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Report Highlights:

Canada continues to be the largest export market for U.S. consumer-oriented products. In 2023, U.S. consumer-oriented exports to Canada reached \$20.2 billion, representing 25 percent of the total value of U.S. consumer-oriented exports worldwide. As a mature market, Canada offers sophisticated distribution chains, warehousing options, and a logistics network for U.S. companies, ensuring shipments arrive efficiently. In 2023, food service sales amounted to \$85 billion, both commercial and non-commercial food service sales, reflecting a 10 percent increase from the previous year.

Executive Summary:

Canada is a high-income country and in 2023, Canada’s GDP reached \$2.1 trillion, positioning the country as the 10th largest economy in the world and a strategic regional trade partner for the United States. Canada is a major producer of food and agricultural products and a leading player in the global marketplace. In 2023, Canada was the top market for U.S. agricultural and ag-related exports at \$33 billion.

Consumer-Oriented Agricultural Imports

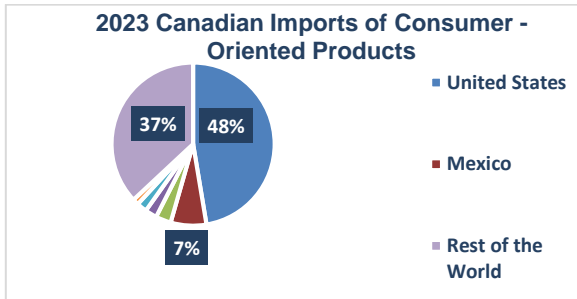


Chart 1: Top Exporting Countries to Canada

Food Service Industry:

Canada’s food service sales reached \$85 billion in 2023. The growth forecast for 2023 is projected to be three percent, which reflects a stabilization of the market after covid-related slowdowns in 2020-2022. Inflation and labor shortages continue to be challenges facing the market.

Food Retail Industry:

Canada’s food retail sales reached \$118 billion in 2023. Canada’s retail market is mature and consolidated with five leading retailers – three traditional grocers and two general merchandisers – commanding 80 percent of the market. The remainder of the market is represented by smaller regional retail chains, including over 6,900 independents and 27,000 small and independent convenience stores.

Food Processing Industry:

Canada’s food processing industry is comprised of 8,500 establishments; approximately 92 percent of them are small companies with less than 100 employees. Food processing value of production reached \$156 billion in 2022.

Quick Facts CY 2023

Imports of Consumer-Oriented Products

\$35 billion

List of Top 10 Growth Products in Host Country

- | | |
|---------------------------|-------------------------|
| 1) Savory snacks | 2) Non-alcoholic bev |
| 3) Ready-to-drink bev | 4) Baked goods |
| 5) Prepared meals | 6) Protein substitutes |
| 7) Nuts, seeds, and mixes | 8) Prepared salads |
| 9) Dried fruits | 10) Frozen fruits & veg |

Food Industry by Channels (U.S. billion)

Retail Food Industry	\$118
Food Service-HRI	\$85
Food Processing	\$156
Food and Agriculture Exports	\$55

Top 10 Host Country Retailers (by sales)

- | | |
|-------------------------|-------------------|
| 1) Loblaws (28 percent) | 2) Sobeys (19) |
| 3) Metro (11) | 4) Costco (9) |
| 5) Walmart (8) | 6) Overwaitea (4) |
| 7) Co-ops (3) | 8) Couch-tard (2) |
| 9) North West Co (1) | 10) Dollarama (1) |

GDP/Population

Population (*millions*): 38.9
 GDP (*billions USD*): \$2,140
 GDP per capita (*USD*): \$53,300

Sources: *Canadian Grocer, Trade Data Monitor, Statistics Canada and Euromonitor International*

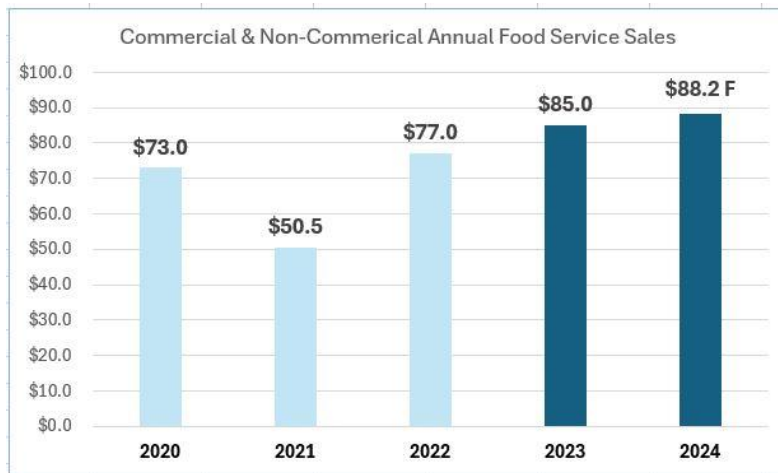
Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
- Well-established market with modern distribution channels - Relatively high consumer disposable income levels	- Strong U.S. dollar - Consolidated retail sector - High inflationary pressure
Opportunities	Threats
- Strong consumer demand for value, high-quality - U.S. products enter duty free under USMCA	- High level of competition from U.S., domestic, and third-country suppliers - Strong “buy local” programs

