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Canada

Retail Food Sector

Retail Food Sector

2005

Approved by:
Lisa Anderson
U.S. Embassy

Prepared by:
Alejandro Gonzalez & Jill Isai

Report Highlights:
Canadian food retailers generated 24% of all retail sales, reaching C$82.4 billion in 2004, a 5% increase over 2003. This report provides a snapshot of the Canadian retail food sector to assist U.S. exporters wishing to investigate that market.

Includes PSD Changes: No
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SECTION I. MARKET SUMMARY

Overview

Agricultural trade between the United Sates and Canada continues to grow at a steady pace. Thanks to more benign weather conditions, the U.S. food industry is in an excellent position to complement Canadian consumer-oriented needs year round.

U.S. agricultural exports to Canada reached US$9.6 billion in FY2004, an annual average growth rate of nearly 6 percent. One of the major drivers for food consumption in Canada is convenience, which explains why consumer-oriented agricultural products accounted for 72 percent of total U.S. food and agricultural product sales to Canada in 2004, with fresh and processed fruits and vegetables, snack foods, and red meat products as the category leaders.

U.S. farm, fish and forestry exports to Canada increased 12%, reaching US$12.1 billion in FY2004. Canada accounted for 15 percent ($9.6 billion) of total U.S. food and agricultural products exports. Of the more than $23.2 billion in U.S. consumer-oriented agricultural product exports, $7 billion, almost 30%, was destined for Canada.

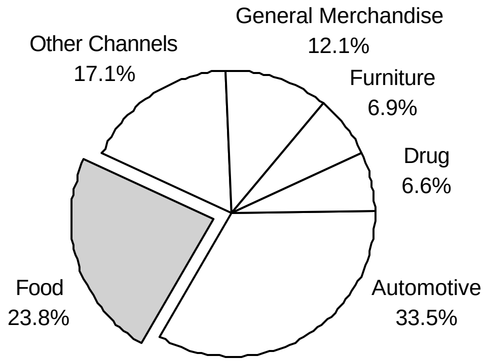
The importance of the Canadian market for United States exports is also clear in specific food segments. For example approximately one in every five dollars of exports of fish and seafood went to Canada. Total bilateral agricultural trade between both countries exceeds $21 billion. This translates to more than $57 million per day. Two-way, cross border in-land shipments alone exceeds 35,000 trucks/day, an average of almost 1,500 trucks per hour, 24 hours a day, crossing the 3,145 miles long border between the U.S. and Canada.

Retail Food Channel Growing Steadily

The Canadian food and consumer products industry employs 780,000 people. This industry, with 325,000 people working in manufacturing and 455,000 in distribution, is a major economic force in the country. Responding to specific life style needs, the Canadian population, 32 million strong, generated overall retail sales totaling C$347 billion in FY2004, a 4.7 per-cent increase over 2003. The total food channel increased 4.9% over 2004 to reach C$82.4.

The retail food channel saw considerable growth of 20.5% between 2000 and 2004. Total food channel growth expanded by 21 percent.

Total 2004 Retail Sales by Channel



Statistics Canada

Total Food vs. Retail Sales Growth

	Food Sales C$	% Growth Over Year Prior	Retail Sales C$	% Growth Over Year Prior
2000	$68,041,480,000	--	$287,838,429,000	--
2001	$71,048,941,000	4.4%	$300,447,907,000	4.4%
2002	$74,734,685,000	5.2%	$319,525,414,000	6.3%
2003	$78,539,229,000	5.1%	$331,146,620,000	3.6%
2004	$82,357,561,000	4.9%	$346,721,498,000	4.7%

Statistics Canada

Consolidation

Consolidation within the Canadian grocery retail chains has been taking place over the past several years. Metro Inc., a Quebec firm with control over 579 stores located in the province of Quebec, recently acquired one of the leading grocers in Ontario, The Great Atlantic & Pacific Tea Co. Inc, a group of 236 stores. This further amalgamation of the Canadian retail food sector has increased competition for the consumer's retail food dollar in Canada within the traditional grocery store environment. The three leading grocery chains are now Loblaws (1,577 stores), Sobeys (1,311 stores), and now, Metro Inc. (915 stores).

Leading Grocery Groups

Name	Market Share (%)	2004 Revenue (C$ Billions)	Geographic Regions	Strategy
Loblaw	27.7	26.2	Atlantic & Western Canada, Ontario & Quebec	Maintain its leadership position while building more superstores as it tries to prevent Wal-Mart from expanding its grocery business in Canada
Sobeys	13.1	12.2	Atlantic & Western Canada, Ontario &	Strengthen its operat-ions with private labels

			Quebec	and more attractive, efficiently run stores.
Metro Inc/A&P	12.7	15.6	Quebec & Ontario	Bolster its already strong presence in the Ontario market.

Marina Strauss and Gordon Pitts, The Globe & Mail; Canadian Grocer

Traditional grocers are experiencing persistent competition from businesses that until recently were not selling pantry and refrigerated food items. One such company is Shoppers Drug Mart, a 40-year-old pharmacy retailer with 925 stores nationwide and sales of C$6.0 billion dollars in 2004. The firm's new strategy is to add convenience foods to their traditional assortment with the goal of catering to the proverbial time strapped consumer in need of one stop shopping. The move has already produced good results. The company reported a 2005, third-quarter net income of C$107.7 million, a figure 19% higher than the previous quarter.

Another front in the battle to gain market share is the club warehouse channel. Before 2003, the only business representing such approach to grocery selling was Costco. However, Sam's Club, a division of Wal-Mart, entered the Canadian retail food sector in 2003. These and other food purchasing options (mass merchandisers and convenience stores) are giving consumers an extremely convenient assortment of stores to satisfy every need.

Food Channel Sub-Sectors

Supermarket	A full-line, self-service grocery store with annual sales of C$2 million or more.
Superstore	A supermarket with a minimum of 30,000 square feet, generating C$12 million or more in sales annually and offering an expanded selection of non-food items. Features specialty departments and extensive services.
Mass Merchandiser	A combined supermarket and discount store selling a wide range of food and general merchandise. Stores generally average more than 150,000 square feet.
Wholesale Club Store	A membership retail/wholesale hybrid with a limited variety of products presented in warehouse-type atmosphere. These 90,000-plus square-foot stores typically feature a majority of general merchandise, as well as a grocery line dedicated to large size and bulk sales.
Convenience Store	A compact store offering a limited line of high-convenience items. Many sell gasoline and fast food. Store size averages 2,400 square feet.
Independent	An operator with fewer than four retail stores. ▪ Voluntary Groups: Typically franchisees of larger chain banners, these independents operate in major or secondary wholesale-sponsored groups. These units benefit from volume purchases from sponsoring wholesaler. ▪ Unaffiliated Independents: Single unaffiliated operating units.
Chain	An operator of four or more retail stores.

