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Kosher Foods

Latest Trends In Kosher Foods

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Approved by:

Norval E. Francis, Jr.

U.S. Embassy

Prepared by:

Faye Clack Marketing & Communications, Inc.

Report Highlights:

There is a growing market for kosher food products in Canada driven by the increased availability of variety in kosher products, food safety, and religious and dietary dictates.

Includes PSD changes: No
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Introduction

There is a growing market for kosher food products in Canada, which presents opportunities for U.S. kosher food producers and processors. The best opportunities lie in the urban centers that are home to Canada's larger Jewish communities.

Growth in the Canadian market for kosher foods is being driven by four forces: First, by what is described as "increasing religiosity" among Jews. Second, by concern on the part of many Canadians about food safety. Third, by Muslims, Seventh Day Adventist, Jehovah's Witnesses, vegetarians/vegans and those who are lactose-intolerant. Fourth, by the widening selection of kosher foods, including trendy home meal replacements such as sushi and pizza, that are now appearing in supermarkets and luring consumers who previously faced limited choice in kosher offerings, which primarily were staple foods.

In Canada, the principal purveyors of kosher foods are independent kosher or partly-kosher retail grocers, supermarkets and other food and foodservice outlets, such as bakeries, butchers, and delicatessen, and non kosher major banner supermarkets and club warehouse stores located in or in close proximity to neighbourhoods with significant Jewish or Muslim populations.

Compared with the United States, Canada has a relatively small Jewish and Muslim populations, although the Muslim population has increased significantly in recent years and is now larger than the Jewish population. At present, in comparison with the United States, the market for kosher foods in Canada is relatively small. However, as will be shown, it holds potential for substantial development

That said, it is important to note that Canada's Jewish population is concentrated in three cities – Toronto, Montreal and Vancouver - that are known for their culinary sophistication, especially in the primary foodservice category of restaurants and hotels.

Statistical data on the Canadian market for kosher foods does not exist. Authorities, such as Kashruth councils have referred us to what they consider to be reliable sources of data and provided valuable anecdotal information. Wherever possible, and in accordance with the guidance of rabbis and other experts, we have extrapolated estimated Canadian data from accepted, respected US market data.

Statistics Canada gathers evidence on religious affiliations of Canadians every 10 years. Thus, StatCan data pertaining to members of the Jewish and Islamic faiths used in this report was collected in 1991. Other sources, such as the Canadian Jewish Congress and the Council of Jewish Federations provided more up-to-date data on the Jewish population and immigration trends. Results of religious data gathered in the 2001 Canadian census will not be available until 2003. Statistics Canada does not report segregated data on Jehovah's Witnesses and Seventh Day Adventists, who are included in the StatCan category of "Other Protestant faiths".

Data in this report are given for Jews, as the core market for kosher foods, as well as non-Jews. Among non-Jews certain consumer segments (e.g., vegetarians) may look for a kosher designation such as pareve (meaning a food that contains neither meat nor dairy) to ensure that the product is acceptable.

I Market Summary

Overview of the retail kosher food market

In 2000, the most recent year for which national data are available, Canadians spent C$70.6 billion at retail grocery checkouts. Of this amount, kosher products accounted for approximately C$480 million or 1.0 percent. One year later, in 2001, Canadian consumers who look for kosher products are estimated to have spent C$575 million[1], an increase of 19.7 per cent over the tally for 2000.

Of the approximately C$575 million Canadians spend on kosher foods, it is estimated that 45 percent (C$258.7 million) is spent by Jews and 55 percent (C$316.3 million) by non- Jews. Non-Jews who believe that kosher is safer or better, spend approximately 25 percent (C$143.8 million) of the total, while Muslims account for 20 percent (C$115 million). Non-Jews who buy kosher for philosophical (vegetarian), health (lactose intolerant) or religious (Jehovah's Witnesses, Seventh Day Adventist) reasons[2] spend 10 percent (C$57.5 million) of all kosher dollars. On the Canadian west coast, home to Canada's largest populations of vegetarians, organic and natural food consumers, non-Jews are the biggest consumers, accounting for an estimated 75 percent of demand for kosher foods, claims a spokesperson for B.C. Kosher, the certification arm of the Orthodox Rabbinical Council of British Columbia.

Among Jews that are not kosher abstinent on a regular basis, consumption of kosher foods is driven primarily by religious holidays, such as Passover, Rosh Hashanah and Yom Kippur, and special occasions, such as bar and bat mitzvahs, and weddings. Thus, overall consumption fluctuates, peaking at high holidays and returning to lower levels during non-holiday periods.

Canada is home to the world's sixth largest Jewish community (360,000)[3]and Toronto, Canada's largest city, has 175,000 Jewish residents, followed by Montreal (100,000), Vancouver (25,000), Winnipeg (15,000) and Ottawa-Hull (12,000). The urban distribution of the Muslim and other constituent populations of the kosher food market is unknown, as no such data are available for these groups.

The country's Muslim population now exceeds 400,000 and continues to exhibit strong growth. Over the five years 1991 to 1996, the number of Muslims increased by 38 percent, putting a new dynamic into play in the kosher marketplace. While this rapid growth is spurring expansion of the halal market in the form of more halal provisioners, the principal effect has been to lessen the reliance of Muslims on kosher butchers, because kosher meat is not slaughtered in accordance with the Islamic rites of halal and Muslims are enjoined not to substitute kosher meats for those that are halal.

Even so, Muslims continue to account for a large share of the kosher food market, because it is acceptable for them to consume a wide variety of kosher foods which are considered halal. The Islamic Food and Nutrition Council of America (IFANCA) and Kashruth councils in North American cities cooperate on food information sharing,

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[1] *The Kosher Food Market in the U.S.A.: Dollars Spent by Consumers Who Look for Kosher Products* - *http://www.koshertoday.com/resource center/charts/dollarsspentconsumr.htm* ©Copyright IMC Inc

[2] *Ibid:Scope and Size of the Kosher Market*

[3] *Jewish Virtual Library:http://www.us-israel.org/jsource/Judaism/jewpop.html*

including the distribution of alerts concerning unlawful or unfit ingredients in products sold at retail or in foodservice. It therefore appears likely that Muslims will continue to purchase kosher groceries – especially, when access to them is more convenient than to halal groceries. Given the accelerating growth of the Muslim population in Canada, it is not expected that Muslims will continue to become a larger consumer group in the kosher market.

Yet another dynamic that has recently come into play in the kosher marketplace is the non- Jewish consumer who shops kosher for reasons of food safety, perceived superior quality or taste, health issues such as lactose intolerance and other food allergies, religion (like Muslims , Seventh Day Adventists and Jehovah's Witnesses avoid "unclean foods identified in the Bible") or philosophy. Vegetarians, for example, will search for pareve products as an assurance that the foods they consume are free of animal ingredients.

In addition to Canada's 360,000 Jews and 400,000 Muslims, there are 110,000 Jehovah's Witness and 50,000 Seventh Day Adventist[4]. It is estimated that 1.3 million Canadians are vegetarian[5] -- one third to one-half of whom are believed to be vegan[6] -- and 3 million lactose intolerant.

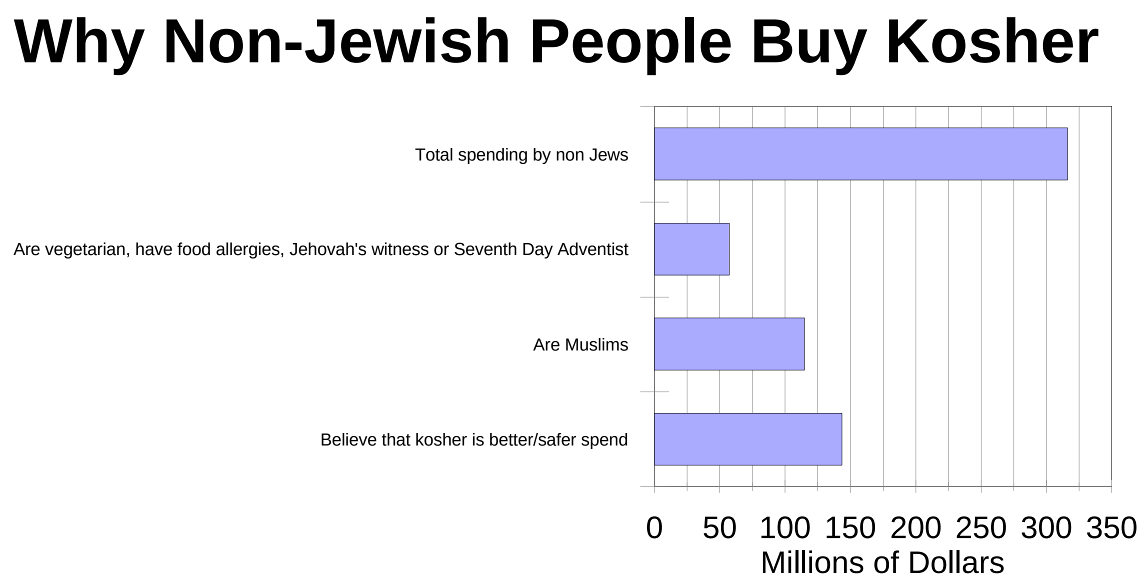
On the basis of the data cited, the consumer base of the retail kosher food market is conservatively estimated to be one million people.

