



Agriculture and
Agri-Food Canada

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**International
Markets
Bureau**

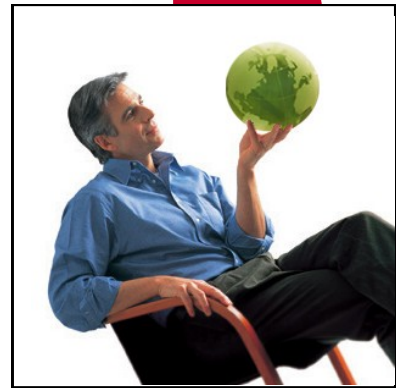
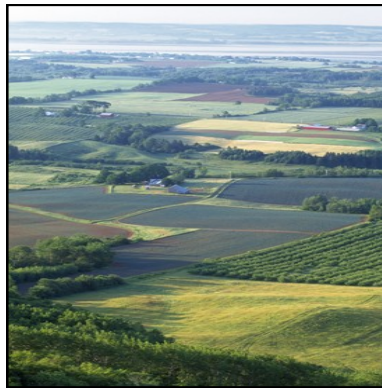
MARKET ANALYSIS REPORT | MAY 2010

The Canadian Consumer

Behaviour, Attitudes and Perceptions Toward Food Products



Source: Shutterstock



The Canadian Consumer

Behaviour, Attitudes and Perceptions toward Food Products



▶ OVERVIEW

Canada is one of the world's most developed countries, a political and economic power with one of the highest standards of living of any nation. Steady economic growth, a stable political atmosphere and a well-educated and skilled labour force contribute to a positive business and trade environment for both small and large companies in many sectors, including food and beverage. It is the second largest country in the world, covering nearly 10 million square kilometers, but with approximately 33.9 million people, (Statistics Canada, 2009) it ranks only 36th in terms of population (Central Intelligence Agency, 2009). The resulting lower population density has created strong regional variations in most socio-economic, health, cultural, and consumer preference patterns.

The country is following trends similar to many industrialized nations, based on a more urbanized citizenry that is older and more affluent than previous generations. While Canada is a significant player in international trade, the market within the country itself is extremely diverse and brings opportunity. Immigrants from all around the world are building a multicultural population. They bring their preferences for familiar food and beverage products, as well as their expertise in food preparation, to the market.

This report provides information on Canadian consumers, highlighting the demographics, behaviours and attitudes that influence their demand for food and beverage products. A comprehensive understanding of consumers can improve the odds of successfully introducing a new product to the market. In addition to recognizing new opportunities, businesses that monitor trends over time can better respond to potential shifts in the demand for their current products. This report complements other initiatives supporting Canadian companies as they market their products domestically and form competitive advantage strategies.

The Government of Canada's central statistical agency, Statistics Canada, offers a wide range of data related to Canadians and, unless indicated in the text, is the source of statistics offered in this report.

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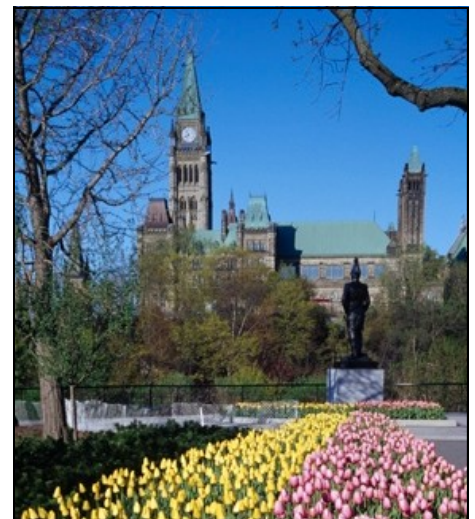
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▶ **DEMOGRAPHICS**



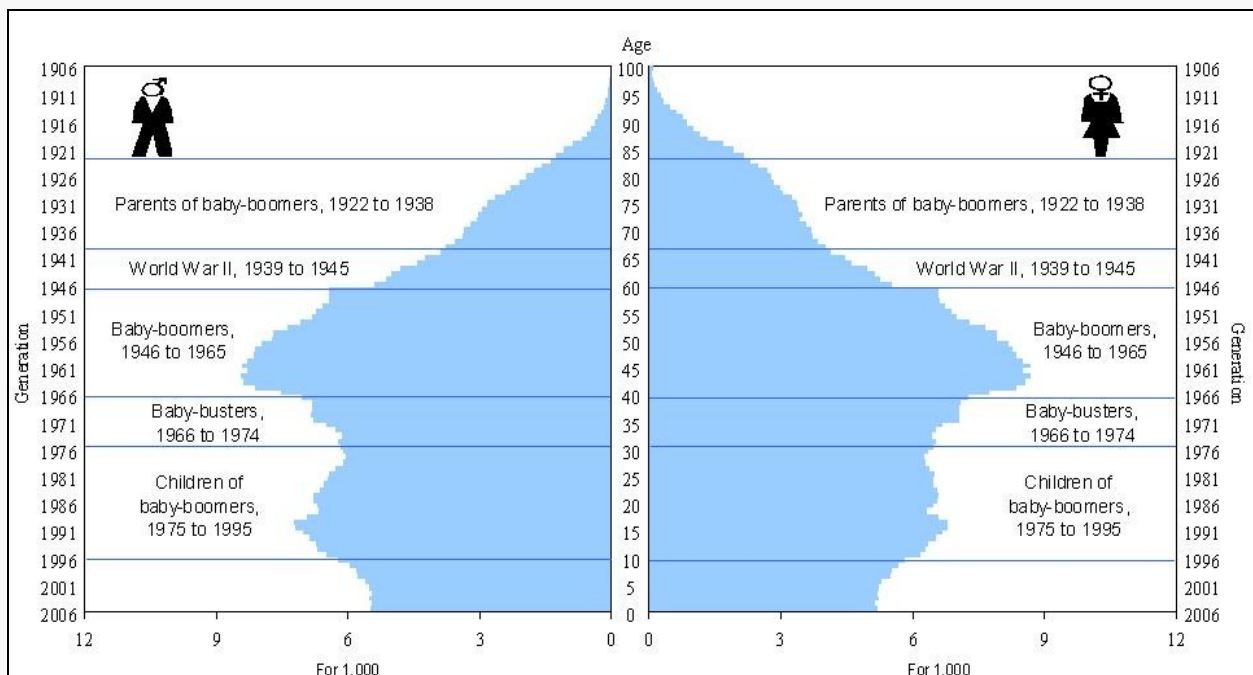
Data related to the size and geographic distribution of the population, as well as gender, age, income, education and ethnicity, provide an overall picture of market potential and, perhaps more importantly, the ability to identify the groups that are most receptive to different types of products. In Canada, an affluent and aging population, increased immigration from Asia, the Middle East and Africa, and a population that is generally settled in the southern regions of the country, are significant demographic characteristics affecting product demand.