Canadian Grocer

Even though competition for the consumer's food dollar has extended to non-conventional channels, chain stores and independents are still spearheading the battle. Chain store share of total food sales remained the same between 2002 and 2004, and dipped to 60.5 % of total sales in 2003, it climbed back up to 60.7% in 2004. Total chain store sales for 2004, which combine both grocery and convenience figures, increased 0.2 per cent over 2004, reaching C$41.2 billion.

The share of independent food sales had a slight increase of 0.2 percent between 2003 and 2004. However, it has been decreasing steadily since 1998 from 42.8 per cent to 2004’s 39.3 per cent.

Interestingly, chain store market share across the country generates more than 62 per cent of sales in every region, with the exception of Quebec, which only generates 36.3 per cent market share. Quebec consumers tend to shop daily and prefer the neighborhood format of store.

Chain vs. Independent Market Share (Supermarkets/Convenience)

	Chain Stores Supermarkets & Convenience		Independents Voluntary & Unaffiliated		Total Supermarket Sales	
	[000s]	% of Total	[000s]	% of Total	[000s]	% Change
2000	$32,636,765	57.2%	$24,228,535	42.8%	$56,592,300	3.8%
2001	$34,051,113	57.8%	$24,807,288	42.2%	$58,858,400	4.0%
2002	$37,459,492	60.7%	$24,263,834	39.3%	$61,723,326	4.9%
2003	$39,695,735	60.5%	$25,896,447	38.5%	$65,592,179	6.3%
2004	$41,207,461	60.7%	$26,694,218	39.3%	$67,901,679	3.5%

Canadian Grocer

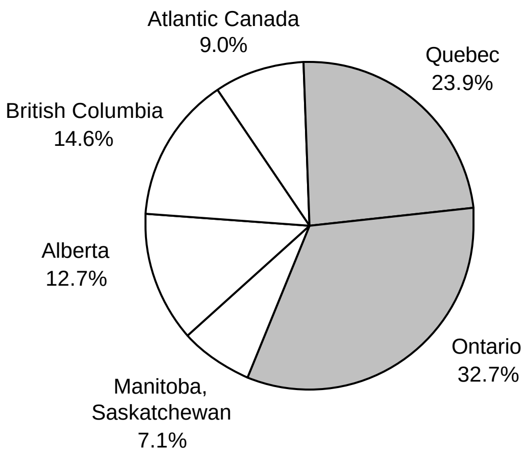
Across the country, Ontario generates the most significant market share of food sales at 32.7 per cent, consistent with its population base. Quebec is close behind at 24 per cent; these two powerhouse provinces own more than 50 per cent market share throughout the entire country. Lagging behind are the Atlantic Provinces and Manitoba/Saskatchewan at 16 per cent.

Regional Market Share (Supermarkets/ Convenience)

Province	Chain Stores			Independents			Total Retail Food	
	Units		Sales	Units		Sales	Units	Sales
	Grocery	Conven-ience	Combined Total [000s]	Voluntary Groups	Unaffil-iated	Combined Total [000s]	Regional Total	Regional Total
Atlantic Provinces	193	1,975	$4,785,758	174	1,134	$1,352,880	**3,476**	**$6,111,638**
Quebec	381	1,810	$5,883,950	1,888	2,808	$10,328,472	**6,887**	**$16,212,422**
Ontario	601	2,367	$13,880,828	889	2,898	$8,311,711	**6,751**	**$22,192,539**
Manitoba/ Saskatchewan	162	586	$3,349,190	790	952	$1,491,532	**2,490**	**$4,840,722**
Alberta	258	1,225	$6,347,502	318	655	$2,298,678	**2,456**	**$8,646,180**
British Columbia/ North Canada	292	907	$6,960,233	222	822	$2,937,945	**2,243**	**$9,898,180**
Canada	**1,887**	**8,870**	**$41,207,461**	**4,281**	**9,265**	**$26,694,218**	**24,303**	**$67,901,679**
% of Total	7.8%	36.5%	60.7%	17.6 %	38.1%	39.3%	100%	100%

Canadian Grocer

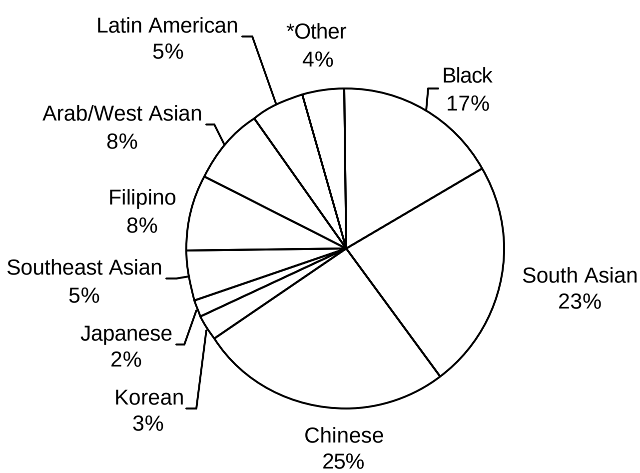
Regional Grocery Sales



Canadian Grocer

Visible Minority Population in Canada

An issue U.S. food exporters should also consider when analyzing opportunities in the Canadian market is the ethnic configuration of its population. According to the most recent surveys, there are 4 million people that belong to visible minorities. South Asian and Chinese constitute an impressive 48% of this universe. Interestingly, immigrants and their descendants influence the food consumption trends of the whole population through their different, unique restaurant offerings that in turn are guiding decisions of food manufacturers in regard to the development of new products for the retail market.