[4] *"Easter a quiet celebration for some", by Leslie Scrivener, The Toronto Star, Friday March 29, 2002.*

[5] *The Canadian Press: "Older vegetarians shun meat to improve health", by Marlene Habib, July 18, 2000. Median estimate based on data from The Toronto Vegetarian Association, which claims 7 percent of Canadians are vegetarian, and from the Beef Information Centre, which claims 2 percent are.*

[6] *Vegetarian Journal Excerpts, September/October 1997, Volume XVI, Number 5: "How many vegetarians are there?" Report on 1997 Roper Poll*

Growth in the Canadian Retail Kosher Grocery Market



Source: Data compiled by Faye Clack Marketing & Communications from various sources

The growth rate of the kosher market throughout the 1990s averaged 12 percent a year, according to Canadian Grocer magazine[7]. This strength is attributed to, first, increasing consumer demand for kosher foods and second, the growing trend of kosher certification of many national brands, such as Skippy peanut butter, Coca-Cola, Heinz ketchup and Nabisco Oreo cookies. About 12 years ago, Kraft introduced a comprehensive kosher program which has become institutionalized in the organization. Today, most of the company's cereals, dips, whips, cream cheeses and sauces are kosher and integrated into regular grocery store shelves.

Many kosher food processors are seeking kosher certification because it presents the advantage of marketing and selling their products to a much wider audience. It is estimated that 40 percent to 50 percent of products on the shelves of most grocery stores are certified kosher.

A widening array of kosher offerings and the increasing availability of popular and trendy foods with kosher certification is also helping to widen the market. "Ten years ago, kosher products were almost exclusively staple foods," explains an executive of GMB Culinary Productions, Toronto's leading kosher gourmet caterer. "Today, kosher can be as high level gourmet as you wish. You can no longer taste the difference between kosher and non- kosher."

Where kosher foods are sold

Burgeoning demand for kosher is evidenced by major supermarkets expanding their kosher departments, kosher supermarkets opening and kosher grocers increasing the size of their premises to meet growing demand.

Canada's first all-kosher supermarket, Le Monde Cachere/Kosher World, opened in Montreal in 1999. The 30,000-square-foot store is under the supervision of the Jewish Community Council of Montreal (Vaad Ha'ir)

[7] *"Clamouring for kosher" by Wendy Rosen, Canadian Grocer, July/August 2000, pp 41-48*

and has the endorsement of the Sephardi Grand Rabbinat du Québec[8]. Levitts, which started 61 years ago as a small storefront deli, recently expanded and moved from its 650-square-metre plant into a new HACCP-approved C$6.5 million 3832 square-metre processing plant in LaSalle, Quebec, on the outskirts of Montreal[9].

In Toronto, the Kosher City Plus mini-market tripled its size in 1999 and, three years later, needs to expand again[10]. Located in the heart of one of Toronto's larger Jewish communities, the grocer opened for business in 1988 in a 1,100 square food retail space. At the time, there weren't enough kosher products to keep the shelves filled.

The Gulf War lent significant impetus to growth in the selection of kosher foods. Middle Eastern countries became new markets or potential new markets for kosher certified foods that were also halal. Prior to that, the North American market for kosher foods was relatively small.

Chain and corporate supermarkets are devoting more space to kosher[11]. About 40 percent of Loblaws' more than 70 stores have kosher food departments year round and during Passover[12]. Sobeys' Thornhill, Ontario, supermarket tripled its kosher space from 5,000 square feet to 15,000 square feet in 1999, in order to accommodate two meat departments, two delis and two bakeries, one of each being kosher. Under the supervision of two rabbis, one of whom is permanently on-site, and three kosher inspectors, the store serves 190,000 Jews, as well as Muslims and other kosher consumers living in the Greater Toronto Area. Sobeys' kosher department draws customers from across Ontario, Quebec and the northern United States.

Retail establishments offering kosher foods include:

- Independent kosher retail grocers
- Independent kosher mini-supermarkets
- Independent kosher supermarkets
- Independent kosher butchers and bakers
- Kosher restaurants and caterers
- Partly-kosher independent grocers
- Partly-kosher chain supermarkets
- Partly-kosher butchers, bakers and delicatessen
- "Dairy" restaurants, which serve no meats.
- Hotels offering kosher foodservice for catered events
- Major banner non-kosher supermarkets, located in or in close proximity to neighborhoods with significant Jewish or Muslim populations, which feature kosher sections, when demand warrants, kosher dairy sections.
- Convenience stores, located in or near large Jewish communities, offering a limited selection of packaged kosher foods.

[8] *"Canada's first all-kosher supermarket opens its doors", by Janice Arnold, Canadian Jewish News, September 16, 1999, page 28*

[9] *"The Kings of Kosher", by Gail Stephen, Food in Canada, March 2001*

[10] *"Clamouring for kosher", by Wendy Rosen, Canadian Grocer, July/August 2000, pp.*41-44

[11] *Ibid*

[12] *"David and Goliath food fight shaping up over kosher for Passover", by James Pasternak, The Financial Post (National Post), April 19, 2000, page C7*

Ethnic Origins of the Canadian Jewish Consumer

The Council of Jewish Federations (CJF) reported as follows on the origins of Jewish immigrants to Canada between the years 1981 to 1995. It should be noted that, since 1995, there has been a large migration of Jews from Soviet Union. The CJF is currently conducting a survey on the origins of Jewish immigrants, results of which are expected to be made available late in 2002.

Geographic Region of Origin	Percentage of Total
Eastern Europe	9.0
Israel	20.0
South Africa	15.0
United States of America	10.0
Russia & Former Soviet Union	34.0
Western Europe	6.0
South America, Asia, Africa	6.0

Demographics of the Canadian Consumer

As 55% of kosher food consumers are non Jewish, demographic data for Canadian consumers in general is presented here alongside data and information pertaining to Jewish consumers where these data are available. Statistics Canada, the government census bureau does not report any data, demographic or otherwise, on vegetarians, vegans and people with food allergies, nor does it report data on incomes, education, occupations, etc. by religious or ethnic affiliation.

a) Overall Quality of Life

The United Nations Quality of Life index, which measures health, education and wealth factors in 174 countries rated Canada #1 for six consecutive years. Even after the index itself was changed, Canada continued to rank in the top three best countries to live.

b) Population

In July 2001, there were 31,081,900[13] people living in Canada – up 1.08 per cent since the end of 2000. Ontario (11.6 million), Quebec (7.3 million) and British Columbia (4 million) were Canada's most populous provinces. The country's population density is concentrated along the 49th parallel.

Jews represent 1.2 percent of the population of Canada, Muslims 1.3 percent, and Jehovah's Witnesses and

[13] Statistics Canada, Income Statistics Division: Average earnings by sex and work pattern, all earners: www.statcan.ca/english/Pgdb/People/Labour/labour01a.htm

Seventh Day Adventist combined, 0.5 percent. Vegetarians account for an estimated 4.5 percent and vegans for between 1.4 and 2.1 percent of Canada's population.

c) Education

Canadians tend to be well educated. Almost 23 per cent of the population over age 15 years has attended university[14]. Three out of five of these people completed university and have a degree. Another 19 per cent have a post-secondary, non-university certificate or diploma and 25 per cent completed high school and/or hold a trades certificate or diploma.

d) Aging population

Canada is becoming a nation of older people. In 2000, 13.4 per cent of Canadians were aged 65 years or older[15]. According to ACNielsen, StatsCan 1999[16], population growth in Canada was greatest in the ages 45 to 64 and 75+ brackets.