Population

Like many developed countries, the proportion of Canadians that are aging is increasing as a result of decreasing fertility rates, longer life expectancies and the “boomer” generation entering their senior years. An older society leads to more opportunities for food and beverage products that feature innovations suited to elders, in terms of health, convenience, packaging, and food service. Although not as large a group, Canada’s youth also offer significant opportunities, as this target segment is open to products matching their cultural, environmental and technological savvy. They can also wield considerable influence on broader family purchases of goods and services.

- ▶ Canada is experiencing a small bump in its population growth rate due to two age cohorts starting families simultaneously—women who have delayed having children until their 30’s and 40’s, and the children of baby boomers starting families in their 20’s and 30’s. In 2006, for the first time, the fertility rate of Canadian women aged 30 to 34 surpassed that of women aged 25 to 29.
- ▶ The median age among Canadians is 39 years, a 13 year increase since 1971.

Figure 1: Different cohorts among the age pyramid of the Canadian population in 2006





▶ DEMOGRAPHICS, CONTINUED

- ▶ Currently, men are expected to live to 78, and women to 83. In Canada, 84% of males and 90% of females reach at least age 65.
- ▶ In 2007, seniors made up 13% of the population as a whole. By 2050, it is expected that there will be twice as many seniors as children.
- ▶ The proportion of children under the age of 15 has continued to decline; it was 17% in 2007, compared with 29% in 1971.

Geography and climate have heavily influenced where Canadians have chosen to live. The Northwest Territories, Yukon and Nunavut have approximately 39% of Canada's total land mass, but only 0.3% of its population (slightly over 100,000 in 2007). Most of the population tends to live in the more southern, urban part of the country, within a 3-hour drive of the Canada-U.S. border. This city-based population offers a variety of potential markets, both niche and mainstream, for food and beverage products.

- ▶ Forty-five percent of the urban population live in the six largest cities, namely Toronto, Montréal, Vancouver, Ottawa–Gatineau, Calgary, and Edmonton. Two-thirds of Canadians living in rural areas are close to one of Canada's urban centres, many commuting daily to the city for work.
- ▶ Ontario is Canada's most populous province with 13 million people, followed by Quebec at 7.8 million and BC with 4.4 million.

Ethnicity

In the early 1900's, record numbers of immigrants, primarily from Great Britain and the U.S., came to Canada. Following World War II, nearly three immigrants in four arrived from Europe, adding their influence to the Canadian culture and economy. From then on, the immigrant population began to expand and diversify. In fact, 200 ethnic origins were identified by Canadians in the 2006 Census. This increasingly multicultural nature of the Canadian population opens up many opportunities for food producers and processors, as well as those in the foodservice industry, who are able to meet the need for ethnic and specialty products.