*Statistics Canada; *Visible Minority not included elsewhere plus Multiple Visible Minority*

Opportunities and Challenges Facing U.S. Exporters

Opportunities	Challenges
The Canadian consumer is aging and is increasingly wealthier.	Maturing, more affluent consumers require unique and innovative food items that appeal to their needs of convenience, health, and status
Rigorous climate conditions impede continuous production of commodities, primarily fresh fruit and vegetables.	Buyers are increasingly requesting 12 month contracts, pressuring suppliers to obtain product from different regions in the U.S. or even worldwide.
Canadian retail buyers are enjoying a stronger dollar, allowing them to increase purchase volumes. U.S. products become more competitive.	Buyers are also looking in many different countries, generating tougher competition for U.S. foods.
Even though Canadians still consume large amounts of fats and sugars, when compared with U.S. shoppers, per-capita consumption of fruits and vegetables is substantially higher in Canada.	Bagged Salads and pre-cut fresh fruits are in high demand. However, waste and packaging are major concerns.
Retail consolidation means fewer retailers to approach when soliciting listing agreements.	Retailers are interested in category extension, not cannibalization. Products entering the market must be innovative; not “me too.”
An ethnically diverse population is bringing new flavors and trends, increasing variety of foods offered in retail.	New food items should replicate not only flavors but also adds convenience.
Canadian food shoppers are becoming increasingly interested in the information provided by labels. More purchase decisions are being made based on nutritional composition.	The Canadian ministry of Health has set new nutritional labeling regulations. U.S. manufacturers need to understand clearly the new guidelines to avoid penalizations.
Retailers are increasing their private label lines and consumers are getting convinced of their value.	New products, regardless the label, will have to provide exceptional value in order to be successful.

SECTION II. ROAD MAP FOR MARKET ENTRY

Overview

Analysts of the North American food trading industry have expressed that both the U.S. and Canada are *natural markets* for each other. Geographical proximity, language, similarities among consumption cultures, strong currencies, commodities interdependence, and many other aspects facilitate trade between the two countries.

On the other hand, consolidation in the retail food industry and stronger competition from other countries (China, primarily), have somewhat complicated the entry of U.S. foods into Canada. American exporters have many tools at their disposal to facilitate the introduction of their products.

The following steps can be taken regardless of the specific channel (grocery, mass, of club) U.S. companies decide to pursue.

Market Entry Steps

1. Get in touch with State Regional Trade Office

State Regional Trade organizations are non-profit groups that offer many services to U.S. food/agricultural product exporters. Primarily, they assist with privileged information about the various food sectors. Key distributors, names and contact information buyers, and specifics about important trade and consumer shows are also made available. Through these State Regional Trade Offices, branded food products and agricultural commodities can be promoted with assistance from Market Access Program funds administered by USDA's Foreign Agricultural Service.

Product tasting/demonstrations, in-store promotions, point-of-sale materials, advertising, and trade show participation, are some of the activities for which eligible participants can obtain partial reimbursements.

State Regional	States Represented	Web Site
Food Export USA	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont	**www.foodexportusa.org**
Mid-American International Agri-Trade Council (MIATCO)	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin	**www.miatco.org**
Southern United States Trade Association (SUSTA)	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia and the Commonwealth of Puerto Rico	**www.susta.org**
Western U.S. Agricultural Trade Association (WUSATA)	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Oregon, Utah, Washington, Nevada and Wyoming	**www.wusata.org**

2. Locate a Distributor or Broker or go Direct to the Buyer

USDA's Foreign Agricultural Service (FAS) has personnel located in Canada whose responsibility is to help potential exporters find the right contacts. Local representation is something that should be evaluated to take advantage of the expertise already in place. FAS personnel keep updated lists of brokers with proficiency on specific products. Also, these firms are a good place to start when deciding whether to go direct or use a representative.

Organization	Service	Contact
Foreign Agricultural Service	Designed for U.S.-export-ready companies, the FAS program "Canada Connect" matches prospective exporters with appropriate Canadian brokers/ distributors or buyers by accurately expediting entry into Canada through market research, competitive analysis and the scheduling of buyer appointments. Further explanation of this Canada Connect program is available on line at www.fas.usda.gov report CA5060. A partial listing of Canadian Food Brokers is also available on the FAS web site. Look	Canada Connect representatives in Canada: Branded food products and agricultural commodities: Faye Clack Communications Inc. tel: 905-206-0577 www.fayeclack.com email: kboyce@fayeclack.com Wine, Beer, Alcohol products: Ketchin Sales & Marketing tel: 705-444-5255

	for report CA5068.	cell: 416-580-3200 email: rketchin@ketchin.com
The Grocery Manufacturers of America (GMA)	The Association of Sales & Marketing Companies (ASMC) merged with the GMA, in January 2003. GMA is a Washington, DC-based voluntary member trade association promoting the interests of approximately 450 sales and marketing agencies and 140 manufacturers in the United States, Canada and abroad. Its web site includes a Canadian database of approximately 30 brokers/distributors.	**www.gmabrands.com**
The Canadian Importers and Exporters Association	The Toronto, ON-based CAIE is Canada's key source of information on Canadian customs and trade policy. It provides Canadian importers with critical and timely information and effective representation to government agencies.	**www.importers.ca**

3. Understand Canadian Government Regulations

The Canadian Government has multiple acts that govern importation and sales of foods. Some of the most important ones are:

- Canada Agricultural Products Act and Associated Regulations
- Consumer Packaging and Labeling Act
- Fish Inspection Act
- Food and Drug Act
- Importation of Intoxicating Liquors Act
- Meat Inspection Act
- Weight and Measures Act

The Canadian Food Inspection Agency, Health Canada, and the Department of Foreign Affairs and International Trade are the main government bodies U.S. exporters can contact for specific information when studying regulations with which they need to comply. Though Canada and the U.S. share many consumer trends, cultural similarities and lifestyles; nutritional facts, ingredient declarations and health claim labeling regulations are different.

Health Canada has recently unveiled a new set of labeling rules. The new regulations govern nutrition labeling, and nutrition and health claims. A Nutrition Facts Box will be required on most prepackaged foods, providing consumers with greater access to nutrition information on food labels.

Government Bodies	Function	Information
Canadian Food Inspection Agency (CFIA)	Government of Canada's regulator for food safety [along with Health Canada], animal health and plant protection.	**www.inspection.gc.ca**
Canada Customs and Revenue Agency (CCRA)	Its mission is to promote compliance with Canada's tax, trade, border legislation and regulations.	**www.ccra-adrc.gc.ca**
Canadian Food and Drug Act	A regulatory document provided by Health Canada, which outlines information regarding specific food import restrictions.	**www.hc-sc.gc.ca/food-aliment**

Health Canada	Administers the Food Safety Assessment Program, which assesses the effectiveness of the Canadian Food Inspection Agency's activities related to food safety.	**www.hc-sc.gc.ca**
Foreign Affairs and International Trade (DFAIT), Export & Import Controls Bureau	Responsible for allocating tariff rate quotas to importers.	**www.dfait-maeci.gc.ca/eicb**
Measurement Canada	Administers and enforces the Weights and Measures Act for food labeling purposes.	**www.strategis.ic.gc.ca**

For more information on these food labeling regulations and other information useful to U.S. food exporters, refer to report CA5077 on the FAS web site: www.fas.usda.gov. Information exporters need to understand the new labeling regulation can be found in the following sites:

Nutrition Labeling Resource Page:
www.inspection.gc.ca/english/fssa/labeti/nutrition-pagee.shtml

This page includes links to:
- Nutrition Labeling Toolkit
- Questions and Answers
- Information Letters
- E-mail Notification of Food & Nutrition Labeling Updates

The 2003 Guide to Food Labeling and Advertising guide can be found at:
www.inspection.gc.ca/english/fssa/labeti/guide/toce.shtml

In order to supply more and better information, several regional ***Import Service Centers*** function across the country. The staff at these centers can be contacted to obtain pertinent orientation on specific import requirements and documentation.