As Canadian "Boomers" (people born during the Baby Boom years of 1947 to 1966) age, they are becoming more concerned with healthy eating and lifestyles. A generation of unprecedented affluence, they are able and willing to pay more for convenience and services, such as value-added meals, in order to relieve the time pressures they work under, simplify their lives and engage in pursuits other than meal preparation. They are also well-traveled and appreciate foods from many countries.

f) Languages

The official languages of Canada are English and French which, respectively, are the home languages of 19 million and 6.3 million people. Chinese, Italian, Punjabi, Spanish, Polish, Portuguese, and German are the leading non-official home languages spoken in Canada[17].

g) Female participation in the workplace

Although female participation in the Canadian workplace has increased steadily, women still do most of the food preparation at home. In 2000, for example, 84 per cent of evening meals that were prepared and consumed in the home were planned by the female head of household.[18] The time pressures associated with dual careers and single parent families make alternatives to traditional meal preparation very appealing.

h) Economic Prosperity

Economic growth and rising disposable income has made Canadians more confident about spending for products and services that make their lives easier. The food trends that owe their roots, in part, to these

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15 Statistics Canada, Canadian Statistics: Population 15 years and over by highest level of schooling, 1996. http://www.statcan.ca/english/Pgdb/People/Education/educ43a.htm

[15]2000 State of the Industry Report, Canadian Association of Chain Drug Stores.

[16]*Canadian Grocer, 2001-2002 Executive Report, p. 11*

[17]Statistics Canada, Canadian Statistics: Population by home language, 1996 Census (http://statcan.ca/english/Pgdb/People/Population/demo29a.htm

[18]NPD Group, NET Canada Nutrition Survey 2000

demographic and economic factors include those toward freshness and authenticity, gourmet/quality, and new food sources and schedules. The desire for healthier eating permeates all of these trends.

i) Income
Over the period 1990 to 2000, the average weekly earnings of Canadians rose from C$512.79 to C$626.45 - an increase of 22.2per cent. In 2000, average weekly earnings were highest in Ontario (C$669), followed by Alberta (C$643), British Columbia (C$637) and Quebec (C$585). In 1999, women in the workforce earned an average C$22,535 and men an average C$35,169.

Of Canada's 360,000 Jews, 83% (300,480) earn average to above average incomes, while 17% (59,520) are reported to be low-income earners.[19]

Canada's Major Markets for Kosher Foods

City	Jewish Population *(estimated)*
Greater Toronto Area, Ontario	190,000
Montreal, Quebec	100,000
Vancouver, British Columbia	25,000
Winnipeg, Manitoba	17,000
Ottawa-Hull, Ontario-Quebec	12,000
Calgary, Alberta	8,000
Edmonton, Alberta	6,000
Hamilton, Ontario	6,000

[19] Canadian Jewish Congress: Table 1, Jewish Population of Canada, Source: Census of Canada, 1996, Special Tabulations

Advantages and Challenges in the Canadian Kosher Market

Advantages	**Challenges**
The Canadian dollar trades at a substantial discount to the U.S. dollar. The Canada's_economic environment presents U.S._companies with an excellent financial_advantage when processing kosher foods in Canada.	The strength of the American dollar may inhibit the sale of some primary foods or value-added products from the U.S. Most kosher foods are only marginally more expensive than non kosher. However, meat, poultry and fish are significantly more costly than their non kosher counterparts, because of the supervision and inspection required.
The kosher retail grocery sector is a relatively new distribution channel for meal solutions and gourmet foods and is growing rapidly.	Canadian tariff rate quotas for poultry and dairy products restrictions may inhibit exports of some foods to Canada.
Canada's kosher food retailing channels are fragmented, but concentrated in six urban centers. Consolidation in some segments, such as major banner supermarkets, means more stores can be "sold" through fewer procurement centers.	Although procurement functions of major banners are centralized, they focus on regional market needs and trends.
North-south shipping corridors present an excellent advantage versus offshore competitors.	Israeli certification is perceived as being more stringent than that in many other countries. Many Jewish consumers prefer the taste of Israeli kosher foods to that of American and European kosher products. When the price, quality and/or taste of Israeli products are comparable to or better than those of domestic or other offshore products, Israeli products often are purchased to support the Israeli economy.

Fear of mad cow disease in European smoked or packaged meats. North American beef is considered safe to consume.	Kosher beef cuts are the most expensive of all kosher foods in Canada. The differential in the exchange rates of the U.S. and the Canadian dollar raise those prices even higher.
CUSTA, NAFTA and GATT facilitate smooth entry for exporters to Canada.	Canada maintains a quota system on some products, such as dairy, eggs and poultry and Canada's domestic producers are the primary source of livestock and produce for the kosher food processing industry in Canada.
Awareness of the advantages of kosher foods is under-developed in Canada. This presents an opportunity for U.S. exporters of kosher foods who promote the benefits to Canadian consumers.	Kosher foods are perceived by most Canadians as essentially Jewish products and a requirement of religious canon. To take advantage of the significant opportunity in this market, U.S. exporters will need to invest in communicating the benefits of kosher products to the mainstream market.
A 1997 Global Competitiveness Survey conducted by KPMG ranks Canada as the world's 4th most competitive economy. Canada is one of the worlds most developed economies. In 2000, among G7 nations, Canada's per capita Gross Domestic Product was US$20,822. Canada placed 6th among the G7 in per capita GDP.	For products imported into Canada, competition will be fierce, as domestic suppliers provide better costing for primary and value-added products.
Consolidation in the major banner supermarket channel has created larger players, which means higher volume opportunities for U.S. exporters of kosher foods.	While ever-expanding kosher departments in major supermarkets are a result of consolidation in this channel, most retailers (approximately 90 percent) procure merchandise through kosher food distributors.
Canadian kosher food consumers are enjoying a greater variety of kosher foods and are prepared to spend more for superior quality gourmet kosher foods.	Gourmet kosher foods sell at premium prices in Canada. The premium on the U.S. dollar will raise prices of comparable products still higher.

Certification Process

To be recognized as kosher, products must have the official identification symbol, or hecksher, of a kashruth authority. Hecksher used most commonly in the United States and accepted in Canada include the following: "OU" Union of Orthodox Jewish Congregations of America and "OK" The Organized Kashrus Laboratories. See www.kashrut.com/agencies/ for more information.

A spokesperson for the Kashruth Council of Toronto says that the hecksers of recognized kashruth or rabbinical councils in the United states are considered acceptable certification in Canada.

A chart listing Canadian kashruth authorities and their contact information appears in Table: Non-Government Kosher Certification Organizations. The hecksher of each authority can be viewed at http://kosher.co.il/orgs/canada.htm

Regulation and Marketing

In the labeling, packaging and advertising of a food, Canada's Food and Drug regulations prohibit the use of the word "kosher", or any letter of the Hebrew alphabet, or any other word, expression, depiction, sign symbol, mark, device or other representation that indicates or that is likely to create an impression that the food is kosher, if the food does not meet the applicable kosher requirements.

The marketability of kosher products in Canada is enhanced if the products carry the hecksher or labels approved by the local rabbinical authorities (kashruth councils).

Canadian distributors and retailers agree that successful marketing of kosher foods requires a practical approach, with careful consideration being given to consumers' needs and the unique characteristics of the product, followed by heavy promotion. Kosher consumers look for value and quality and are prepared to spend more when these are present[20].

A kosher department manager for Loblaws, Canada's leading supermarket chain, which devotes significant space to kosher offerings, urges manufacturers of kosher products to redesign their packaging for the contemporary consumer. In his view, kosher packaging tends to be traditional and out-of-step with today's younger consumer.

[20] *Marketscan*, June 24, 1999.

Domestic and Imported Kosher Foods in Canada

Most kosher foods sold in Canada are imported and the principal countries of origin are the United States and Israel.