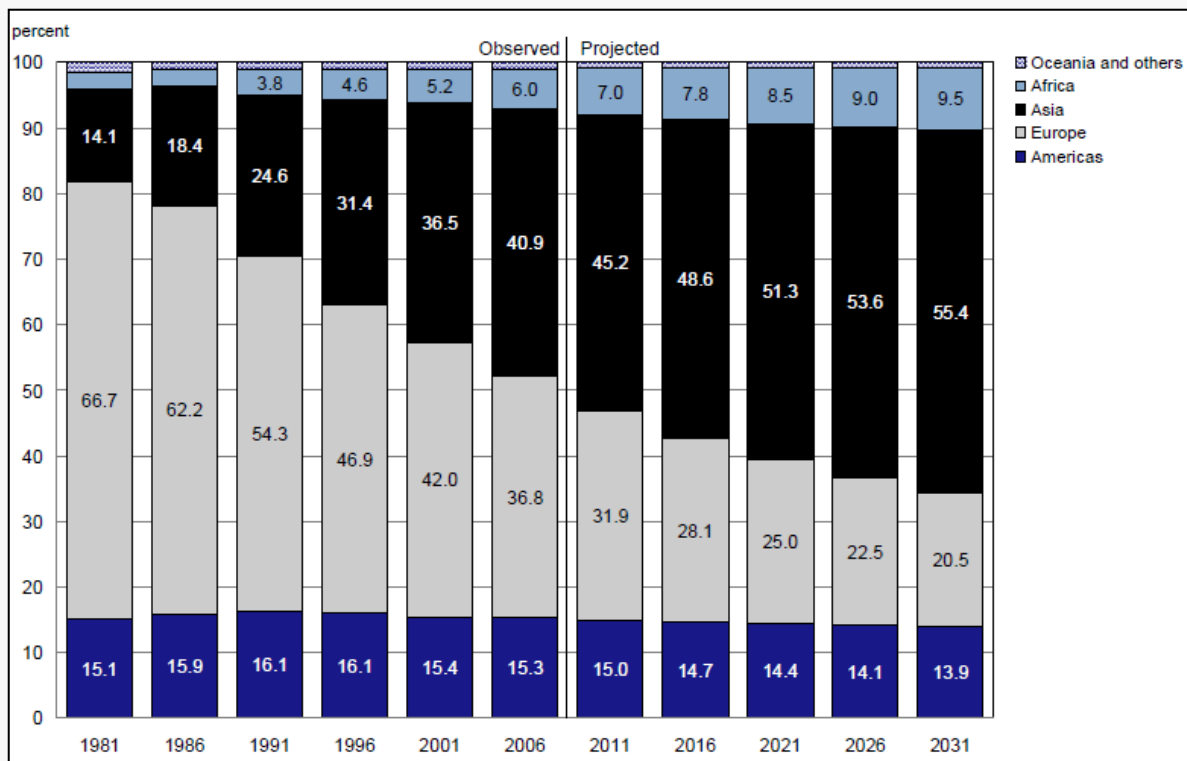
- ▶ Of the 1.1 million immigrants that came to Canada between 2001 and 2006, the largest segment were from Asia (including the Middle East), at 58%, and Europe at 16%, followed by Central and South America, the Caribbean, and Africa, each at 11%.
- ▶ Immigrants tend to settle in the larger urban centres. Toronto, Vancouver and Montréal attracted 69% of all recent immigrants to Canada, according to the 2006 Census.
- ▶ Of the 1.1 million immigrants who settled in Canada between the 2001 and 2006 censuses, 80% spoke neither English nor French.
- ▶ The Chinese languages accounted for the largest proportion of non-official mother-tongue groups in 2006, at 16%.



Source: Shutterstock



Figure 2: Distribution of the Foreign-born population by continent of birth, Canada 1981 - 2031



Source: Statistics Canada. Projections of the Diversity of the Canadian Population, 2010

- ▶ Canada has two official languages: French and English. According to the 2006 Census, 58% of the population speaks English as their mother tongue, 22.1% French, and 17% of Canadians can conduct a conversation in either language.
- ▶ Three main groups comprise Canada's Aboriginal peoples: First Nations, Inuit and Métis. Of those who declared an aboriginal identity in the 2006 Census, the First Nations were the most numerous, with approximately 698,000 people, representing 60% of the population. This was followed by Métis at 390,000, and Inuit at 50,000.



Source: Shutterstock



Education

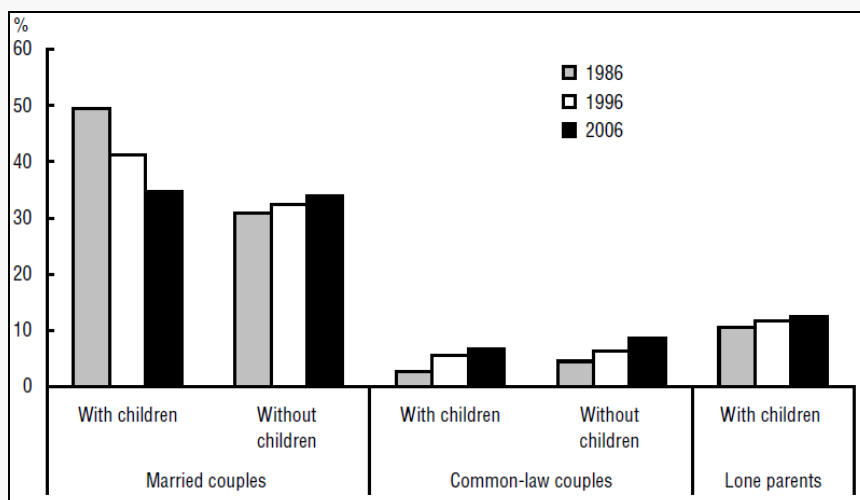
Canadians value education, both through traditional academic structures, as well as the concept of life-long learning. Products that offer benefits beyond basic nutrition, such as functional foods and beverages, nutraceuticals, or premium and specialty products with specific quality characteristics, may have greater resonance with more educated consumers.

- ▶ Approximately 87% of employment-aged Canadians have completed high school, and 25% have a post-secondary degree or equivalent. This trend towards higher education saw a 6.9% increase in university graduates between 2006 and 2007.
- ▶ Canada's high school drop-out rate has declined steadily since 1990-91, reaching 9.1% for the 2005-2006 academic year.
- ▶ Nationally, 24,495 people completed their apprenticeship training in 2007, up 17.5% from the previous year. Women are becoming more highly represented in the skilled trades. In 2007, 55% of people registered in apprenticeship programs were women, primarily centred in the food and services areas.
- ▶ Slightly more than half (51%) of non-retired Canadians reported taking formal work-related training toward a degree, diploma or certificate, related to a job/career in 2007.

Households

Canadian households are evolving to accommodate the demands of society. Smaller families with fewer children, more people living alone, fewer marriages and more common-law relationships, blended families, and same-sex parent families, are all examples of how households have changed. This information is important to targeting products in the market. In smaller and lone person households, for example, servings per package and single portions, may be more important considerations than the lower, per-unit price of bulk packages. Also, there are important implications for product marketing, as Canadians rely more and more on technology for communication and information access.