Import Service Center	Open	Contact
Eastern ISC	7 a.m. to 11 p.m. [local time]	Telephone: 1-877-493-0468 [within Canada or U.S.] Fax: 1-514-493-4103
Central ISC	7 a.m. to 12 a.m. [local time]	Telephone: 1-800-835-4486 [within Canada or U.S.] Fax: 1-905-612-6280
Western ISC	7 a.m. to 12 a.m. [local time]	Telephone: 1-888-732-6222 [within Canada or U.S.] Fax: 1-604-541-3373

4. Study the Marketplace

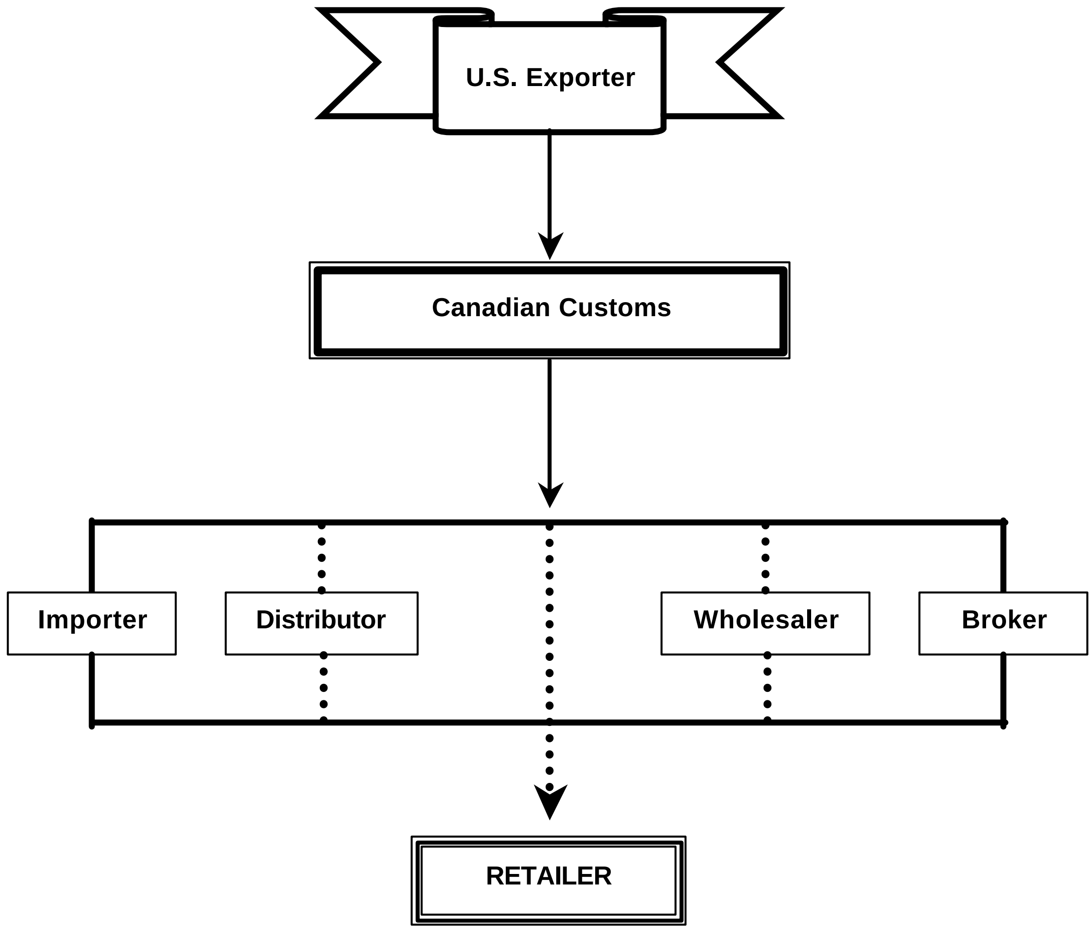
A thorough understanding of consumer trends and needs are required in developing your market strategy. The Internet offers a wealth of information for U.S. exporters interested in researching the many aspects and particularities of the Canadian food sector. Though some consumer data can only be obtained through a fee, there are several industry specific publications that continuously report on specific developments of interest for U.S. exporters. These publications are ***Canadian Grocer*** (www.canadiangrocer.ca), a magazine that closely follows key developments in the Canadian grocery industry, and ***Food Service and Hospitality*** (www.foodserviceworld.com), a periodical that continuously offers updated information on the status of the food service industry in Canada.

Other sources of information:

Organization	Function/Purpose	Information
Statistics Canada	The official source for Canadian social and economic statistics and products.	**www.statcan.ca**
Food and Consumer Products of Canada (FCPMC)	It is the industry association representing approximately 130 Canadian-operated member companies that make and market retailer and national brands sold through grocery, drug, convenience, mass merchandise and foodservice distribution channels.	**www.fcpmc.com**
Canadian Council of Grocery Distributors (CCGD)	Represents Canadian distributors of food and grocery-related products.	**www.ccgd.magi.com**
Canadian Restaurant and Foodservices Association	The largest hospitality association in Canada.	**www.crfa.ca**
Canadian Federation of Independent Grocers (CFIG)	Represents Canada's independently owned and franchised supermarkets.	**www.cfig.ca**
Consumers' Association of Canada	Represents consumers to all levels of government and to all sectors of society.	**www.consumer.ca**
Agriculture & Agri-Food Canada, Agri-Trade Food Service	Provides information, research and technology policies and programs. Also provides access to statistics.	**www.agr.gc.ca**
Canada Connect	See program description in step 2. This program also provides competitive analysis for U.S. food manufacturers. Report CA5060.	**www.fas.usda.gov**

Finally, it is important to understand how the distribution channel operates. In general, many large retail firms such as Loblaws or Sobeys procure foods directly from producers/manufacturers. On the other hand, smaller, regional retailers often purchase products from distributors/importers and from local manufacturers. The services of established food brokers and trading companies are recommended for the introduction of grocery aisle type products. These Canadian firms usually have enough experience to decide what is the best course to take.