Commonly Imported Kosher Foods	Major Categories of Kosher Food Domestically Produced
Rice cakes	Meats, fresh
Confectionary	Meats, smoked
Fish	Meats, packaged
Matzoh	Fish, fresh (salmon, herring)
Cheese *	Fish, smoked (salmon)
Fruit juices	Fish, pickled (herring)
Crackers and cookies	Poultry , fresh *
Dressings and sauces	Poultry, smoked *
Passover Foods	Poultry, packaged *
Frozen Foods	Baked goods
Snack foods	Diary products *
Noodles	Cheese *
Soups	
Pickles, olives	
Grains	

* Certain U.S. food exports to Canada, weather or not kosher, are subject to special regulations. In 1995, under the World Trade Organization (WTO) agreement, Canada replaced import quotas on certain agricultural products with **Tariff Rate Quotas (TRQs**). Under the TRQ system, imports which are within quotas are subject to low or free rates of duty, until the quota limit has been reached. Once quota limits have been reached, over-quota imports are subject to significantly higher Most-Favored-Nation (MFN) rates of duty. The Canadian importer must be in possession of an import permit to import TRQ commodities. Canada's TRQs apply to U.S. exports of broiler hatching chicks and eggs, chicken, turkey, cheese, butter, milk and cream, buttermilk, yogurt, dairy blends, ice goods and margarine. The Canadian importer must be in possession of a specific permit issued by the Department of Foreign Affairs and International Trade which allocates and administers quotas. For more information go to: http://www.dfait-maeci.gc.ca/~eicb/agric/agric-e.htm

Important New Trends in the Canadian Kosher Food Market

Major new trends in the Canadian kosher market – in both retail and foodservice – include the production of trendy ethnic foods, such as sushi and pizza; popular snack foods, such as beef jerky, popcorn and tortillas; gourmet catering; and fresh or extended shelf-life home meal replacements. Another new trend is the increasing availability of good quality dry table wines. It should be noted that many national brand foods marketed to the general population already have kosher certification to extend their appeal to a broader market. One estimate is that 65 percent of the foods in Canadian supermarkets are kosher[21].

Kashruth councils provide their communities with lists of acceptable kosher certified brand name foods produced by Canada's mainstream food processors. In fact, kashruth and halal authorities routinely exchange information on "fit" and "unfit" products. Many mainstream food processors, in turn, are modifying their ingredient mixes in order to gain kosher certification and many are changing production processes to be consistent with kashruth.

Leading hotels in Canadian cities with the largest Jewish communities have kosher facilities and provide kosher foodservice for weddings, bar and bat mitzvahs, banquets and business meetings. Other hotels will, by special arrangement, permit their facilities to be used for kosher functions by kosher caterers certified by and under the supervision of local rabbinical councils.

These cities also have kosher restaurants, and dairy and bakery restaurants, usually in or near Jewish neighborhoods. Jewish hospitals, and elder care facilities also provide kosher foodservice.

Opportunities

Canadian retailers of kosher foods report that trends in the kosher market are generally consistent with those in the mainstream marketplace. Because kosher consumers are drawn from virtually all segments of Canadian society, their needs, preferences and responses to trends are considered to mirror those of the general population. Spokespersons for several retailers of kosher foods identified the following as major trends in the kosher market:

a) Meal solutions

Home meal replacements (HMRs) are the single most important trend in the Canadian retail grocery industry and the kosher sub-sector is no exception. The trend's impact on the kosher market is gaining momentum. Consumer groups whose special dietary needs tended to be overlooked, now are being presented with an increasing array of kosher certified, prepared meal choices. These range from traditional staples such as knishes, latkes and smoked meats to trendy Italian, Chinese, Thai and Japanese specialties. Similar to the mainstream market, kosher consumers are also looking for convenient meal solutions.

[21] *"Is this kosher? You probably don't know it, but most of the food you eat proably is", by Kevin M. Grace, Report Newsmagazine, May 8, 2000, p. 37*

In Canada, HMR sales by all retail grocers are expected to grow to about $2 billion by 2005.[22] Sales in just 10 categories of single-serve products tracked by ACNielsen in 2000 totaled more than $628 million, up 6 per cent from 1999 and up double digits from the year before.[23] ACNielsen do not break out data for kosher home meal replacements.

The success of atmospheric packaging technology could offer new opportunities for kosher food processors.

In Canada, the following trends in the HMR category are rapidly gaining momentum among the general population as well as kosher food consumers. The trends point to opportunities for U.S. kosher food producers and processors:

- **Comfort food main meal solutions**. Demand for pre-cooked traditional suppers like the ones mother used to make – for example, meat loaf, mashed potatoes, and noodle pudding
- **One-hand meals.** Ideal for the accelerating "dashboard dining" habit of a nation of commuters on the run, meals that can be easily and safely consumed in one hand, with the other on the steering wheel, are in growing demand. Muffins, biscotti, and bagels are best-sellers for one-hand breakfasters. Of those who purchase breakfast away from home, almost one-third eat it in their cars.
  For lunch-on-the-run-- wraps, soft enchiladas, and thinly-sliced specialty breads or split pita with multi-layer fillings of vegetables and cold meats, are favorites of non-kosher consumers.

  These one-hand meals present unmet opportunities for kosher foodservice providers.

Canadians often eat alone and on the run - and kosher consumers are no exception. Across all age groups, about 56 per cent of the population consists of one or two-person households, and consumers are buying single-serve foods in ever increasing numbers.[24]

Supermarket deli departments are carrying more single-serve meals and report that customers frequently buy five or six single-serve meals at a time. Regardless of the meal concept, all consumers are looking for meal ideas that are not only convenient but also tasty and nutritious. Canadians believe they eat nutritious meals and claim nutrition is the second most important factor, after taste, when deciding which food to purchase, according to a 2000 Angus Reid Group survey sponsored by Borden Foods Canada.

Research findings from Kraft Canada indicate that mothers, who make 88 per cent of dinner decisions, want

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[22] *Canadian Grocer, "Ready, Set, Eat", by Sonya Felix*

[23] *Canadian Grocer, "Table for one"*

[24] *Canadian Grocer, April 25, 2001: Table for One, Please", by George H. Condon*

ideas for making meals with few ingredients in less than 30 minutes. Kraft's Multifacts Omnibus Study 2000 shows that 90 per cent of Canadian grocery shoppers said being able to use a few staples to make five or six different meals would simplify dinner preparation.

A number of products made strong gains by volume and value as follows: prepackaged, bagged salads(+22 per cent by value and +21 per cent by volume); broad-leaf vegetables (+26 per cent by value and +18 per cent by volume); and instant potatoes (+16 per cent by value and +18 per cent by volume).

With plenty of room for growth, the kosher meal solutions category offers prime opportunities for U.S. exporters. The best prospects for growth appear to be in single and two-person serving home meal replacements, with superior taste/nutrition profile.

b)Soy foods

Although demand for soy foods in Canada continues to grow unabated, the needs of kosher consumers in search of these products are largely unmet. Readers of Canadian Grocer magazine, which serves Canada's retail trade, forecast in a recent poll that soy foods and beverages will be the hottest trend of 2002. They are now found in many categories in almost every department, from the produce section to the dairy case and snack foods. The ultimate in functionality, soy foods are linked to all sorts of health benefits.[25] Opportunities for U.S. kosher food processors exist in the meatless home meal replacement segment in particular, and in snacks, tofu, ice cream, milk, cheese, yogurt, pasta, and energy bars.

C) Snacks

Although many established snack staples such as popcorn, tortillas and potato chips have been kosher for some time, an increasing number of newer snacks are now gaining kosher certification. More than 80 per cent of Canadians admit to snacking on a daily basis, reported a 1999 Angus Reid Group poll. Sixty-five percent said they prefer to snack on healthy food; 58 per cent admitted to indulging in "junk food". NPD (Canada) Group's Snack Track report (www.npd.com/corp/content/news/releases/press_020610a.htm) for the first half of 2000 showed that fresh fruit, potato chips, pretzels, humus dips, and cookies, are the most popular snacks, followed by chocolate candy, crackers, and granola bars.

Salty snacks led the growth spurt with some products posting 50 per cent -plus gains in dollar sales for 2000[26], signaling opportunities for new suppliers. Demand for healthier snack food, primarily among women aged 18 to 49, boosted sales of rice and corn cakes by 41 per cent.