Section I: Market Summary

The food service sector is comprised of two major segments (i.e., the commercial and non-commercial subsectors). The commercial food service subsector includes quick-service restaurants, full-service restaurants, caterers, and drinking establishments, representing 80 percent of total food service sales or approximately USD \$70 billion. The non-commercial subsector represents 20% of the total market which includes hotel, hospital, schools, and other related other related establishments, represents the balance of total food service sales in Canada at USD \$16 billion¹.

Due to inflationary pressure and other industry challenges (e.g., labor shortages, supply chain challenges), Post forecasts Canada’s total food service sector revenue to increase marginally to \$88.2 billion in 2024, a growth of three percent relative to 2023. Canada’s two major provinces representing close to 60 percent of Canada’s national food service sales are Ontario with 30.3 percent and Quebec at 29.3 percent.



Source: Restaurants Canada, Stats Canada

Advantages and Challenges

ADVANTAGES	CHALLENGES
Canadian consumers value U.S. quality and safety standards.	A stronger U.S. dollar makes competitive pricing challenging, especially in specialty foods.
Canada's ethnically diverse population provides opportunities for specialty products.	Canada's population is a tenth of the United States and more geographically dispersed, causing marketing and distribution challenges.

¹ Annual exchange rate for 2023 C\$ 1.00 to USD\$.7409 is used throughout the report based on Bank of Canada Annual Report

Retailers and food service operators have developed efficient supply chains to import fruits and vegetables from the United States year-round.	There is growing competition from other exporting countries, such as Mexico, Peru, South Africa, and others.
Consumers value the strong, diverse, and innovative food culture in the United States.	Established Canadian brokers and distributors have strong leverage in negotiations.
More than 98 percent of U.S. products are imported duty-free, tariff-free treatment under USMCA (entered into force July 1, 2020).	Landing costs (e.g., transportation, taxes, and custom clearance charges) are significant. This makes it challenging to launch a new product with smaller volumes.
U.S. food products are generally aligned with Canadian tastes and are familiar to Canadian consumers.	Strong “buy local” movement across Canada, particularly with fresh products.

Section II: Roadmap for Market Entry

To facilitate initial export success, the Foreign Agricultural Service in Canada (FAS/Canada) recommends exporters study the food service landscape at both a national and provincial level to get to know the major stakeholders active in both. Distribution in Canada’s national food service sector is highly concentrated. There is greater competition between food service distributors at the regional and provincial level. Suggested steps to enter the market include:

- Review relevant USDA FAS [Global Information Agricultural Network \(GAIN\) Reports](#). These reports are free of charge and can be downloaded from FAS [resources](#). Both the [Exporter Guide \(2023\)](#) and the [Food and Agricultural Import Regulations and Standards \(2023\) \(FAIRS\)](#) outline the required regulations and compliance requirements for food products. The Canadian Food Inspection Agency (CFIA) offers a step-by-step guide on these regulations, particularly on [labelling in Canada](#).
- After studying the Canadian market regulatory and compliance requirements, individual companies are encouraged to inquire about the various export programs supported by USDA and administrated by the [State-Regional Trade Groups \(SRTGs\)](#) and other USDA [Commodity Cooperators](#). The SRTGs provide the needed one-on-one counseling and educational seminars that U.S. businesses need prior to entering the Canadian market.
 - Small-and medium-sized firms (SMEs) may qualify for financial support to promote their brands in Canada under the [USDA Market Access Program](#). This program is administered by the SRTGs via programs such as the: [Branded Program \(Food Export\)/ Cost Share \(SUSTA\) Program / Fund Match Program \(WUSATA\)](#).

- Many of the SRTGs in Canada have contracted with in-country representatives to conduct additional research or business-to-business matchmaking for an individual company.
- Attending Canadian trade and consumer shows can help U.S. exporters better understand the market. A partial list of Canadian trade shows can be found [here](#). USDA endorses [SIAL Canada](#), the largest food trade show in Canada. The two largest food service trade shows in Canada are:
 - [Restaurants Canada, Toronto, Ontario](#) (April 7-9, 2025)
 - [SIAL Canada](#), Toronto, Ontario (April 29 - May 1, 2025)
- Locate a Canadian partner (food service distributor or broker) to help identify valuable Canadian accounts.