The Distribution Channel



A.Supermarkets, Superstores, Club and Warehouse Outlets.

Following is a list of Canadian retail food companies including some of their most important features.

Supermarkets & Superstores

Retailer	Primary Banners	Type	Sales (C$)	No.	Locations[1]	Purchasing Agent Type
Loblaw Co. Ltd	**All Banners**		**$26 B**	**1,577**	**Across Canada**	**Direct, Broker, and Distributor**
	Atlantic Supercentre	SM		56	NB/NS/PEI/NF	
	Dominion	SM		15	NF	
	Extra Foods	SM		90	BC/YUKON/NWT/NUNAVUT/PRAIRIES/ON	
	Foodmaster			85		
	Fortinos	SS		20	ON	
	IGA			250		
	Loblaws	SM/SS		100	ON/QC	
	Lucky Dollar Foods	SM		165	BC/YUKON/NWT/NUNAVUT/PRAIRIES	
	Maxi	SM		75	QC	
	No Frills	SM		103	ON	
	Provigo	SM/SS		170	QC	
	The Real Canadian Supercentre	SS		59	BC/AB/SK/MB/ON/YK	
	The Real Canadian Warehouse Club	SS		32	BC/AB/SK/MB/ON	
	Red and White			10		
	St. Clair Market			38		
	Save Easy			33		
	Shop Easy	SM		58	BC/AB/SK/MB/ON	
	SuperValu	SM		35	BC/YUKON/NWT/NUNAVUT/PRAIRIES	
	Valu-mart	SM		71	ON	
	Your Independent Grocer	SS		54	ON	
	Zehrs Markets	SM/SS		58	ON	
Sobeys, Inc	**All Banners**		**$12 B**	**1,311**	**Across Canada**	**Direct, Broker, and Distributor**
	Action Plus	SM		79	AB/BC/SK/MB	
	Boni Choix	SM		202	AB/BC/SK/MB/ON/QC	
	Foodland	SM		76	AB/NT/SK/	

					MB/ON	
	Food Town	SM		82	Prairies/ON/ Atlantic	
	Garden Market IGA	SM		74	Prairies	
	IGA	SS		191	ON/QC/Prai ries	
	Knechtel	SM		43	ON	
	Kwik-Way	SM		110	ON/Atlantic	
	Lawtons	SM		43	QC	
	Le Dépanneur	SM		24	QC	
	Needs			75	Atlantic	
	Price Chopper			85	Prairies/ON/ Atlantic	
	Sobeys			65	Prairies/ON/ Atlantic	
	Thrifty Foods			144	BC/AB/SK/ MB	
	Tradition			18	QC	
Canada Safeway Ltd. (Foreign)	**All Banners**	**SM**	**$5.6 B**	**245**	**BC/AB/SK/ MB/ON**	**Direct, Broker, and Distributor**
	Family Food			35	BC/YUKON/ NWT/NUNA VUT/PRAIRI ES/ON	
	Safeway			210	BC/YUKON/ NWT/NUNA VUT/PRAIRI ES/ON	
Metro Inc.	**All Banners**		**$5.8 B**	**915**	**QC/ON**	**Direct, Broker, and Distributor**
	Ami	SM		20	QC	
	Brunet	SS		66	QC	
	Clini Plus	SM		73	QC	
	Extra			86	QC	
	Gem			215	QC	
	Les 5 Saisons			3	QC	
	Loeb			43	ON	
	Metro			179	QC	
	Richelieu			89	QC	
	Service			51	QC	
	SOS Dépanneur			76	QC	
	Super C			14	ON/QC	
Great Atlantic &Pacific Company (A&P)	**All Banners**		**$4.4 B**	**236**	**ON**	**Direct, Broker, and Distributor**
	A&P/Dominion/ The Barn	SM/SS		143	ON	
	Food Basics	SM		88	ON	
	Ultra Food and Drug	SM		5	ON	
Overwaitea Food Group	**All Banners**		**$2.7 B**	**103**	**BC/AB**	**Direct, Broker, and**

						Distributor
	Save-On-Foods	SM		65	BC/AB	
	Urban Fare	SM		2	BC/AB	
	Overwaitea	SM		21	BC	
	Cooper's Foods	SM		11	BC	
	PriceSmart	SM		3	BC	
	Bulkley Valley Wholesale	SM		1	BC	
Calgary Cooperative Association Ltd.	**Calgary Co-op**	**SS**	**$652M**	**32**	**AB**	**Direct, Broker, and Distributor**
Thrifty Foods	**Thrifty Foods**	**SM/SS**	**$360 M**	**18**	**BC**	**Direct, Broker, and Distributor**
Buy-Low Foods	**All Banners**		**N/A**	**20**	**BC/AB**	**Direct, Broker, and Distributor**
	Giant Foods	SM		2	BC	
	Shop and Save	SM		2	BC	
	Buy-Low Foods	SM		14	BC/AB	
	Budget	SM		2	AB	
Colemans Food Centre	**Colemans Food Centre**	**SM**	**N/A**	**11**	**NF**	**Direct, Broker, and Distributor**
Commisso's Food Markets Ltd.	**Commisso's Food Markets**	**SM/SS**	**N/A**	**16**	**ON**	**Direct, Broker, and Distributor**
R. Denninger Ltd.	**Denniger**	**SM**	**N/A**	**7**	**ON**	**Direct, Broker, and Distributor**
Highland Farms Inc.	**Highland Farms**	**SM**	**N/A**	**4**	**ON**	**Direct, Broker, and Distributor**
L&M Food Markets Ltd.	**L&M Food Markets**	**SM**	**N/A**	**5**	**ON**	**Direct, Broker, and Distributor**
Longo Brothers Fruit Markets Inc.	**Longo's Fruit Markets**	**SM**	**N/A**	**14**	**ON**	**Direct, Broker, and Distributor**
Quality Foods	**Quality Foods**	**SM**	**N/A**	**8**	**BC**	**Direct, Broker, and Distributor**
Rabba Fine Foods Ltd	**Rabba Fine Foods**	**SM**	**N/A**	**25**	**ON**	**Direct, Broker, and Distributor**
Kitchen Table	**Kitchen Table**	**SM**	**N/A**	**10**	**ON**	**Direct, Broker, and Distributor**

Club Warehouse

Retailer	Primary Banners	Type	Sales (C$)	No.	Locations[1]	Purchasing Agent Type
Costco Canada	**Costco**	**WC**	**$3.6 B**	**60**	**Across**	**Direct, Broker,**