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[25] *Canadian Grocer, May 1, 2001: "Functional Frenzy", by Sonya Felix*

[26] NPD Canada, National Eating Trends 2000 (NET Study)

Salty Snacks Gain Share in 2000

Segment	Sales	Gain %	Volume	Gain %
Party mixes	$36.8 million	+58	10.1 million lbs	+51
Rice and corn cakes	$43.9 million	+41	22.4 million units	+40
Multi/Variety packs	$14.7 million	+51	3.4 million lbs	+40
Popped corn	$6.1 million	+36	1.4 million lbs	+33
Shelled nuts	$54.5 million	+15	14.9 million units	+11

d)Organic foods

Most organic foods and fresh produce sold in Canada are imported from the United States. The most popular items are bagged organic salads and greens, apples, bananas, oranges, broccoli and romaine lettuce. Specialty produce, such as cherry tomatoes, is also in demand. As competition among grocery retailers increases, so too will demand for specialty and exotic organic produce. Organic retail sales growth in Canada is expected to continue averaging 20 per cent annually, rising to $3.1 billion by 2005.

e) Functional foods and beverages

Canadian consumers' heightened interest in personal health issues has transformed just about every category in the grocery store. Kosher consumers share this interest. Shelves are full of products with labels touting a variety of health-positive qualities: low fat, high fiber, all natural, no or low cholesterol, a good source of vitamins or fiber, and so on. There is more to come as a deluge of so-called "functional foods" hits the market.

Opportunities for U.S. exporters of kosher functional foods and beverages abound in Canada. In the U.S., where the FDA allows food manufacturers to make some health claims, functional foods are one of the fastest-growing segments in grocery stores. It is important to note that in Canada, federal regulations do not as yet allow health claims on food, but legislation on allowable nutrition labeling and health claims is being drafted. One route some companies have taken is to have products classified as drugs. Even though this restricts advertising and disallows sampling, a Drug Identification Number is a fast track to grocery store shelves.

Fastest growing products in this category are: herb-enhanced fruit drinks, ready-to-drink teas, sports and energy drinks and single-serve fresh juices. It is projected that in five years functional beverage sales in Canada will top $1.2 billion. These are early days in the functional beverage market with plenty of opportunities for kosher products with wide appeal.

f) Beef

Beef is primed for a comeback[27] throughout North America, according to GMB Culinary Products, Toronto's leading kosher gourmet caterers. "There is a trend to kosher beef, which now is indistinguishable from non kosher beef and as people realize this, they are asking for kosher beef". Canadian kosher retailers support that view now that kosher beef – and steaks in particular – are as flavorful and tender as non-kosher. Barbecue cuts, in particular, are expected to do well as the popularity of year-round grilling grows. Purveyors of kosher foods report that specialty cured and smoked meats also are gaining favor with consumers.

g) Ready to Drink Beverages

Iced teas, milk, milkshakes, fruit and vegetable juices showed strong growth in 2000 according to an ACNielsen 2000 Beverage Study. These are displacing tap water as the beverages favored by Canadians, according to a Pepsi-Cola Canada spokesperson.

g) Confectionery

While many confectionery products already are kosher, opportunities exist in the areas of new and innovative products, especially for the children's market, where demand is strong for new, interactive novelty candy products with intense flavors and the promise of fun.

[27] *GMB Culinary Produts, Toronto, Ontario*

Best Kosher Product Prospects

Trend Products with Best Prospects in the Kosher Marketplace
Priority, Category, Profile Summary and Market Description and Change

Rank	Product Prospect	Category	Profile	Market change/ description
1	Home meal replacements -frozen -dry	FF G	superior taste high nutrition lower fat single and 2-person servings 5 or fewer ingredients max. 30 mins. preparation time growth in 1 + 2 person servings 32% of weekday dinners and 25% of weekend dinners in-home	2000 sales: Pizza, French bread, subs +41%;bagged salads +22%; broad leaf veg +26%; instant potatoes +16%
2	Soy foods and beverages	FP, FF, G	meatless HMR RTD fruit flavoured drinks snack foods no health claims in Canada	Wide awareness of health benefits winning converts on Main Street Soy products in almost every category now
3	Salty snacks -party mixes -rice and corn chips -multi/variety packs	G	cheese, jalapeno, BBQ, onion shelled nuts, nuts & bolts, crackers	2000 $ sales: +58% +41% +51%
4	Organic foods, beverages -fresh produce RTD fresh fruit,soy rice beverages Meal solutions Snack foods	FP G FF G	year-round demand most popular: bagged salads, greens; romaine lettuce, broccoli; apples, bananas, oranges fresh fruit, soy, rice profile as for HMR above chips, crackers	mainstream availability, acceptance 2000 sales +20% “safe” food sought by consumers afraid of GMOs, chemical fertilizers, pesticides BC, Ontario Quebec best developed markets
5	Beef	M	barbecue cuts specialty cured, smoked	
6	Bottled water	G	wide SKU offering essential users educated, health conscious, diverse tastes, especially women	+32% growth in litre-size +21% overall Volume +46% competitive market, multiple brands Evian/Volvic dominate premium imported segment

Rank	Product Prospect	Category	Profile	Market change/ description
7	RTD -fruit juices -iced-tea iced tea based -herb-infused beverages	G	chilled fresh fruit/fruit vegetable juices, sparkling water-base, health benefit promise natural/ organic chilled, shelf-stable flavoured iced-teas, iced-tea-fruit juice blends favoured flavours: ginseng, echinacea	2000 sales+ 32% 2000 $ sales +40% 2000 volume sales+46%
8	Fish	M	Salmon - fresh - frozen - cured/smoked	
9	Functional foods, beverages -enriched fruit juices -energy bars, snacks	Da G	nutrient enhanced, health benefit, energizing calcium fortified, protein enriched portable for eating on-the-run one-hand for dashboard dining	2000 sales+32% for energy bars and drinks Underdeveloped market. Health claims require a Drug Identification number (DIN).
10	Interactive novelty foods -candies - boxed chocolates - caramel corn	G	intense flavours promise of fun king size trending up	trend is to packaged confectioneries, but kids still prefer to pick their own candies

**Da=Dairy; De=Deli; FF=Frozen Foods; FP=Fresh Produce; G=Grocery*

Changes and trends in the Canadian kosher market over the past 5 years:

Because the kosher food market comprises both Jews and non-Jews, overall market trends are shown below:

- National and global-brand foods and beverages become kosher certified
- Taste of kosher beef becomes "indistinguishable" from non kosher beef
- Rising concern about the safety of food among the general population
- Redefinition of "convenience" in food purchases from a "last resort" to quality alternative to home prepared foods.
- Kosher food offerings expand from traditional and staples to wider variety.
- Once dominated by Israeli products, Canada's kosher market now offers wide array of offerings from other countries, such as the United States, France, South Africa and Canada itself. Israel continues as leading source of kosher imports.

- Trendy and ethnic foods, such as sushi, Thai and Chinese food and pizza, go kosher.
- Canada’s first all-kosher supermarket (30,000 square feet) opens in Montreal in 1999.
- Major banner supermarkets expand their kosher departments.
- Many Loblaws supermarkets feature year-round kosher departments.
- Sobeys expands kosher section in their stores with kashruth council supervision, with full-time rabbi and inspectors.
- Food safety concerns drive non kosher consumers to buy kosher
- Improved taste and quality of dry kosher table wines boosts demand.

II. Road Map for Market Entry

a) Entry Strategy

How can U.S. exporters take advantage of this growing Canadian kosher market?

The appropriate first step when entering the Canadian market is to contact the State Regional Trade Office representing the State Departments of Agriculture. These offices promote the worldwide export of food and other agricultural products from their respective regions and often are able to offer financial and technical support to food and beverage suppliers promoting in international markets.

Food Export USA represents agricultural products in the states of Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont. (http://www.foodexportusa.org)

The Mid-American International Agri-Trade council (MIATCO) represents the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin. (http://www.miatco.org)

The Southern United States Trade Association (SUSTA) represents the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Orth Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia and the Commonwealth of Puerto Rico. (http://www.susta.org)

The Western U.S. Agricultural Trade Association (WUSATA) represents the twelve western state departments of agriculture and two territories from the Western U.S. The states include Alaska, Arizona, American Somoa, California, Colorado, Guam, Hawaii, Idaho, Montana, New Mexico, Oregon, Utah, Washington and Wyoming. (http://www.wusata.org)

The appropriate second step when entering the Canadian market is to locate an agent/distributor in Canada to represent your product.

The Foreign Agricultural Service (www.fas.usda.gov) at the United States Embassy in Canada (www.usembassycanada.gov) endorses a program for U.S. export ready companies called "Canada Connects". The program is designed to help match prospective exporters with the suitable Canadian business entities (agents/distributors/brokers/buyers) and to ensure an accurately expedited entry into Canada. Contact Cory Streef or Virginia Zimm, Faye Clack Marketing & Communications Inc. At 905-206-0577 for more information.