Figure 3: Census Families by Presence of Children at Home



Source: Statistics Canada Catalogue no. 97-553-X1E



- ▶ Family size declined to an average of 2.5 persons in 2006. The average number of children at home per family also dropped to 1.1 in 2006.
- ▶ Of the 12.4 million private households, 27% were one-person households, while 9% were large households of five or more people.
- ▶ Cell phone use is on the rise, with 71% of households reporting that they have at least one cell phone. The increasing availability of this technology is making land lines less necessary.
- ▶ 78% of Canadian homes have computers and 61 % of those have high-speed Internet access. The Internet is primarily used for communication and research, particularly in the areas of health and travel, however, shopping is becoming more prevalent. Canadians spent \$12.8 billion, just over half with Canadian retailers, on online purchases in 2007. Although food and beverage sales were not highly represented, this is an option that should not be overlooked.

Health & Lifestyle



Canadians are interested in living healthier lives and, as a population, they are making some progress toward that goal. Significant concerns related to aging, a sedentary lifestyle, and poor eating habits, remain. Food and beverage products that target specific health concerns, have generally higher nutritional quality, or are developed and packaged to meet the on-the-go needs of these consumers, may have success.

- ▶ Leisure hours are spent in a variety of ways, however there is concern about the lack of physical activity engaged in by Canadians. In 2008, only 51% of Canadians were at least moderately active during their leisure time.
- ▶ The relationship of food to health has gained prominence in many discussions, with the topic of obesity dominating the debate. In 2008, 51% of Canadian adults reported excess weight and between 2003 and 2008, obesity rates rose from 16% to 18% among men, and 15% to 16% among women.
- ▶ Obesity is an important health issue among First Nation, Inuit and Métis populations.
- ▶ Chronic disease is a major issue. Cardiovascular disease and cancer are the leading causes of death for Canadians.
- ▶ Residents of rural areas are more likely to be obese than urban dwellers. 58% of rural residents are overweight or obese, compared with 50% of urban Canadians.
- ▶ Total health spending accounted for 10.1% of GDP in 2007. Between 2000 and 2007, per-capita health spending increased an average of 3.5%, a real growth rate similar to the Organization for Economic Cooperation and Development (OECD) average of 3.7% per year (OECD, 2009).



▶ DEMOGRAPHICS, CONTINUED

Labour

The current global recession has had a significant impact in Canada, particularly in the goods-oriented sectors of manufacturing, forestry, agriculture, mining, etc. Signs of stabilization are evident and small gains are occurring in the retail, finance and information technology service sectors. There has been a move to more part-time positions and towards increased self-employment. These patterns in a country's employment statistics give important clues to the economics of individual households.

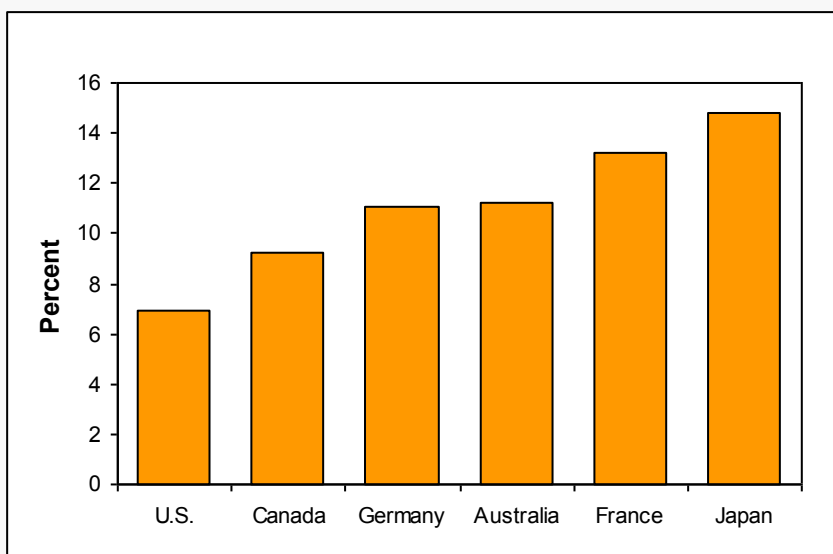
- ▶ In 2007, the proportion of Canadians who were employed reached its highest level in almost three decades, at 63.5% of the working-age population.
- ▶ Employment grew more rapidly among women than men: between 1976 and 2007, the employment rate for women increased by 17.2% but decreased by 4.7% for men.
- ▶ On average, employed Canadians worked 36.5 hours per week in 2007, down 1.2 hours from the 1976 average of 37.7 hours per week.

▶ CONSUMPTION AND EXPENDITURES

Expenditures

Incomes across Canada follow regional economic trends but, on average, each Canadian household spent \$71,360 in 2008, up 2.0% from 2007. This was slightly below the rate of inflation of 2.3% as measured by the Consumer Price Index (CPI).

Figure 4: Share of Household Expenditures on Food and Non-alcoholic Beverages in Selected OECD Countries, 2007