For more information on these steps, please consult the FAS/Canada Exporter Guide and contact FAS/Canada offices in Montreal, Ottawa, and Toronto to obtain customized support and a further detailed guide for targeting the retail sector in Canada.

U.S. companies need to assess their "export readiness" before entering the Canadian market. This includes determining how well-established their product is in the United States and if the company currently has available resources and staff capacity to export a product in Canada. Once the product is carried by a distributor, all suppliers should focus on achieving realistic targeted volume levels.

When targeting the Canadian market, it is essential to keep the following facts in mind: Canada is a small and mature market with a much smaller consumer base, roughly one-tenth of the United States. Accessing a smaller Canadian consumer base can be expensive as major population groups are concentrated in cities that are spread out along the vast U.S.-Canada border. There are typically three major geographic regions to consider: Ontario, Quebec, and British Columbia. For companies looking to launch on a smaller scale, a more manageable approach would be to focus on one province (or even city) at a time.

II.B. Sub-sector Profile

The Canadian food service sector is comprised of two major segments: Commercial and Non-commercial subsectors. The commercial food service sub-sector accounted for \$70 billion, representing 80 percent of total food service sales in 2023. Quick service restaurants (QSR) represent 45 percent of the commercial market and continue to be the leading restaurant format in Canada, followed by the full-service restaurants (FSR) /family dining format representing 44 percent of the restaurant landscape. Close to 80 percent of QSR sales are driven by national chains, such as Tim Hortons, McDonald's, Starbucks, and other familiar chain entities. QSR units have steadily grown in the last decade due to quicker service and competitive menu

prices relative to FSR options. Although, there is a labor shortage and food prices have increased, the HRI industry in Canada has stabilized and is on solid footing and is forecast to grow by 6 percent over the next three years.

Table 1: Commercial Food Service Sales and Forecast in Canada (Million USD)

Restaurant Format	2021 USD	2022 USD	2023 USD	2024 USD F.
Quick-service restaurants	\$26,792	\$29,012	\$31,393	\$32,174
Full-service restaurants	\$21,207	\$27,678	\$31,127	\$30,602
Caterers	\$3,150	\$4,512	\$5,312	\$5,541
Drinking places	\$1,255	\$1,699	\$1,859	\$1,786
TOTAL COMMERCIAL	\$52,404	\$62,901	\$69,691	\$70,103

*Source: Statistics Canada, Restaurants Canada, and UK Exchange.
2023 - CAD\$1 = USD\$.74/ 2023 CAD\$1 = USD\$.72 / 2024(Forecast by RBC)*

In 2023, non-commercial food service (e.g., hospitals, tourism travel, learning institutions, and other establishments) sales grew by 13 percent, reaching \$15.4 billion. Renewed confidence in travel led to domestic and international visitors. In 2023, Canada welcomed 74.5 million international arrivals (non-resident visitors and returning Canadian residents), almost 1.5 times those from 2022, and over four-fifths (84.1 percent) of the number of arrivals observed in 2019².

Table 2: Non-commercial Food Service Sales and Forecast in Canada (Million USD)

Food Service Format	2021 USD	2022 USD	2023 USD	2024 USD F.
Accommodation	\$2,106	\$4,430	\$5,907	\$6,178
Institutional food service	\$4,350	\$4,581	\$4,752	\$5,046
Other	\$3,955	\$4,588	\$4,725	\$4,968
TOTAL	\$10,411	\$13,599	\$15,384	\$16,192

*Source: Statistics Canada, Restaurants Canada, and UK Exchange.
2023 - CAD\$1 = USD\$.74/ 2023 CAD\$1 = USD\$.72 / 2024(Forecast by RBC)*

² Stats Canada: [The Daily — Travel between Canada and other countries, December 2023 \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/26-288-x/2023001/article/00001-eng.htm)

Table 3: Top Food Service Restaurant Chains, Hotel Chains, and Distributors

Top Restaurant Chains	Percent Share of Market	Restaurant Banners
Restaurant Brands International, Inc.	18.9	Burger Kings, Tim Hortons, Popeyes, Firehouse Subs,
McDonald’s Corporation	15.1	McDonald’s
Recipe Unlimited Corporation	6.9	Swiss Chalet, St. Hubert, Montana’s, East Side Mario’s, The Keg, New York Fries, State & Main, The Pickle Barrel, Bier Market, Elephant & Castle, Fresh and more
A & W Food Services	4.5	A & W
Doctor’s Associates Inc.	4.4	Subways
Yum! Brands, Inc.	3.7	KFC, Pizza Hut, Taco Bell, The Habit Burger Grill
Other	46.5	
<i>Source: Euromonitor, Consumer Food Service in Canada, February 2024</i>		

Section III: Competition

As a mature market with a highly integrated supply chain, much of the competition for Canadian market share is with other U.S. and Canadian food supplies already established in the market.

