

# Trends & targets

**b**uilding and sustaining a successful food and beverage business requires authentic passion and constantly evolving skills to embrace challenges and turn them into opportunities. And these days there is no shortage of challenges. Canada's food businesses face significant challenges on the home front: regulatory changes, lagging productivity, labour shortages, raw material pricing, consolidation, regulatory issues and changing consumer demands are just the beginning. Other challenges emanate from the global front, such as the difficulty involved in setting up foreign operations, as well as the safety and reliability of offshore suppliers, the impact of currency fluctuations, and competition for talent. Those are some of the lemons, so how do we make lemonade?

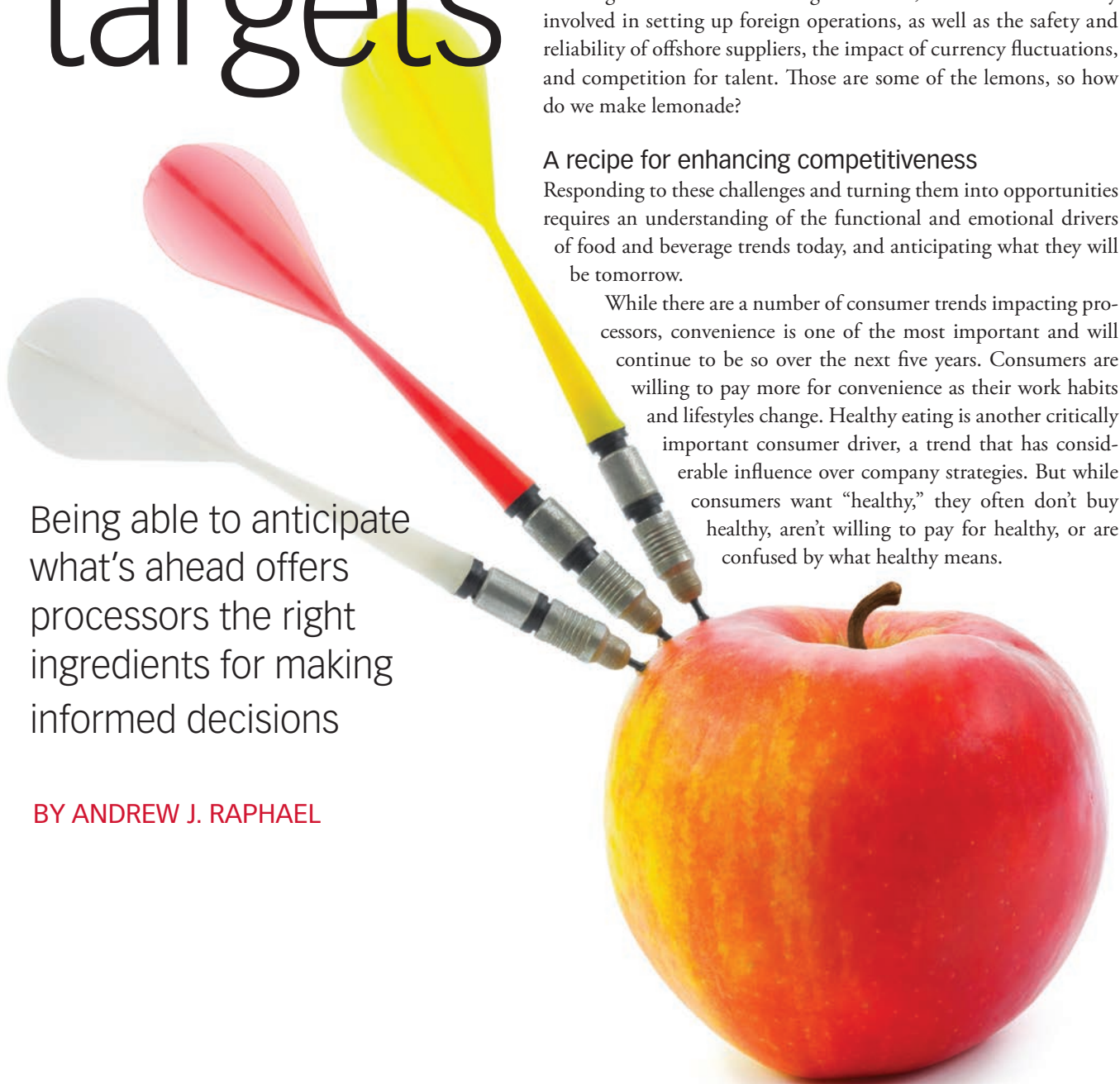
## A recipe for enhancing competitiveness

Responding to these challenges and turning them into opportunities requires an understanding of the functional and emotional drivers of food and beverage trends today, and anticipating what they will be tomorrow.

While there are a number of consumer trends impacting processors, convenience is one of the most important and will continue to be so over the next five years. Consumers are willing to pay more for convenience as their work habits and lifestyles change. Healthy eating is another critically important consumer driver, a trend that has considerable influence over company strategies. But while consumers want "healthy," they often don't buy healthy, aren't willing to pay for healthy, or are confused by what healthy means.