Source: An Overview of the Canadian Agriculture and Agri-Food System 2009 AAFC



▶ CONSUMPTION AND EXPENDITURES, CONTINUED

- ▶ On average, households spent \$7,440 on food in 2008, up 1.8% from 2007. In the 1960s, food represented the largest proportion of household expenditure, accounting for 18.7% of total spending. However, this proportion has declined constantly to just over 10% of total spending.
- ▶ On average, households in developed economies have high standards of living and allocate a relatively small percentage of their personal disposable income to food. According to statistics published by the Organization of Economic Cooperation and Development (OECD), in 2007, Canadian households allocated 9% of their total household expenditures to food and non-alcoholic beverages, compared to 7% in the U.S., 11% in Germany and Australia, and 14% in Japan.
- ▶ Food, beverage and tobacco (FBT) expenditures represent the second largest consumer goods expenditure category after transportation and communications. In 2008, Canadians spent \$111 billion (or 26.8% of their total personal expenditures on consumer goods) on food beverage and tobacco products purchased from stores.
- ▶ In 2008, Canadians spent \$43 billion on foodservice, accounting for 8.4% of personal expenditures on consumer services in Canada. Together, food expenditures at retail and foodservice establishments (\$154 billion), accounted for 17% of personal expenditures on consumer goods and services.
- ▶ Over the past three years, the foodservice share of the household food dollar has remained relatively unchanged (CRFA, 2009).
- ▶ Personal taxes accounted for 20.5% of the average household's budget in 2008, while shelter represented 19.9%, transportation 13.6% and food 10.4%. These shares changed only slightly from 2007. Spending on shelter rose 4.0% to \$14,180. This increase was driven by a 10.5% rise in average spending for rental accommodation.
- ▶ Households spent an average of \$9,720 on transportation in 2008, up 3.5%. Average spending on purchase of automobiles and trucks was up 6.7%, while spending on gasoline and other fuels increased by 0.5% to \$2,230. Average spending on public transportation was \$1,020, up 5.3%.
- ▶ Average household spending on cell phone and other wireless services was up 6.6% from 2007 to \$550. At the same time, household spending on conventional landline telephone service continued to fall, declining 5.1% to \$580.



Consumption Tastes and Preferences

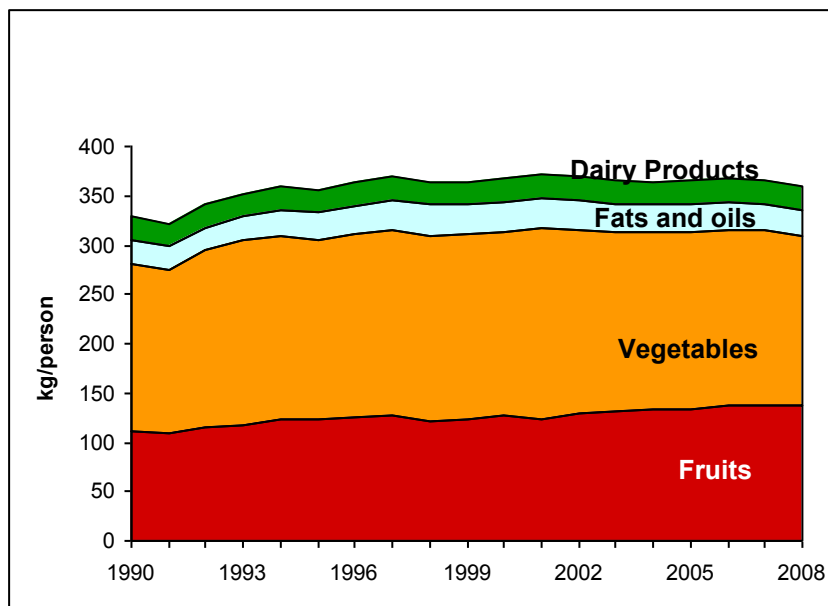
Canadians are embracing the ever-increasing variety of foods and beverages available to them, putting modern twists on traditional favourites, and eagerly trying new cuisines introduced through travel, foodservice, retailers, friends, and family. The Canadian diet now includes more fresh fruits, yogurts, cheeses, creams, red meats, exotic juices, low-fat milk, wine, and spirits, and less cereal, sugar, oils, fats, and eggs. The total daily intake of calories per person fell to 2,382, down 131 calories from the peak recorded in 2001.

▶ CONSUMPTION AND EXPENDITURES, CONTINUED



- ▶ **Fresh Fruit:** Canadians consumed a record 38.2 kg per person in 2007. This is partly due to the increased availability of exotic fruits. Consumption of guavas and mangoes, for example, has increased 88% from a decade ago. Canadians are also eating more processed fruits, up 37.7% over 20 years.
- ▶ **Vegetables:** Over the last 20 years, Canadians have added 10.9% more vegetables (excluding potatoes) to their diets, particularly garlic, asparagus, cucumbers, cassava, eggplant, kohlrabi, and okra, reflecting the greater ethnic diversity of the population.
- ▶ **Dairy:** Total fluid milk consumption has declined and, within the category, Canadians are switching to 1% and skim milk from higher fat milks. As a balance, the consumption of cheese (10.1 kg) and cream products (6.2 litres) is increasing.
- ▶ **Red Meats:** Canadians consumed 24.5 kg of red meats, beef, pork, mutton, and veal in 2007, which represents an annual increase of 0.7 kg.
- ▶ **Shellfish:** The consumption of shellfish products has decreased almost 30% since 2000. By contrast, the consumption of freshwater fish by Canadians has increased by almost 50% in ten years. Dwindling stocks of certain species due to overfishing and possible health issues (i.e., mercury) may influence the continued growth in consumption.
- ▶ **Grains:** Cereal consumption declined to 56.9 kg per person. Rice, on the other hand, increased to 5.2 kg per person.
- ▶ **Wine/Beer:** Wine climbed to 14.6 litres per person for Canadians aged 15 years and older, representing an increase of almost 46% compared to a decade ago. On the other hand, beer levels have remained fairly stable over the same period.

Figure 5: Per-capita Consumption of Dairy Products, Fruits and Vegetables and Fats and Oils, 1990-2008



Source: An Overview of the Canadian Agriculture and Agri-Food System 2009 AAFC

▶ EMERGING TRENDS



There are a number of long-established consumer trends that many within the agriculture and food industry look toward when developing strategies for product development and marketing. Consumers, however, continually tweak these traditional concepts, making it essential that producers, processors, and retailers pay attention to fresh nuances in trends, to capture any advantage that can make them more competitive. Value, convenience, and health all fall into this category of sustained trends. There are also a number of trends that don't have historical track records, but still offer insights into consumer attitudes and purchase behaviours that can lead to new and enhanced market opportunities. Authenticity and sustainability are two examples of these emerging trends.