In addition, the formerly named Canadian Food Brokers Association, now the International division of the ASMC (Association of Sales and Marketing Companies), will provide sales and marketing information for your specific product and opportunities within Canada. The Canadian Importers and Exporters Association, Toronto, Canada, will provide information concerning exporting to Canada and will direct potential companies to the appropriate import representation. Canadian Consulates throughout the United States and the Canadian Embassy in Washington, D.C. will also provide direction.

In order to enter the Canadian market, U.S. exporters must be armed with information on Canadian standards and regulations. Agents, distributors, brokers, and importers are often the best first line of communication and can lead companies through the regulatory import process.

All U.S. product exporters are subject to a number of federal acts and regulations that govern the importation of food into Canada. It is a shared responsibility of several federal agencies. The primary federal agencies involved are the Canadian Food Inspection Agency and the Department of Foreign Affairs and International Trade.

The import and sale of kosher food products in Canada are governed by the same rules and regulations that apply to non-kosher food products. No distinction is made between kosher and non-kosher foods with regard to import requirements. Currently, all Canadian packaging and labeling, grade, and inspection regulations apply equally to kosher and non-kosher foods

The Canadian Food Inspection Agency (CFIA) provides all federal inspection services related to food safety, economic fraud, trade-related requirements, animal and plant disease and pest programs. The CFIA administers the following acts:

Food and Drug Act	Canada Agricultural Products Act
Meat Inspection Act	Consumer Packaging and Labelling Act
Plant Protection Act	Health of Animals Act
Administrative Monetary Penalties Act	Seed Act
Feed Act	Fertilizers Act
Canadian Food Inspections Act	Plant Breeder's Rights Act

The Food and Drug Act and Regulations is the primary legislation that applies to all food sold in Canada, whether imported or domestic. This legislation sets out minimum health and safety requirements, as well as provisions preventing fraud or deception (labelling, packaging, treatment, processing, sale and advertising).

Regulations for the organic industry are covered under the Section 5.1 of the Food and Drugs Act (FDA) and Section 7 of the Consumer Packaging and Labelling Act (CPLA).

Canadian Food Inspection Agency Import Service Centres

The Canadian Food Inspection Agency is the best preliminary contact for information relating to food safety and standards. As part of its commitment to improving service for clients, the Canadian Food Inspection Agency, in cooperation with the Canada Customs and Revenue Agency (CCRA), has established three regional Import Service Centres (ISC); Eastern Region, Montreal; Central Region, Toronto; and Western Region, Vancouver.

Import Service Centres process import request documentation/data sent electronically or by fax by the importing community across Canada. Staff review the information and return the decision either electronically to Canada Customs and Revenue Agency, which then relays it to the client, or by fax directly to the broker/importer, who then submits the release package to CCRA.

In addition, ISC staff manage telephone inquiries regarding import requirements for all commodities regulated by the CFIA and, when necessary, coordinate inspections for import shipments.

Import Service Centres Across Canada

Eastern ISC
7:00 a.m. to 11:00 p.m.(local time)
Telephone: 1-877-493-0468 (inside Canada or U.S.)
Fax: 1-514-493-4103

Central ISC
7:00 a.m. to 12:00 a.m.(local time)
Telephone: 1-800-835-4486 (inside Canada or U.S.)
Fax: 1-905-612-6280

Western ISC
7:00 a.m. to 12:00 a.m.(local time)
Telephone: 1-888-732-6222 (inside Canada or U.S.)
Fax: 1-604-541-3373
EDI: 1-604-666-7073

While federal responsibility for food inspection resides with the CFIA, other departments play a role in the regulation of food importation. The Department of Foreign Affairs and International Trade controls the importation of certain agricultural products through the application of the Export and Import Permits Act and Tariff Rate Quotas. (See "Domestic & Imported Foods In Canada" for more information on TRQ's.)

Although the Universal Product Code (U.P.C.) or bar code is not required or administered by government, virtually all retailers require products to be labelled with a U.P.C.

The best entry method depends on the food product and the sub-sector identified as appropriate for each food product. Each sub-sector is regulated by government and industry import policies and trade acts. Each US export opportunity must be thoroughly investigated relative to the legislation that exists for the product requesting entry.

Demographics of major players

Channel/ Company	Owner / Head Office	Stores	National / Regional	Est. Sales (billions)
Kosher food distributors and importers: Chai Kosher Poultry Inc.	115 Sauter Street South Toronto, Ontario M4M 3K8 T: 416-462-1313 F: 416-462-1758	n/a	National	n/a
Hahamovitch Kosher Imports	6600 Thimens Blvd Ville St-Laurent Montreal, Quebec H4S 1S5 T: 514-334-4750 F: 514-334-4385	n/a	National	n/a
Isaac's Bakery Ltd.	3390 Bathurst Street Toronto, Ontario M6A 2B9 T: 416-789-7587 F: 416-789-7620	n/a	Regional	n/a
Jerusalem Pita/Toronto Bagel Ltd.	680 Steeprock Drive Downsview, Ontario M3J 2X1 T: 416-398-7900 F: 416-398-4377	n/a	Regional	n/a

Channel/ Company	**Owner / Head Office**	**Stores**	**National / Regional**	**Est. Sales (billions)**
Kofman Barenholtz Foods Ltd.	69 Viceroy Road Concord, Ontario L4K 2L6 T: 905-669-5393 F: 905-669-6983	n/a	National	n/a
Lechner Bakery Inc.	50 Drumlin Circle Concord, Ontario L4K 3G1 T: 905-738-8811 F: 905-738-3822	n/a	Regional	n/a
Lieberman Splendid Chocolates	896 Eglinton Avenue W Toronto, Ontario M9L 1P9 T: 416-782-6697 F: 416-782-5297	n/a	National	n/a
Marcee's Sweets	2861 Danforth Avenue Toronto, Ontario M4C 1M2 T:416-694-5811 F: 416-694-6478	n/a	Regional	n/a
Marvin Poultry Packers Canada Inc.	5671 Industrial Blvd. Montreal, Quebec H1G 3Z9 T: 514-321-8376 F: 514-329-4568	n/a	National	n/a
Middle East Nutritious Food Corp.	2180 Highway 7, Unit 27 Concord, Ontario L4K 1W6 T: 416-661-2075 F: 905-738-3708	n/a	National	n/a
Smoked Fish Factory	501 Garryrae Drive Weston, Ontario M9L 1P9 T: 416-745-4323 F: 416-745-5297	n/a	National	n/a
Stern's Cholov Yisroel Kosher Products	78 Champagneur Street Montreal, Quebec H2V 3P8 T: 514-277-0425 F: 514-277-5728	n/a	National	n/a

Channel / Company	Owner / Head Office	Stores	National / Regional	Est. Sales (billions)
Stroli's Strictly Kosher Foods	3459 Bathurst Street Toronto, Ontario M6A 2C5 T: 416-789-5333	n/a	National	n/a
Supreme Foods Limited	575 Oster Lane Concord, Ontario L4K 2B9 T:905-738-4204	n/a	National	n/a
Wholesalers: Best Kosher Products	5751 Avenue Parc Montreal, Quebec T:514-731-7835	n/a	National	n/a
Ferenczs Pasta Products	4810 Jean Talon Blvd, Suite 411 Montreal, Quebec T: 514-341-0496	n/a	National	n/a
Nuki Kosher Produce	550 Beaumont, #102 Montreal, Quebec T: 514-279-1299	n/a	Regional	n/a
Sheldon Foods	300 Bates Road Montreal, Quebec T: 514-344-3254	n/a	National	n/a
Sova Foods & Spices	175 Guthrie Montreal, Quebec T: 514-636-5040	n/a	National	n/a
Y. Daniels	6785 Mountain Sights Ave Montreal, Quebec H3W 2Z5 T: 514-737-4406	n/a	Regional	n/a
Warehouse Club Stores: Costco	Costco Canada Inc. Quebec: 300 Jacques Bureau Laval, PQ H7P 5P7 T: 514-686-4444 F: 514-686-7455	60	National	Est. grocery $2.4 billion