Table 4: Canadian Imports of Consumer-Oriented (C.O.) Products (in Million U.S. Dollars)

Year	CO Imports - Global	*CO Imports - U.S. Value	CO Imports - U.S. Share	Total Food Service Sales
2020	\$29,139	\$16,525	57%	\$71,770
2021	\$31,784	\$17,585	55%	\$50,500
2022	\$34,773	\$19,195	55%	\$76,600
2023	\$35,017	\$19,672	56%	\$85,075

Source: Trade Data Monitor and Statistics Canada

Note: These data points slightly vary from other data points in this report because they reflect Canada’s import data (i.e., Statistics Canada), rather than U.S. export data (U.S. Customs and Border Protection).

Table 5: 2023 Imports of Leading Consumer-Oriented (CO) Products (in Million U.S. Dollars)

Description	CO Imports Global \$	C.O. Imports U.S. Share		Leading Competitors
Bakery Goods, Cereals, & Pasta	3,785	2,724	72%	Italy, China, and Mexico
Soup & Other Food Preparations	2,242	1,864	83%	China, Mexico, and Taiwan
Fresh Vegetables	3,001	1,713	57%	Mexico, China, and Guatemala
Fresh Fruit	4,491	1,602	36%	Mexico, Guatemala, and Peru
Dog & Cat Food	1,330	1,180	89%	Thailand, China, and Italy
Dairy Products	1,574	975	62%	New Zealand, Italy and France
Chocolate & Cocoa Products	1,659	868	52%	Belgium, Switzerland, and Germany
Beef & Beef Products	1,377	864	63%	Australia, Mexico, and New Zealand
Pork & Pork Products	1,042	849	81%	Italy, Germany, and Denmark
Non-Alcoholic Bev. (ex. juices, coffee, tea)	1,199	831	69%	Switzerland, France, and Italy

Source: Trade Data Monitor

Section IV: Best Product Prospects

With Canada's growing sentiment for maintaining a healthy lifestyle, consumers seek the traditional menu items but with a healthy twist, such as plant-based burgers, baked potato fries (without oil), and menu items high in nutrition and high in protein (e.g., avocados, chickpeas). Additionally, many young consumers seek sustainably grown menu items that offer clean ingredients. The interest in plant-based proteins and vegetable options as a main entree continues to grow. According to Mintel research, 75 percent of consumers would like to include additional plant-based protein products in their diets. Additionally, select fresh vegetables, like portabella mushrooms have taken center plate being complimented with various garnishes.

Montreal and Toronto are both comprised of many immigrants, establishing the cities as some of the most diverse in the world. Many ethnic restaurants and food outlets cater to the immigrant diaspora. In Toronto, restaurateurs and chefs often fuse ethnic cuisines to create unique culinary dishes, as well as a unique culinary experience.

Section V: Key Contacts and Further Information

Links to Other Government Sources for Food Service Data

- [Canadian Food Inspection Agency \(CFIA\)](#)
- [Statistics Canada](#)

Links to Other Food Service Contacts

- [Canada Business Francise](#)
- [FoodCo Directory](#)
- [Food Service Hospitality](#)
- [Food Trend Report, Nourish Marketing](#)
- [Restaurants Canada](#)
- [Restaurants Canada/ Buyers Guide](#)
- [RESTOBIZ](#)

List of Canadian Food Service Distributors

National and Regional Food Service Distributors and Locations	
Altra Foods	Quebec
Beverage World	Eastern Canada
Capital Food Service	New Brunswick
Cheese Boutique	Greater Toronto and Montreal
Hardy Sales	Alberta and British Columbia
Colobar Food Service	Quebec and Atlantic Canada
CFI Foods Ltd.	Alberta
Empire Foods	Ontario
Flanagan Food service	Ontario
Findlay Foods Ltd.	Eastern Ontario
F.J. Wadden's & Sons Ltd.	Newfoundland and Labrador
First Choice Foods	British Columbia
Gordon Food Service	National
Greenbridge Food service	Ontario
Hardy Sales	Alberta and British Columbia
J & F Distributors	British Columbia
J & D Food Services	Alberta and Northern Territories
Morton Food Service	Ontario
Northwest Distributors Ltd.	Northwest Canada
Pratts Food Service	Western and Northern Canada
Sevco Food Service	Western Canada

Stewart Food service Inc.	Ontario
Sysco	National
Wright's Food service Ltd.	British Columbia
Yen Bros Food service	British Columbia
<i>Source: https://www.foodcodirectory.com</i>	

Post Contact Information

Agricultural Affairs Office Physical Address: 490 Sussex Drive, Ottawa, Ontario K1N 1G8 http://www.fas.usda.gov	Phone: (613) 688 5267 Email: agottawa@fas.usda.gov
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Attachments:

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