A little blue cow has become highly recognizable as a symbol promoting the quality of milk produced in Canada. This logo is backed by the Canadian Quality Milk Program (CQM), a program that supports best management practices, with an emphasis on documentation and verification of all aspects of milk production on the farm. This type of on-farm program has been adopted by many other commodity associations across the country. **Logo source:** <http://www.milk.org>



Some Canadian consumers feel that quality is linked to specific production methods. Animal welfare, for example, is a growing consumer issue. The British Columbia Society for the Prevention of Cruelty to Animals (SPCA) offers certification through an independent third-party system to assure consumers that food products bearing their program label comply with their farm animal welfare standards. Participating farms pay for their certification, and this provides a guarantee that they have met the British Columbia SPCA's standards for the handling of farm animals. **Logo source:** <http://www.sPCA.bc.ca>



Value

Much work has been done to define *value* as it is perceived by consumers but, in general, it relates to products meeting the needs and/or wants of the individual, at an acceptable price. This means that, although price is important, the lowest price may not always be the determining factor for what goes into the grocery cart. Current recessionary times have pulled the concept of value into much sharper focus, both for shoppers and for those bringing food to our tables. A recent consumer study found that good value-for-money was the most important factor in determining how food dollars were spent (The Nielsen Company, 2007). Ipsos Reid, through their Global Advisor Panel, found that almost two-thirds of global consumers indicated that value for money was most important. Interestingly, the results showed that consumers in Canada were much more interested in value-for-money, at 79%, than those of many others. (Media Post News, 2008)

The other key component of value is quality. A 2009 survey of U.S. consumers found that 72% were more concerned with quality than price and that, after the recession, this will increase to 90%. (IBM, 2009) At all income brackets, consumers are trying to find ways to maximize the quality of their purchases, while keeping food bills as low as possible. Strategies such as switching from sit-down fare to fast food restaurants, using coupons, buying private label over national brands, buying basic ingredients to cook more at home, making shopping lists, and switching store formats to supercenters and warehouse clubs, are trends being noted, both in the media and by those monitoring the industry.

Canadian consumers define quality in terms of freshness, nutrition, safety, appearance, and flavour, and consistently rank it as one of the most important considerations in their food and beverage decision-making process (AAFC, 2008). It is important that consumers can readily identify products that offer specific attributes and more programs are being either extended to, or created for, consumers seeking out quality foods and beverages. A close look at the products on store shelves reveals a number of assurance-based programs that offer confidence to potential customers seeking specific characteristics.



Health

The contribution of diet to health is well established. Consumers are now more interested in proactively maintaining or improving current well-being and addressing potential health risks through food and beverage choices, for themselves and their families.

The agriculture and agri-food sector is responding to consumer health awareness by offering products tailored to a range of audiences, based on age, gender, health concern, and occasion. Functional foods, foods and beverages that contain specific components that provide health benefits beyond traditional nutritional functions, are being developed and are gaining the attention of Canadian consumers.

Although functional foods have been in the marketplace in Canada for a number of years, it is the area of digestive health that seems to have triggered the greatest consumer interest. The star category for this claim is dairy, particularly yogurt, which experienced a value growth of 11% in 2008. This increase is based on the rising consumer awareness of the health benefits of probiotics, but the emphasis on creative packaging, the re-positioning of yogurt products as snacks, the introduction of new flavours and reduced-fat options, and age-specific advertising have added fuel to its growth. Canadians have a strong preference for spoonable yogurts, which accounted for 85% of retail value sales of yogurts and sour milk drinks in 2008—consumption rates reached nearly 8 kg per person, up from 5 kg in 2003. Pre/pro-biotic drinking yogurt was the fastest growing category in 2008, recording value growth of 50%, with other functional drinking yogurts behind at 45% (Euromonitor, 2009).

The Tracking Nutrition Trends series, from the Canadian Council of Food and Nutrition, monitors the self-reported knowledge, attitudes, and behaviours of the adult Canadian population with respect to food and nutrition.

The highlights below come from their most recent survey (CCFN, 2008):

- ▶ In terms of healthy foods, Canadians think of:
 - ▶ Nutrient content;
 - ▶ Freshness or fresh format; and
 - ▶ Eating a healthy balance or variety of foods.
- ▶ The most influential drivers of food choice are:
 - ▶ Low trans fat content (80%);
 - ▶ Made with whole grains (78%);
 - ▶ Low in sugar content (72%);
 - ▶ Low in salt or sodium content (71%);
 - ▶ The presence of omega-3 fatty acids (58%);
 - ▶ The country of origin (50%); and
 - ▶ Whether a food is organically grown (41%).
- ▶ Canadians are quite knowledgeable about nutrition, particularly about the role of fat, fibre, and cholesterol in food.
 - ▶ Canadians involved in meal planning or changing their eating habits rate their nutrition knowledge higher than those who are not.
 - ▶ Residents of Atlantic Canada and Ontario rate their knowledge higher than other Canadians. Women rate their knowledge higher than men.
 - ▶ Seniors (65+ years) and youth (<25 years) consider themselves to be least knowledgeable.
- ▶ Canadians obtain food and nutrition information from sources that are the most easily accessible including:
 - ▶ Food product labels (68%),
 - ▶ The Internet (51%), and
 - ▶ Magazines, newspapers, and books (46%).
- ▶ Canadians believe that the most credible sources of nutrition information are:
 - ▶ Dietitians (82%);
 - ▶ Health professionals (81%);
 - ▶ Government (56%);
 - ▶ Food companies (26%); and
 - ▶ Friends or relatives (31%).



