON K1A 0G2  
Website: [www.itcan-cican.gc.ca](http://www.itcan-cican.gc.ca)

International Business Opportunities Centre  
(IBOC)  
Tel.: (613) 944-6000  
Fax: (613) 996-2635  
Email: [iboc@dfait-maeci.gc.ca](mailto:iboc@dfait-maeci.gc.ca)  
Website: [www.iboc.gc.ca](http://www.iboc.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  
Website: <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) 510-8044/3Email: [info@cfea.com](mailto:info@cfea.com)  
Website: [www.cfea.com](http://www.cfea.com)

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  
Website: <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  
Website: <http://www.palantir.ca/the-alliance/default.html>

## U.S. GOVERNMENT AGENCIES

US Department of Agriculture (USDA)  
14th Street and Independence Avenue SW  
Washington, DC 20250  
Tel.: (202) 720-2791  
Website: [www.usda.gov](http://www.usda.gov)

US Food and Drug Administration (FDA)  
Atlanta District Office  
60 Eight Street NE  
Atlanta, GA 30309  
Contact: JoAnn Pittman, Public Affairs Specialist  
Tel.: (404) 253-1272  
Email: [jpittman@ora.fda.gov](mailto:jpittman@ora.fda.gov)  
Website: [www.fda.gov](http://www.fda.gov)

Embassy of the United States of America  
490 Sussex Dr.  
Ottawa, ON K1N 1G8  
Tel.: (613) 238-5335  
Fax: (613) 688-3082  
Website: [www.usembassycanada.gov](http://www.usembassycanada.gov)

Commercial Service  
Tel.: (613) 688-5217  
Fax: (613) 238-5999  
Email: [ottawa.office.box@mail.doc.gov](mailto:ottawa.office.box@mail.doc.gov)  
Website: [www.buyusa.gov/canada/en](http://www.buyusa.gov/canada/en)

Food Safety and Inspection Service (FSIS)  
Tel.: (202) 720-7025  
Fax: (202) 205-0158  
Website: [www.fsis.usda.gov](http://www.fsis.usda.gov)

## U.S. FOOD INDUSTRY ASSOCIATIONS

American Frozen Food Institute (AFFI)  
2000 Corporate Ridge, Suite 1000  
McLean, VA 22102  
Phone: (703) 821-0770  
Fax: (703) 821-1350  
Email: [info@affi.com](mailto:info@affi.com)  
Website: [www.affi.com](http://www.affi.com)

American Wholesale Marketers Association (AWMA)  
2750 Prosperity Ave., Suite 530  
Fairfax, VA 22031  
Phone: (703) 208-3358  
Fax: (703) 573-5738  
Email: [info@awmanet.org](mailto:info@awmanet.org)  
Website: [www.awmanet.org](http://www.awmanet.org)

Food Industry Business Roundtable  
(Ethnic & Specialty Food Industry)  
c/o Community Development Technologies  
Center  
520 West 23rd Street, Los Angeles, CA  
90007  
Phone (213) 763-2520, ext. 227  
Fax (213) 763-2729  
Email: [info@fibr.info](mailto:info@fibr.info)  
Website: [www.fibr.info](http://www.fibr.info)

Food Marketing Institute (FMI)  
655 15<sup>th</sup> St, NW  
Washington, DC 20005  
Phone: (202) 452-8444  
Fax: (202) 429-4519  
Email: [fmi@fmi.org](mailto:fmi@fmi.org)  
Website: [www.fmi.org](http://www.fmi.org)

General Merchandise Distributors Council  
(GMDC)  
1275 Lake Plaza Drive  
Colorado Springs, CO 80906  
Phone: (719) 576-4260  
Fax: (719) 576-2661  
Email: [info@gmdc.org](mailto:info@gmdc.org)  
Website: [www.gmdc.org](http://www.gmdc.org)

International Dairy Deli Bakery Association  
313 Price Place, Suite 202, PO Box 5528  
Madison, WI 53705-0528  
Phone: (608) 238-7908  
Fax: (608) 238-6330  
Email: [iddba@iddba.org](mailto:iddba@iddba.org)  
Website: [www.iddba.org](http://www.iddba.org)

National Association of Convenience Stores  
1600 Duke Street, Alexandria, VA 22314  
Phone: (703) 684-3600  
Fax: (703) 836-4564  
Email: [nacs@nacsonline.com](mailto:nacs@nacsonline.com)  
Website: [www.nacsonline.com](http://www.nacsonline.com)

National Association for Retail Marketing  
Services  
PO Box 906, Plover, WI 54467-0906  
Phone: (888) 526-2767/(715) 342-0948  
Fax: (715) 342-1943  
E-mail: [admin@NARMS.com](mailto:admin@NARMS.com)  
Website: [www.narms.com](http://www.narms.com)

National Confectioners Association  
8320 Old Courthouse Road, Ste. 300  
Vienna, VA 22182  
Phone: (703) 790-5750  
Fax: (703) 790-5752  
Email: [info@CandyUSA.org](mailto:info@CandyUSA.org)  
Website: [www.ecandy.com](http://www.ecandy.com)

National Frozen & Refrigerated Foods  
Association (NFRA)  
4755 Linglestown Rd., Suite 300  
P.O. Box 6069, Harrisburg, PA 17112  
Phone: 717-657-8601  
Fax: 717-657-9862  
Email: [info@nfraweb.org](mailto:info@nfraweb.org)  
Website: [www.nfraweb.org](http://www.nfraweb.org)

National Grocers Association (NGA)  
1005 North Glebe Road, Suite 250  
Arlington, VA 22201-5758  
Phone: (703) 516-0700  
Fax: (703) 516-0115  
Email: [info@NationalGrocers.org](mailto:info@NationalGrocers.org)  
Website: [www.nationalgrocers.org](http://www.nationalgrocers.org)

Produce Marketing Association  
1500 Casho Mill Road  
Newark, DE 19711  
Phone: (302) 738-7100  
Fax: (302) 731-2409  
Website: [www.pma.com](http://www.pma.com)