Channel / Company	Owner / Head Office	Stores	National / Regional	Est. Sales (billions)
Mass Merchandisers: Wal-Mart	Wal-Mart Canada Inc. 1940 Argentia Road Mississauga, ON L5N 1P9 T: 905-821-2111 F: 905-821-6359	168	National	Est. grocery $1.45 billion
Supermarket Chains: A&P of Canada Ltd.	5559 Dundas Street West Etobicoke, Ontario M9B 1B9 T: 416-239-7171 F: 416-234-6977	146	Regional	$3.5 billion
Fortinos Supermarket Ltd.	90 Glover Avenue East Hamilton, Ontario L8N 4G1 T: 905-389-4400 F: 905-389-9229	19	Regional	n/a
Loblaws Supermarkets Limited	6220A Yonge Street North York, Ontario M2M 3X4	78	Regional	$20.1 billion
Sobeys Inc.	Sobeys Inc. Ontario Div. 6355 Viscount Road Mississauga, Ontario L4V 1W2 T: 905-672-6633 F: 905-672-6068 Sobeys Inc. Quebec Div. 11281 Albert Hudon Blvd. Montreal-Nord, Quebec H1G 3J5 T: 514-324-1010 F: 514-324-7089	174 253	Ontario Quebec	n/a n/a
Independent Kosher Supermarkets: Le Monde Cachere/ Kosher World	6900 Decarie Blvd. Montreal, Quebec T: 514-340-1388 F: 514-340-1284	1	Local	n/a

Resources for Information on the Kosher Food Market in Canada

Resource	Address	Telephone	Contact Name
Jewish Information Service for Montreal	5151 Cote Ste-Catherine Montreal Quebec, H3W 1M6	514-735-3541 *F:* 514-345-6405	Suzanne Hersovitch
The Islamic Society of North America	Canadian Office P.O. Box 160, Station P Toronto, Ontario	416-977-2057 *F*: 416-971-6058	n/a
Kashruth Council of Toronto	4600 Bathurst Street, #240 North York, Ontario M2R 3V2	416-635-9550 *F:*416-635-8760	Rabbi Mordechai Levin
Jewish Information Service for Vancouver	950 - West 41st Vancouver, British Columbia V5Z 2M7	604-257-5111 *F*:604-257-5119	Janet Kolof
Winnipeg Jewish Community Council	Suite C300, 123 Doncaster St. Winnipeg, Manitoba R3N 2B2	204-477-7400 *F*:204-477-7405	n/a
Integrated Marketing Communications	500 Eighth Avenue, Suite 905 New York, N.Y. 10018	212-868-2960 F: 212-868-0389	Menachem Lubinsky
Islamic Food and Nutrition Council of America	5901 N. Cicero Avenue, Suite 309 Chicago, IL 60646	773-283-3708 F:773-283-3973	*http:www.ifanca.org*

Marketing and Trade Practices

Trade practices is a broad term that refers to the way shippers and retailers conduct business. It includes the payments, such as rebates and slotting fees, as well as services like automatic inventory replenishing, special packaging, and third party food safety certification. Trade practices also refer to the overall structure of a transaction. For example, long-term relationship or contracts versus daily sales with no continuing commitment.

Slotting/Pay-to-stay fees: Economists define slotting fees as up-front fees paid by suppliers to retailers to guarantee shelf space for new products. Fees that are paid to guarantee shelf space for existing products are referred to as “pay-to-stay” fees. Often, they mean or are referred to as the same thing by shippers.

Brokers*:* A broker is an agent in the marketing chain who negotiates transactions between buyers and sellers without taking title to the merchandise or physically handling the product**.** However, there are also buying brokers who purchase on account for client and who do take title.

Wholesalers: Wholesalers are an interim step between the shipper and the retail buyer. They do take title and warehouse product.

Promotional fees or cooperative advertising: Shippers pay promotional fees to retailers to promote their products to consumers. They may be fixed, up-front fees or structured as per-carton allowances. There may or may not be a performance commitment associated with these fees.

Value-added services: Special merchandising displays and point-of-sale materials are store-level value-added enhancements utilized to promote product sales. Suppliers often provide retailers with value-added materials when introducing a new product or as a means of stimulating consumer demand for a product experiencing sluggish turnover.

Volume incentives: Per-carton rebates are paid once a certain volume level is attained by the retailer. Volume incentives are usually structured with graduated scales, increasing as certain target volumes are achieved.

Listing or warehouse fees: These fees may be required to become a supplier to a distribution centre. They are charged to cover the administration costs of entering the shipper's information into the buyers' database.

Electronic data interchange (EDI): There are bilateral electronic transactions between specific retailers and their preferred suppliers. They may be used only for invoicing or for electronic ordering and other procurement activities. When supplying a larger chain, EDI is usually mandatory practice.

***Category/Inventory management systems*:** Category Management Systems are today's answer for retailers to manage the front store efficiently and profitably: the right product in the right department in the right shelf location.

Plano grams are simple charts depicting product placement in-store. They are the fundamental tools retailers require to execute category management effectively, maintain margin control and provide customer service.

***Automatic Inventory Replenishment**:* The supplier is electronically integrated into the buyer's inventory management system. The preferred supplier thereby has the responsibility and authority to access the data necessary to co-manage inventory with the retailer, according to negotiated parameters. The supplier is responsible for maintaining appropriate inventory levels at identified distribution centres and for shipping product according to the agreement with the buyer, rather than waiting for product orders from the buyer.

***Guaranteed sales**:* Retailers may charge suppliers fixed fees when products fail to sell. Or retailers may also force shippers to take back product rejected at the distribution centre level. As part of a superior maintenance program, many shippers who provide perishable products with best before dates, offer guaranteed sales.

Direct Store Delivery (DSD): DSD is a form of distribution that delivers products from the manufacturer directly to the end user retail outlet, instead of to a warehouse. Dairy and bakery are good examples of products distributed by DSD. These products generally have short shelf lives. The products are loaded on the manufacturer's truck and delivered directly to traditional and non-traditional retail grocery outlets. Dairy products , beverages, snack foods and even magazines and newspapers are examples of product distributed by DSD. Each delivery truck is like a rolling warehouse.

Shipping: Most products are shipped F.O.B. (Free-on-Board), which is classified as the shipping point price. Free-on-Board pricing excludes freight and insurance costs. This price is the average, unweighted unit price received by the shipper or grower-shipper primarily for sales in carload or truckload quantities.

Product Rotation: Products that exhibit a "Best Before Date" are typically fresh products with natural ingredients and few preservatives. It is essential that proper shelf rotation be practised to maintain freshness and customer satisfaction. Products that are in plastic or that contain Nutrasweet need special attention. Product rotation for a manufacturer's product must be communicated to the non-traditional retailer regularly as part of good category management and to avoid health safety issues.

Logistics: Distribution companies are typically responsible for one or all three of the following services: warehousing, distribution, and transportation for manufacturers, growers and shippers needs. To obtain an appropriate logistics provider, consult Blue, Green and Red Book Services, 845 E. Geneva Road, Carol Stream, IL, USA 60188. Phone: 630-668-3500. Fax: 630-668-0303

The Association of Sales and Marketing Companies

The ASMC helps exporters in the food industry to identify brokers or sales agencies via its web site www.asmc.org or through the purchase of its membership directory. Some member companies are strictly brokers, while others are broker/marketing companies. The ASMC web site lists member companies by category, enabling manufacturers to locate qualified sales representation through the ASMC Referral Service or from selected ASMC reports based on sorting criteria that include:

a) Geographic location (by region or country);
b) Primary business specializations;
c) Product categories (lines represented by the sales agency);
d) Trades of class called upon by the sales agency.

For further information, manufacturers should contact:

Cindy Baker
ASMC Referral Service
1010 Wisconsin Avenue, NW
Washington, DC 20007
Telephone: 202.337.9351

Legal and regulatory requirements

Food Labelling and Advertising

Entry into the Canadian food market should be facilitated by an appropriate liaison such as a government agency, importer, food broker, distributor, re-packer/re-bagger or combination thereof. It is imperative to align with appropriate officials and local representation. Local representation provides exporters with knowledge of the local, regional and national markets and opportunities that exist in each. They also provide guidance on best business practices, government importation laws, sales contacts, market development expertise, and advice regarding customs regulations, metric measurement requirements, labelling laws, health claims, nutrient content claims, PLU (Price Look Up) and UPC requirements, and the latest food restrictions, etc.

French language laws in Quebec govern the need to include any labelling, promotional items and advertising in French. Also, regulations governing the packing and labelling of food products differ from those in the United States in several important respects, including: language, weights and measures, ingredient information, and nutritional/health claims.

Kosher Labelling and Certification in Canada

Please refer to section entitled "Certification Process".

Activities of Interest to Kosher Food Producers and Processors

Although held in the United States, KOSHERFEST is considered by the Canadian kosher food trade to be the most important exhibition of its kind. Many Canadian kosher food importers, brokers, distributors, retailers and caterers attend KOSHERFEST.