▶ EMERGING TRENDS, CONTINUED

Convenience

Canadians are busy people. The Canadian-based Institute for Research on Public Policy has attributed a lack of time to three phenomena: more educated consumers experiencing an increase in their professional responsibilities; greater emphasis on activities such as sports participation and culture; and greater stress on “family time”, especially where younger children are involved (Pronovost, 2007). As a result, consumers are looking for ways to do more, more easily, quickly and enjoyably, and their approach to food and beverage choices generally reflects this attitude.

Initiated by the baby boomers, consumers are now seeking simplified meal-preparation, with minimal ingredients that require little preparation and clean-up. The resulting meal is often a combination of food made from scratch, supplemented with semi- or fully-prepared food brought home from a grocery store or restaurant. Frozen entrées, pre-made sauces and marinades, and heat-and-eat foods have enabled consumers to prepare meals quickly. Appliances that have been fixtures in the average home such as the oven, the barbecue, and the crock pot, have been revitalized and now play an important role in the daily lives of Canadians. Single-serve, pre-packaged, and portion-controlled products are ideal, as they can be eaten any time and anywhere. However, convenience doesn't trump all other attributes and specific concerns, such as price premiums, an interest in scratch cooking for health or comfort reasons, and concerns about quality and taste, can be impediments.

A 2009 Angus Reid survey for ConAgra Foods Canada found that 53% of Canadians spent their lunch break reading, surfing the Web, or not stopping for lunch at all. If they do stop for lunch, they only break for 16–30 minutes, speaking to the need for convenience. Other attributes are also needed—32% are looking for healthy ingredients, 25% are looking for quality, and 17% are looking for flavour (Conagra Foods, 2009).

The Need for Convenience

The trend towards convenience is long-standing and shows no sign of abating. The Canadian-based Institute for Research on Public Policy has attributed a lack of time to three phenomena: more educated consumers experiencing an increase in their professional responsibilities, greater emphasis on activities such as sports participation and culture, and greater stress on “family time”, especially where younger children are involved.





▶ EMERGING TRENDS, CONTINUED

<p>Lifestyle Claustrophobia: time scarcity and time compression increasingly characterize consumers' lives and influence the consumption choices they make.</p>	<p>Beleaguered Society: many time-scarce consumers feel overwhelmed by their lifestyle obligations.</p> <p>Quick-Fix Society: time-pressured consumers express strong preferences for quick, efficiency-driven products that allow them to feel more control of their time.</p>
<p>Mealtime Stress and Simplification: the need to simplify meal preparation and consumption remains a lifestyle reality for many time-poor consumers.</p>	<p>Expedient Dining: many consumers are proactively looking to reduce meal preparation times.</p> <p>Pre-prepared Consumption: opting for fully and partly-prepared meal solutions.</p> <p>Out-sourcing Food Effort: the propensity to eat out, buy take-out and home-meal replacements has changed following the economic downturn.</p>
<p>Mealtime Fragmentation, Informality and Expediency: consumers are adopting a more flexible and informal approach to food preparation and consumption.</p>	<p>Meal Abstention: skipping core meals has become a feature of flexible and informal eating patterns.</p> <p>Food-On-The-Go: food consumption is increasingly fitted around people's needs and lifestyles.</p> <p>Healthy Convenience: eating and drinking healthily on-the-go is an important need for consumers and represents the merging of the health trend with convenience.</p> <p>Bite-Sized Eating: time poor and/or health-conscious consumers are often opting for lighter meals.</p> <p>Everyday Grazing: consumers are increasingly eating between core mealtimes.</p>
<p>Efficient Shopping: the need for convenience has an impact on store selection and in-store behaviours.</p>	<p>Expedient Store Selection: grocery store preferences are heavily influenced by the convenience of location.</p> <p>Top-Up Shopping: consumers are adopting a more flexible approach to shopping where larger shopping trips are combined with more frequent top-ups.</p> <p>Speed Shopping: despite being attracted to new experiences, consumers often engage in "auto-pilot purchasing" which leads to more habitual buying.</p> <p>On-line Grocery Shopping: more consumers are embracing the internet for the purpose of convenient shopping</p>

* adapted from Datamonitor, 2009

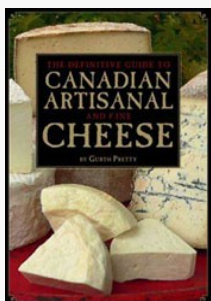


Authenticity

The interest in authentic food and drink stems from a need to slow down from hyper lifestyles, increased awareness of health and environmental issues, and a more affluent society wanting products differentiated from the mass-market appeal of a supermarket. Authentic products generally incorporate a mixture of attributes such as geographical provenance, ethnicity, nostalgia, or a historical or expert production technique. Organizations have even developed around the concept of authenticity, the most well known being “Slow Food”. This international association was founded in 1989 and now has over 85,000 members and supporters in 130 countries. Canada has 38 chapters across the country (SlowFood Canada, 2009). Slow Food believes in recognizing the flavours and recipes of local cuisines, using traditional food and beverage products grown and processed using traditional methods and seeking the pleasure associated with food through a slower pace and more aware approach to life. As a driver of purchases, authenticity certainly sits behind flavour and price, but it is an important trend to understand. This is particularly true for small and medium-sized enterprises (SME’s) who may already be perceived as producers who care passionately about their product, in contrast to larger producers using profit-driven modern technology.

An important aspect of establishing authenticity with consumers is the story behind the product. This story has to be compelling, credible, and hold up to public scrutiny. It might be based on the differentiating attribute of the product or the history of the company, but often it is the origin of the product that establishes authenticity, as consumers believe that the source, be it local or exotic, gives the product superior quality. Many food and drink products are associated with a specific location, whether a town, region, or country. Although this provenance is associated more with European foods, Canada is starting to position its products this way, with VQA wines, artisanal breads and cheese, quality meats, and regional specialties.