Being able to anticipate what's ahead offers processors the right ingredients for making informed decisions

BY ANDREW J. RAPHAEL



With severe droughts in North America, and the influence of global warming, the agri-food sector needs to take into account temperature fluctuations and associated higher food ingredient costs, impacts that are becoming the new normal.

Food's interface with technology continues to be one of the most exciting game changers in the food industry. Through technology, Canadians are loving their food in a variety of ways — in supermarkets, on television, at restaurants and now even on their mobile phones. The use of food blogs, tweeting and other online interactions has set a foundation for group food experiences. These online experiences are about connection, conversation and a sense of community, and what, how and where you eat is a major topic that will increasingly impact food and beverage purchases.

### Anticipating consumer needs

Understanding your corporate customers' commercial requirements and connecting emotionally with consumers are key to developing market-driven strategies. The resulting informed decisions can then be incorporated into a phased-growth strategy that can be calibrated to respond to increasingly common peaks and valleys. It's not just about spotting trends, it's how you effectively analyze and respond. The following are just some of the key trends that impact the success of Canadian food and beverage processors:

**Canadian boomers** — The Canadian population continues to age, with more seniors than ever before and fewer children. This will have implications for the type and quantity of food demanded as well as where it will be consumed.

**Fragment and segment** — Other socio-demographic drivers that will affect food choices include shrinking household size, participation in the workforce, globalization, environmental awareness, and media fragmentation. Brands will become less of a status symbol and more an expression of individualization.

**Fusion-gumbo Canada** — Immigration will continue to be a driving factor in urban areas, with immigrants hailing from Asia, the Middle East and the Caribbean. Food producers will need to respond with diversification, fusion and blended cuisines, as well as learning to deal with unfamiliar food ingredients, cooking methods and presentation styles.

**The informed consumer** — Consumers want to be informed and more are going online to get their information, making the Internet another platform for processors to engage consumers. This includes increased recognition of allergies and growing product options to provide alternative foods. However, misinformation is prevalent and food processors must be prepared to address misconceptions.

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**Grazing patterns** — Some consumers will become more disconnected from food preparation. Shopping and eating habits will be sporadic, meal-planning cycles shorter, snacking will replace courses as well as whole meals, and food will become more portable. These trends will have implications for both food and package waste.

**Food for health full circle** — The most significant health driver will be obesity, with its associated medical conditions and impact on government budgets. A stronger government connection between the ministries of health and agriculture needs to be achieved within a “cause and effect” approach. Addressing rising health costs through strategic agri-food policies can no longer be ignored.

**The value proposition** — Will the gains made by private labels continue? Or will brands regain status? Price increases loom so addressing value with consumers is a strategy to be pursued.

**Meatless meals** — Vegetarianism may not grow dramatically, but consumption of meatless meals will continue to increase. This will be fuelled by perceptions of healthfulness, an emphasis on quick-to-prepare meals, and ethnic food options, among other drivers.

**Organic foods** — Organics, at a modest price premium, will continue to rise, especially as quality and availability matches that of conventionally produced foods.

**Small indulgences** — Gourmet food represents a small indulgence, an affordable luxury and a reward. Adult Canadians will increasingly embrace gourmet foods and boutique brands. Interest in slow foods, high-quality, smaller portions, and nutritious foods will continue to increase.

**Farm to fork** — There will be increased emphasis on the farm-to-fork journey. Shoppers will continue to ask questions about where food comes from, and there will be added emphasis on the farmer's role as the authentic guardian of wholesome goodness.

**Home cooking** — Gourmet cooking as entertainment will continue to increase and the everyday cook will take pride in value, diversity and authenticity.

**Food safety and trust** — Consumer confidence in foods tends to shift with the news of the day. Whether it is based on reality or fiction, consumer perception drives sales. Canadian processors need to be vigilant at ensuring safe food and communicating the facts about ingredients, process and commitment to food safety.

### A sustainable response: co-operate and innovate

Understanding trends will only help your business if there is a strategic process in place to respond. Multi-dimensional, *pg. 56* ➔

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interrelated, private and public infrastructure needs to be built based on co-operation and innovation. Complex industry dynamics are moving quickly and are not always apparent until it's too late. To manage change and set the Canadian food agenda, the industry is advised to:

- Benchmark Canada's best competitor's government regulations and adapt accordingly;
- Use Internet portals for discussion and strategic co-operation;
- Integrate health and agri-food government policies and functions;
- Enhance integrated risk management throughout the supply chain;
- Tie food exports to the emotional connection made by Canadian tourism initiatives;
- Ensure Canadian processing interests are represented in international trade agreements;
- Turn customers and suppliers into collaborators through information exchange;
- Use technology to set up collaborations between processors and consumers on food issues;

- Encourage succession planning that will assist processors — “exit smart”;
- Co-ordinate sector employment needs with technical training;
- Better co-ordinate practical R&D and policy development among universities and research institutions;
- Provide better mechanisms for accessing affordable capital;
- Use targeted immigration policies to attract entrepreneurs that can facilitate food exports; and
- Turn supply chains into value chains.

“Fame is a shifting food upon a fickle plate.” Emily Dickinson's words from 1880 hold true today — success will shift if you don't anticipate trends, respond to your customers' and consumers' changing needs and constantly innovate and collaborate. This is more than food for thought — it's about satisfying your customers “fickle plate.” 🍎



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