Inc. (Foreign)			Food only		Canada	and Distributor
Sam's Club (Foreign)	Sam's Club	WC	$240 M Food only	6	ON	Direct, Broker, and Distributor

Mass Merchandiser

Retailer	Primary Banners	Type	Sales (C$)	No.	Locations[1]	Purchasing Agent Type
Wal-Mart Canada Inc. (Foreign)	**Wal-Mart**	**MM**	**$4.0 B**	**256**	**Across Canada**	**Direct, Broker, and Distributor**
Zellers Inc.	**Zellers**	**MM**	**N/A**	**315**	**Across Canada**	**Direct, Broker, and Distributor**
Northwest Co.	**All Banners**		**$333 M**	**148**	**Across Canada; mostly in northern rural areas.**	**Direct, Broker, and Distributor**

All Tables, Canadian Grocer, Who's Who, 2004

B. Convenience Stores and Gas Marts

In Canada, there are approximately 14,700 Convenience Stores and 11,100 Gas Stations with a "C" store attached. Independent owners operate about 60% of all the convenience stores in the country, making the sector an incredibly competitive one.

Pursuing the growing number of Canadians who look for quick, convenience food shopping, "C" stores and gas bars are transforming themselves by merging with other firms to offer dashboard food items such as sandwiches, hamburgers, subs, coffee, and doughnuts. The specific sector that has seen the most tangible change is gas marts. They now offer 24 hours a day, seven days per week convenience of a mini grocery store, some even offering a compact fresh produce section.

Convenience Retailers in Canada

Retailer	Primary Banners	Sales (C$)	No	Locations[1]	Purchasing Agent Type
Alimentation Couchetard, Inc	**All Banners**	**$1.3 B**	**1,719**	**Across Canada**	**Direct, Broker, and Distributor**
	Couche-Tard		226	QC	
	Sept-Jours		143	QC	
	Provi-Soir		312	QC	
	Winks		51	ON, NWT, BC	
	Becker's		202	ON	
	Daisy Mart		149	ON	
	Mac's		567	Across Canada	
	Mike's Mart		69	ON	
Avondale Stores	**All Banners**	**N/A**	**119**	**ON**	**Direct, Broker, and Distributor**
	Avondale		107	ON	
	Stewart's Farm		1	ON	

	Market				
	Dollarmart		9	ON	
	Avon-Mart		2	ON	
Canadian Tire Co.	**Gas Bars**	**N/A**	**207**	**Across Canada**	**Direct, Broker, and Distributor**
Farah Foods Ltd.	**All Banners**	**N/A**	**176**	**ON**	**Direct, Broker, and Distributor**
	Farah Foods		14	ON	
	Hasty Markets		99	ON	
	Min-A-Mart		43	ON	
	Associates		20	ON	
Fas Gas Oil	**All Banners**	**N/A**	**389**	**Western Canada**	**Direct, Broker, and Distributor**
	Short Stop		24	AB	
	Other Fas Oil, Race Track Fuels and Great Northern Oil		365	Western Canada	
Good Neighbor Stores	**Good Neighbors**	**N/A**	**84**	**NF**	**Direct, Broker, and Distributor**
Husky Oil Marketing Co.	**All Banners**	**$26 M**	**262**	**Central/Western Canada**	**Direct, Broker, and Distributor**
	Stop 'n Shop		56	BC/AB/AK/MB/ON	
	Other		206	BC/AB/SK/MB/ON/YK	
Imperial Oil	**All Banners**	**N/A**	**707**	**Across Canada**	**Direct, Broker, and Distributor**
	On the Run		147	Across Canada	
	Tiger Express		286	Across Canada	
	Other		274	Across Canada	
Irving Convenience Stores	**Stores with Irving Gas Bars**	**N/A**	**230**	**QC/Eastern Canada**	**Direct, Broker, and Distributor**
Land's Happy Marts Ltd.	**Happy Mart**	**$9.2 M**	**6**	**AB**	**Direct, Broker, and Distributor**
Little Short Stop Stores Ltd.	**Little Short Stop**	**N/A**	**35**	**ON**	**Direct, Broker, and Distributor**
North West Co.	**Quickstop**		**6**	**MB/NF/ON/NV**	**Direct, Broker, and Distributor**
Petro-Canada C-Store Division	**SuperStop**	**N/A**	**1,501**	**Across Canada**	**Direct, Broker, and Distributor**
Pronto Food Marts	**Pronto**	**N/A**	**28**	**ON**	**Direct, Broker, and Distributor**
Quickie Convenience	**Quickie**	**N/A**	**40**	**ON/QC**	**Direct, Broker, and Distributor**
Red Circle	**Red Circle**	**$25 M**	**57**	**NF**	**Direct, Broker, and Distributor**
7-Eleven Inc. (Foreign)	**7-Eleven**	**$1 B**	**491**	**BC/MB/SK/ON/AB**	**Direct, Broker, and Distributor**
Shell Canada Ltd.	**All Banners**	**N/A**	**444**	**Across Canada**	**Direct, Broker, and Distributor**
	Select		262	Across Canada	
	Turbo Mini Convenience		81	BC/AB/SK/MB	

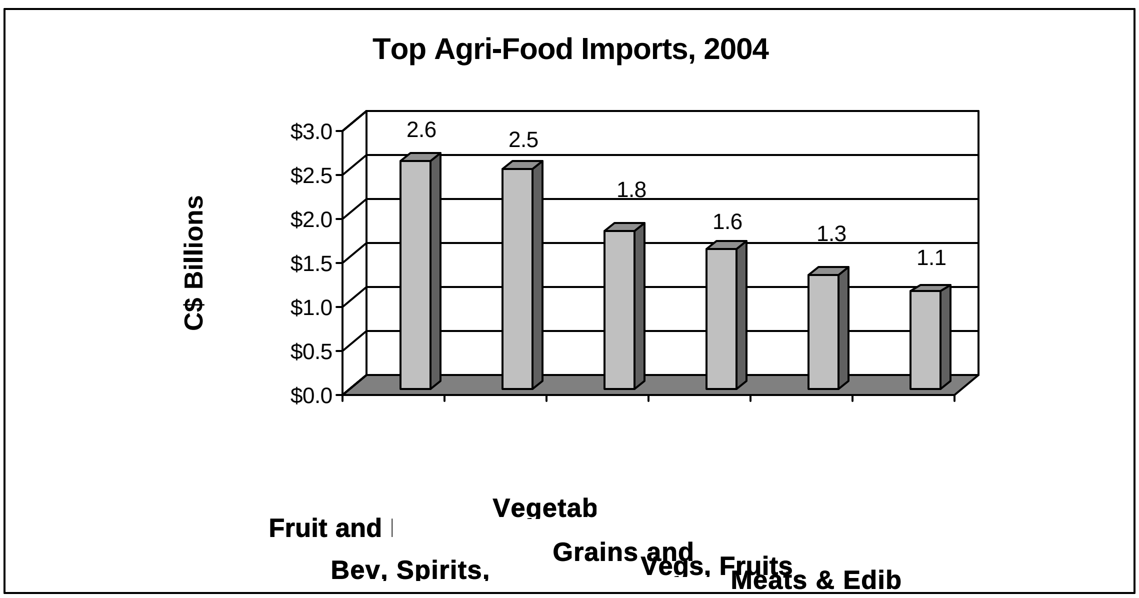
	Payless Convenience		37	BC	
	Beaver Gas Bar		64	ON	
Sobeys Inc.	**All Banners**	**N/A**	**225**	**QC/Eastern Canada**	**Direct, Broker, and Distributor**
	Needs		128	NB/NS/PEI/NF	
	Marche Bonichoix		97	QC	