Authentic products, being associated with quality, can also be linked to consumers’ interest in health, particularly in terms of production method. This has driven demand for products that are positioned as natural, organic, and local. Although these are all perceived slightly differently, all imply a certain quality, or level of purity, that takes them beyond the ordinary and implies a sense of trading-up.



Source: *Canadian Artisanal Cheese* (<http://cheeseofcanada.ca>)



Source: *Artisan Bakers Quality Alliance* logo (<http://abqa.com>)

Authenticity also gives consumers a sense that they are acting in a responsible or ethical manner with their purchase. The growth of “fair trade” is an example. “Fair Trade” is a movement that aims to establish equitable trading partnerships with suppliers based on dialogue, transparency, and respect. The intention is to contribute to development by offering better trading conditions to, and securing the rights of, marginalized producers and workers—especially in developing countries. Fair Trade organizations support producers, raise awareness, and campaign for changes in the rules and practices of conventional international trade.



Source: Transfair Canada

TransFair Canada is a national, nonprofit Fair Trade organization, that certifies products and licenses companies and traders in the supply chain to use the Fair Trade Certified Mark. It also promotes the growth of Fair Trade Certified sales in Canada through campaigns, promotional materials, trade shows, and other support. Fair Trade Canada is associated with the Fairtrade Labelling Organizations (FLO) International, which provides comprehensive third party oversight of all standards. The annual growth of fair trade certified products in Canada is estimated at 48%, with an approximate retail value of \$116M in 2007. Although coffee and cocoa most commonly spring to mind when one thinks of fair trade products, some sugar, fresh fruit, tea, flowers, sports balls, cotton, herbs and spices, and grains have also been certified (Transfair Canada, 2009).

Sustainability

Consumers are interested in the sustainability of our food systems and many aspire to be good stewards of the earth. Terms such as 'food miles', 'carbon footprint', and 'locavore' have all become popular expressions of the sustainability movement. Local farmers' markets, which allow consumers to buy directly from food producers, are also linked to the sustainability concept. There are 508 Farmers' Markets across Canada, providing community shopping experiences and local products. Although not used by the majority of national shoppers, these markets attracted 28 million shoppers in 2008. These shoppers spent \$32.06 per visit, for a total direct sales value estimated to be \$1.03 billion. Fresh fruits, vegetables and bakery products are the main draw, however, market customers also appreciate a growing range of available products (Farmer's Market Canada, 2008).

Consumer demand for protocols that prove the food system operates in a sustainable manner is growing. Sustainable fishing standards, for example, are currently being adopted by national grocery chains in Canada. Loblaw Companies has partnered with the Marine Stewardship Council, an international certification and labeling program, to establish a sustainable procurement practice by 2013. This practice will focus on responsible sourcing in every seafood category and categories that contain seafood (Loblaws, 2009). The Overwaite Food Group (OFG) has partnered with SeaChoice to carry out a Canadian program that provides science-based sustainability assessments of seafood and helps Canadian businesses and consumers make sustainable seafood choices. Overwaite's plan includes:

- ▶ offering customers sustainable seafood options and reducing the procurement of unsustainable seafood;
- ▶ providing transparency and traceability information on the seafood products they sell;
- ▶ openly collecting and sharing information regarding OFG's sustainability practices;
- ▶ educating its team members, suppliers, and customers on sustainable seafood;
- ▶ encouraging policymakers to improve and develop laws and regulations that support sustainability; and
- ▶ ensuring a sustainable future for seafood stocks (SeaChoice, 2009).



▶ EMERGING TRENDS, CONTINUED

The environmental mantra, *reduce, reuse, recycle*, has helped to focus consumer attention on another sustainability issue: packaging. Packaging is essential to protect food from contamination, prolong shelf-life, ensure safe transportation, and to provide information related to product use and to meet legislative requirements. A number of factors have contributed to an increase in packaging, including: a decrease in the size of Canadian households, more people buying smaller portions of food, higher living standards leading to the purchase of more consumer goods, transport over long distances, and higher demands for convenience and processed food.

In 2009, Datamonitor found that consumers in 15 developed countries felt that contemporary packaging had become excessive. While sustainability is not a primary purchase motivator for most shoppers, there is a growing expectation that companies should be adopting green business practices. If consumers feel that products are equal in terms of core benefits, such as health, quality and convenience, consumers will choose the product they feel is packaged in a more sustainable manner. Retailers and manufacturers should consider investing in ethical and sustainable packaging to meet consumer demand, to be seen within the industry as having taken action, and to remain competitive. A multi-sectoral industry working group (Sustainable Packaging Coalition, 2009) has established that sustainable packaging must be: derived from a sustainable source; be manufactured using renewable and/or minimal energy; incorporate recycled post-consumer use waste; optimize the use of materials to reduce waste and transit weight; have the ability to be reused by producers, retailers and consumers before recycling; be easily recyclable in a variety of regions within any given national market where the core product is sold; and have high biodegradability or 'compostability', with low emissions of carbon dioxide and methane.

▶ CONCLUSION

The domestic market has many emerging opportunities for Canadian companies interested in meeting the food and beverage needs of Canadians. A population more interested in food for health, particularly in the older demographic groups, and a move toward quality and value considerations in purchasing decisions are key considerations. Two factors particularly pertinent in Canada include the impact of new immigration trends and regional food cultures based on geography. Both contribute to unique market openings well suited to Canadian small and medium sized producers and processors.

Suppliers who wish to craft successful market strategies, should strive to understand the consumer environment, including the purchasing patterns and attitudes of Canadians.

It is important to keep in mind, for example, that physical characteristics like geography play an important role in determining a supplier's success.



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The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

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