May 2002

26-27: **Canadian Fine Food Show**, Toronto, Ontario. Contact: Vince Mancuso. Tel: 905-761-9951. Fax: 905-761-9952

October 2002

27-29: **Grocery Innovations Canada III**, Metro Toronto Convention Centre, Toronto, Ont. Tel. 416-492-2311

November 2002

5-6: **KOSHERFEST 2002.** Meadowlands Exposition Center, Secaucus, New Jersey. Contact:Integrated Marketing Events & Expositions. Tel: 212-868-2960. Email: info@kosherfest.com
http://www.kosherfest.com/

Conclusion

The Canadian kosher market holds significant current and unrealized potential for U.S. kosher foods. In sum, opportunities abound.

While Jews form the core of the market for kosher foods, the greatest potential for growth lies in the non-Jewish population, which, for reasons of religion, health or food safety, buys kosher foods. Kosher shoppers, like shoppers in the main stream market, seek convenient meal solutions along with a wide variety of groceries, meats, fish, poultry, and dairy products, as well as trendy and popular foods and beverages. Additionally, they care about health and nutrition, and are among the 15.6 million Canadian adults who are concerned about the safety of the food they eat.

Prerequisites for success in Canada's kosher market include developing trade in the local market(s), careful consideration of consumer needs, recognizing consumers needs as they relate to the unique characteristics of the product and following up with heavy promotion.

Report Contact/Further Information:

Faye Clack Marketing & Communications Inc.
170 Robert Speck Parkway, 1st Floor
Mississauga, ON L4Z 3G1
Tel: 905-206-0577
Fax: 905-206-0581
Email: info@fayeclack.com

APPENDIX

Government Regulatory Agencies and their Functions

Government Regulatory Organizations	Purpose/Function	Contact Information
Canadian Food Inspection Agency (CFIA)	The CFIA is the Government of Canada's Regulator for: Food safety (along with Health Canada) Animal health Plant protection	59 Camelot Drive Nepean, Ontario K1A 0Y9 T: 613-225-2342 F: 613-228-6653 www.inspection.gc.ca
Canada Customs and Revenue Agency (CCRA)	Canada Customs' mission is to promote compliance with Canada's tax, trade, and border legislation and regulations through education, service and enforcement. CCRA will provide information regarding your obligations and entitlements under the import laws in Canada which they administer.	International Tax Services 2204 Walkley Road Ottawa, Ontario K1A 1A8 T: 800-267-5177 F: 613-941-2505 www.ccra-adrc.gc.ca
Canadian Food and Drug Act (FDA)	The Canadian Food and Drug Act is a regulatory document provided by Health Canada. It's contents are extensive and may be used for information regarding specific food import restrictions.	See Health Canada address or e-mail: Gary_Trivett@ hc-sc.gc.ca www.hc-sc.gc.ca/food
Health Canada	Health Canada administers the Food Safety Assessment Program which assesses the effectiveness of the Canadian Food Inspection Agency's activities related to food safety. This includes reviewing the design and operational delivery of CFIA's programs related to food safety, assessing compliance with health and safety standards and evaluating the results achieved.	A.L. 0900C2 Ottawa, Ontario K1A 0K9 T: 613-941-5366 F: 613-957-2991 www.hc-sc.gc.ca

Government Regulatory Organizations	Purpose/Function	Contact Information
Bureau of Food Safety Assessment	The purpose of BFSA is to provide objective information and advice to the Minister of Health on the effectiveness of CFIA's programs and activities aimed at contributing to the safety and nutritional quality of the food supply.	See Health Canada address www.hc-sc.gc.ca/ food-aliment
Foreign Affairs and International Trade (DFAIT)	DFAIT is responsible for allocating tariff rate quotas to importers.	125 Sussex Drive Ottawa, Ontario K1A 0G2 T: 613-944-4000 F: 613-944-6500 enqserv@dfait-maeci.gc.ca www.dfait-maeci.gc.ca
Measurement Canada	Administers and enforces the Weights and Measures Act through the exclusive constitutional authority of the Government of Canada. www.strategis.ic.gc.ca	Industry Canada T: 613-954-5031 strategis@ic.gc.ca www.strategis.ic.gc.ca
Environment Canada	Administers the North American Agreement on Environmental Cooperation (NAAEC) which is the environmental side agreement to NAFTA. The NAAEC was signed by Canada, Mexico and the United States and came into force January 1, 1994. www.naaec.gc.ca	351 St. Joseph Boulevard Hull, Quebec K1A 0H3 T: 819-997-2800 or 800-668-6767 F: 819-953-2225 enviroinfo@ec.gc.ca www.naaec.gc.ca

Non-Government Kosher Certification Organizations

Kashruth Authority	Phone #	Fax #	Address	Contact Person
Calgary Rabbinical Council	403-253-8600	403-253-7915	1607 - 90th Ave SW Calgary, Alberta T2V 4V7	Rabbi Moshe Shulman
Kashruth Council of Toronto	416-635-9550	416-635-8760	4600 Bathurst Street North York, Ontario M2R 3V2	Rabbi Mordechai Levin
Khal Machzikei Hadas-Belz, Canada	514-270-2460	514-272-8816	5361 Hutchison Montreal, Quebec H2V 4B4	Rabbi Wolf Ber Lerner
Montreal Vaad Hair	514-739-6363	514-739-7024	5491 Victoria Avenue Suite 117 Montreal, Quebec H3W 2P9	Rabbi Peretz Jaffe
Orthodox Rabbinical Council of British Columbia	604-275-0042	604-277-2225	8080 Francis Road Richmond British Columbia V6Y 1A4	Rabbi Feigelstock
Ottawa Vaad Hakashrut	613-232-7306	613-563-4593	151 Chapel Street Ottawa, Ontario K1N 7Y2	Rabbi Arnold Fine
Vaad Haeir of Halifax	902-422-1301	902-422-7251	1480 Oxford Street Halifax, Nova Scotia B3H 3Y8	Rabbi Shlomo Grafstein
Vaad Hakashruth Adas Yisroel	416-783-1349	416-789-2849	101 Frontenac Ave. Toronto, Ontario M5N 1Z8	Rabbi Y.Y. Sofer
VAAD HA'IR of Winnipeg, Inc.	204-487-9571	204-477-7405	#C306 123 Doncaster St Winnipeg, Manitoba R3N 2B2	Rabbi Peretz Weizman
Ottawa Vaad Hakashrut	613-789-7306		Ottawa, Ontario	Rabbi Levy Teitlebaum

Source: *http://kosher.co.il/orgs/canada.htm*

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Contact FAS/Ottawa by e-mail: info@usda-canada.com

Related FAS/Ottawa reports:

AGR#	TITLE OF REPORT	DATE
CA9016	Marketing In Canada	2/18/99
CA9142	Western Canada Retail Study	12/23/99
CA0001	Eastern Canada Retail Study	1/5/00
CA0047	HRI Foodservice Sector - Eastern Canada	4/19/00
CA0082	Canada Connect (Matchmaker Program)	6/26/00
CA0127	HRI Foodservice Sector - Western CA	8/25/00
CA0135	Private Label Grocery Opportunities	9/11/00
CA0174	Pet Food Industry Product Brief	11/6/00
CA1054	SIAL Montreal 2001 Evaluation	04/02/01
CA1058	Grocery Showcase West 2001- Evaluation	04/02/01
CA1059	Canadian Food & Beverage Show 2001 - Evaluation	04/02/01
CA1093	Canadian Taste for Imported Beer, Wine and Spirits	07/05/01
CA1126	Exploring Canada's Food Manufacturing Industry	09/18/01
CA1161	Canadian 2002 Foodservice Sales Forecast	11/16/01
CA2001	Organic Food Industry Report	01/04/02

CA2002	**Convenience & Non-Traditional Grocery Outlets Report**	**01/04/02**
CA2021	**Quebec as a Market for U.S. Wine**	**03/05/02**
CA2026	**Controversial Quebec Plan for Wine Marketing**	**03/15/02**
CA2037	**Quebec Beer Industry Overview**	**04/15/02**
CA2075	**An Overview of the Institutional Foodservice Market in Canada**	**07/10/02**
CA2078	**Canadian Seafood Industry**	**07/10/02**
CA2098	**Wine & Spirits Shows**	**8/19/02**
CA2099	**Food & Beverage Shows**	**8/19/02**
CA2100	**Exporting U.S. Wine to Ontario**	**08/20/02**