[1] *Canadian Grocer, Who's Who, 2004*

Abbreviations:
NB: New Brunswick
NF: New Found land
NS: Nova Scotia
PEI: Prince Edward Island
BC: British Columbia
NWT: Northwest Territories
ON: Ontario
QC: Quebec
Prairies: Manitoba (MB) and Saskatchewan (ST)
AB: Alberta

SECTION III. FOOD IMPORTS AND COMPETITION

Canada imported a total of C$ 20.4 billion of Agri-Food products in FY2004. Undoubtedly, the U.S. holds the largest market share of Canadian imports, with an impressive 60.3% by value. Following far behind are the EU (13.2%), Mexico (2.9%), Brazil (2.1%), and China (1.7%). It is important to mention that many of these countries, with the exception of China, increased their food exports to Canada significantly compared to 2003 volumes. The U.S. and Brazil experienced decreases of 2.6% and 2.5%, respectively and China increased by 7.4%.



Agriculture and Agri-Food Canada

Six food categories represented 53% of total Agri-Food products imported by Canada by value in FY2004. A) Fruit and Nuts, B) Beverages, Spirits, and Vinegar, C) Edible Vegetables, D) Preparations of Grains and Pasta, E) Preparations of Vegetables, Fruits, and Nuts, and F) Meats and Edible Offal.

Top Agri-Food Imports, 2004
Key World Suppliers

Product	Total Imports	Suppliers							
		U.S.A.		Mexico		Brazil		China	
	CAN$	CAN$	%	CAN$	%	CAN$	%	CAN$	%
Fruit and Nuts	2.6 B	1.4 B	53.8	144 M	5.5	39.7 M	1.5	52.3 M	2
Beverages, Spirits & Vinegar	2.5 B	650 M	26.0	114 M	4.60	20.6 M	0.8	4.1 M	0.2
Edible Vegetables	1.8 B	1.4 B	76.0	253 M	13.80	0.73 M	4.0	41 M	2.2
Preparations of Grains & Pasta	1.6 B	1.3 B	81.0	5 M	0.30	1.1 M	0.1	28 M	1.8
Preparations of Vegetables, Fruits & Nuts	1.3 B	860 M	66.0	23 M	1.80	71.5 M	5.5	68.7 M	5.3
Meats & Edible Offal	1.1 B	670 M	61.0	-	-	150,000	0.1	150,000	0.1

Agriculture and Agri-Food Canada

Canadians enjoy their fruits and vegetables. In 2003 and 2004 Canadians consumed 178 kg and 133 kg per capita, respectively. A short growing season means that Canada must rely on imports of fruits, vegetables and nuts to meet demand. These products represent some of the best opportunities for U.S. firms, particularly if they meet the convenience factor in demand by Canadian consumers. An example of this is pre-cut fresh fruits and salad-kits that can be consumed with minimum or no preparation.

In the table above, cereal products are the third food category most consumed by Canadians. As well as with other food items and reflecting their health concerns, consumers are looking for cereals with whole grains, high fiber, and low sugar contents.

Holding only 26% of total imports of the beverages, spirits, and vinegar group, the U.S. is well positioned to increase its market share in this category. Power drinks are just one of the many items being increasingly consumed by Canadians, creating opportunities for U.S. beverage manufacturing firms.

Per Capita Food Consumption in Kgs, 2004

Vegetables (fresh equivalent weight)	178
Fruit (fresh equivalent weight)	133
Cereal Products	91
Meat (carcass weight equivalent)	61
Sugar and Syrups	36
Poultry (eviscerated weight)	36
Oils and Fats	31
Fish (edible weight)	9

Statistics Canada

SECTION IV. BEST PRODUCT PROSPECTS

Products Present in the Market with Good Sales Potential

Only one quarter of Canadian families eat a homemade meal made from scratch every day, compared to half of Canadian families in 1992. With average meal preparation time now is 15 to 30 minutes versus the 45 minutes it was 10 years ago. This trend is paving the way for many ready-to-eat home meal replacement (HMR) occasions.

Another evidence that Canadians are transforming the way they eat is the value represented by sales of the top six HMR categories, a) frozen and refrigerated pizza, b) frozen main meal dinners and entrees, c) prepackaged fresh cut salads, d) dry packaged dinners, e) canned, condensed soup and broth, and f) ready to eat condensed soup. In the 12-month period ending August 2005, it is reported that Canadian consumers spent close to C$2 billion.

Home Meal Replacement Sales, All Categories
National – Grocery – 52 Wks to Aug, 2005

	Dollar Sales C$	Dollar Sales % Change
Frozen & Refrigerated Pizza	499,325,376	+ 8 %
Frozen Main Meal Dinners & Entrees	473,178,841	- 1 %
Prepackaged Fresh Cut Salad	306,285,320	+ 13 %
Dry Packaged Dinners*	298,984,324	+ 1 %
Canned Condensed Soup & Broth	235,713,573	+ 2 %
Ready to Serve Condensed Soup	177,594,852	+ 3 %
Dry Packaged Soup	84,501,594	- 5 %
Soft Tortillas*	81,627,461	+ 18 %
Frozen Pizza Snacks	79,848,154	+ 3 %
Canned Pasta	64,033,949	- 4 %
Refrigerated Pasta	55,196,556	+ 9 %
Mexican Dinner Kits*	31,972,987	+ 12 %
Hard Taco Shells*	9,624,321	+ 3 %

Canadian Grocer and ACNielsen Market Track, 2005
** Includes Grocery plus Mass Merchandisers*

U.S. food manufacturers interested in the Canadian retail food sector must be aware of the changes in life styles and purchasing habits consumers are experiencing. Grocery shoppers are becoming older and more ethnically diverse. They also continue to demand more nutritious food products that make their lives easier.

To take advantage of the opportunities that exist in the Canadian retail food market, U.S. exporters must pay close attention to constant changes in consumption patterns, manufacturing pioneering, and totally original products that bring above all, convenience and value.

SECTION V. CONTACTS AND FURTHER INFORMATION

Government

Agriculture and Agri-Food Canada	Agriculture and Agri-Food Canada Sir John Carling Building 930 Carling Ave. Ottawa, ON K1A 0C5 Tel.: (613) 759-1000 Fax: (613) 759-6726 Email: info@agr.gc.ca Web: www.agr.gc.ca
Statistics Canada	Statistical Reference Centre (National Capital Region) R.H. Coats Building, Lobby Holland Ave. Ottawa, ON K1A 0T6 Tel: (613) 951-8116 Email: infostats@statcan.ca Web: www.statcan.ca
Department of Foreign Affairs and International Trade	Department of Foreign Affairs and International Trade 125 Sussex Dr. Ottawa, ON K1A 0G2 Tel: (613) 944-4000 Fax: (613) 996-9709 Email: enqserv@dfait-maeci.gc.ca Web: www.dfait-maeci.gc.ca
Canada Customs and Revenue Agency	Commissioner of the CCRA 555 Mackenzie Ave., 6th Floor Ottawa ON K1A 0L5 Tel: (613) 952-3741 Fax: (613) 941-2505 Web: www.ccra-adrc.gc.ca
Industry Canada	Enquiry Services Communications and Marketing Branch, Industry Canada C.D. Howe Building, Second Floor, West Tower 235 Queen St. Ottawa ON K1A 0H5 Tel: (613) 947-7466 Fax: (613) 954-6436 Email: strategis@ic.gc.ca Web: www.ic.gc.ca
Canadian Food Inspection Agency	Canadian Food Inspection Agency 59 Camelot Dr. Ottawa, ON K1A 0Y9 Tel: (613) 225-2342 Fax: (613) 228-6125 Email: cfiamaster@inspection.gc.ca Web: www.inspection.gc.ca
Health Canada	Health Canada A.L. 0900C2 Ottawa, ON K1A 0K9 Tel: (613) 957-2991 Fax: (613) 941-5366 Email: info@hc-sc.gc.ca Web: www.hc-sc.gc.ca

Industry

Canadian Federation of Independent Grocers	Canadian Federation of Independent Grocers 2235 Sheppard Ave. East, Suite 902 Willowdale, ON M2J 5B5 Tel: (416) 492-2311 Fax: (416) 492-2347 Email: info@cfig.ca Web: www.cfig.ca
Canadian Council of Grocery Distributors	Canadian Council of Grocery Distributors Place du Parc 300 Léo Pariseau, Suite 1101 Montréal, Québec H2X 4B3 Tel: (514) 982-0267 Fax: (514) 982-0659 Email: webmaster@ccgd.ca Web: www.ccgd.ca
Canadian Produce Marketing Association (CPMA)	Canadian Produce Marketing Association 9 Corvus Court Ottawa, ON K2E 7Z4 Tel: (613) 226-4187 Email: question@cpma.ca Web: www.cpma.ca
Fruit and Vegetable Dispute Resolution Corporation (FVDRC)	Fruit and Vegetable Dispute Resolution Corporation Building 75, Central Experimental Farm 930 Carling Avenue Ottawa, ON K1A 0C6 Tel: 613 234-0982 Fax: 613 234-8036 E-mail: info@fvdrc.com Web: www.fvdrc.com
Food and Consumer Product Manufactures of Canada	Food and Consumer Product Manufactures of Canada 885 Don Mills Rd. Ste. 301 Toronto, ON M3C 1V9 Tel: (416) 510-8024 Fax: (416) 510-8043 Email: info@fcpmc.com Web: www.fcpmc.com
ACNielsen Canada	ACNielsen Canada 160 McNabb Street Markham, ON L3R 4B8 Tel: (905) 475-3344 Fax: (905) 475-8357 Web: www.acnielsen.ca

Industry Publications

Food in Canada	Food in Canada Rogers Media One Mount Pleasant Rd., 7th Floor Toronto, ON M4Y 2Y5 Tel: (416) 764-1502 Fax: (416) 764-1755 Email: seagle@rmpublishing.com Web: www.bizlink.com/food.htm

Canada Grocer	Canadian Grocer Rogers Media One Mount Pleasant Rd. Toronto, ON M4Y 2Y5 Tel: 1-800-268-9119 Fax: (416) 764-1523 Email: jerry.tutunjian@canadiangrocer.rogers.com Web: www.bizlink.com/cangrocer.htm
Foodservice and Hospitality	Foodservice and Hospitality 101-23 Lesmill Road Don Mills, ON M3B 3P6 Tel: (416) 447-0888 Fax: (416) 447-5333 Email: rcaira@foodservice.ca Web: www.foodservice.ca
C-Store Canada	C-Store Canada 1839 Inkster Blvd. Winnipeg, MB R2X 1R3 Tel: (204) 954-2085 Fax: (204) 954-2057 Email: mp@mercury.mb.ca Web: www.mercury.mb.ca
Western Grocer	Western Grocer 1839 Inkster Blvd. Winnipeg, MB R2X 1R3 Tel: (204) 954-2085 Fax: (204) 954-2057 Email: mp@mercury.mb.ca Web: www.mercury.mb.ca

USDA/Foreign Agricultural Service endorses and organizes a U.S. pavilion at SIAL Montreal every other year. The next SIAL Montreal show is scheduled for March 28-30, 2007.

Another trade show USDA/FAS endorses is The Canadian International Food & Beverage Show. This show takes place every year in February. The next CF&BS will take place February 19-21, 2006.

For further information please contact the Office of Agricultural Affairs, U.S. Embassy, Canada, P.O. Box 5000, Ogdensburg, NY 13669-0430, telephone 613-688-5267, fax 613-688-3124, email agottawa@usda.gov

Gary C. Groves, Minister-Counselor for Agricultural Affairs
Lisa Anderson, Agricultural Attache
George C. Myles, Senior Agricultural Specialist
Christina Patterson, Agricultural Specialist
Marilyn Bailey, Marketing Specialist
Alejandro Gonzalez, Marketing Specialist
Joyce Gagnon, Administrative Assistant