



Ethnic & Specialty Food Expo 2008:

Key Industry Trends

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Please address any comments or suggestions you have on this report to:

Carmen Hamilton hamiltonc@agr.gc.ca

Katrin Spence spencek@agr.gc.ca

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Key Terms

Better-for-you food: Premium products that offer better-for-you aspects, such as having actively reduced fat, sugar or salt content, while maintaining taste and texture.

Halal food: Foodstuff that has been processed according to Islamic law that Muslims are allowed to consume.

Kosher food: Food that is prepared according to Jewish dietary law.

Natural food: Unprocessed or minimally processed food that remain very close to their complete, original state.

Organic food: Foodstuff produced without chemical fertilizers, synthetic pesticides, hormones, irradiation and genetic engineering.

Overview

The Ethnic & Specialty Food Expo took place October 5th to 6th, 2008 at Toronto's International Centre and showcased new and existing food and beverage products in the Canadian ethnic, specialty and organic retail grocery markets. The event hosted approximately 85 exhibitors and 1600 attendees. The show drew exhibitors and buyers from around North America. Of those attending the show, 36% represented the food service and retail segments, while 24% were represented by suppliers and distributors.

The exhibition provided Canadian industry with an excellent platform from which to showcase their new, high-quality and innovative ethnic, specialty and organic food products, as well as take note of key industry developments. Many of such goods and trends are highlighted by category in the following sections.

Products featured at the show ranged the entire spectrum of the food industry, with particular emphasis on healthy, natural, organic, ready-to-eat and portable ethnic and specialty food products. Major industry trends emerging from the event included food manufacturers focusing on ethnic products with added benefits, better-for-you specialty food products, and a significant presence of organizations that support sustainable agriculture and the "buy local" trend.

Ethnic Food

Industry Overview

Due to increased ethnic diversity and increased exposure to new products, the burgeoning ethnic food industry is increasing its consumer base. Ethnic food products currently make-up more than 12% of all retail food sales and are seeing 5% annual growth. While consumer demand for healthier food and exotic flavours is driving interest in these areas, rising immigration levels are also playing a key role. The United States is expected to see a visible minority population of 123.1 million (i.e. roughly one in three Americans) by 2020, a 30% increase over the country's 2006 population of 94.4 million. The majority of this increase (i.e. roughly 59%) is expected to be driven by Hispanics, followed by African Americans (i.e. 23%) and Asian Americans (i.e. 18%).

Despite the impact of increasing demographic diversification, 75% of ethnic food consumption in the United States is now supported by the mainstream population, fuelling a US\$75 billion annual industry that accounts for US\$1 out of every US\$7 spent on groceries. Research has also shown that the majority of ethnic food and beverages are consumed by Caucasian consumers in the United States, and that such products are largely purchased by mainstream shoppers and those of other minority groups. Mirroring this shift, Toronto, home to 41% of Canada's immigrant population and 170 different ethnic groups, is also seeing its ethnic food market grow at a rapid pace.

This development will be supported further by Canada's projected visible minority population of 6.3 million to 8.5 million (i.e. roughly one in five Canadians) by 2017, a 56% to 111% increase over the country's 2001 population of 4 million. The majority of this increase is expected to be comprised of South Asian immigrants, whose population may rise to meet that of Canada's Chinese by 2017 (i.e. 1.8 million). South Asian consumer groups will also likely help drive continued demand for Indian, Pakistani, Bangladeshi and Middle Eastern cuisine. However, Chinese, Thai and Vietnamese cuisine currently remain the most popular ethnic fare in Canada.

Foodservice and Retail Grocery Markets

The Canadian foodservice industry is catering to consumer demand for more exotic flavour offerings with restaurants sampling cuisines around the world. Chefs are delighting consumer palates by offering "fusion cuisine", i.e. a blending of international flavours and recipes with Canadian cuisine to create a variety of new and unique dishes. Such foods satisfy the palates of both immigrant and mainstream populations who generally demand different levels of authentic spice and flavourings in their dishes. Foodservice representatives are also hailing curry as the most popular flavour currently entering the sector nationwide. A trend supported by the strong representation of products showcased at the Ethnic & Specialty Food Expo.

This trend has also crossed over into the retail grocery market. Grocery giant Loblaws, for example, has capitalized on mainstream ethnic food opportunities by developing a line of fusion and authentic ethnic ready-made meals. The President's Choice line of frozen Indian, Thai and Chinese appetizers and entrées offers a wide selection of dinners ranging from butter chicken and chicken tikka masala to pad thai and general tao chicken, all of which cater to today's time constrained consumers.

The trends in the growth of the Indian food category trend were reflected at the Ethnic & Specialty Food Expo, with the majority of ethnic food exhibitors showcasing Indian food and beverages. Indian simmer sauces, marinades and chutneys; ready-to-eat frozen meals; spices; and tea were widely featured, many of which were natural, organic, and trans fat- or gluten-free. Organic rice and pulses, staples of Indian cuisine, were also prevalent at the event.

Everyday Ethnic Foods

A large portion of the ethnic foods on display at the event were products that can be used to give an ethnic twist to everyday meals. For instance, there was a wide range of products such as simmering sauces to chutneys. In addition to the growing popularity of prepared ethnic meals for busy consumers, a “back to home Indian cooking” trend was prevalent at the event. Several companies promoted the opportunity of authentic Indian cooking with the aid of sauces and freshly ground, traditional Indian spices or masalas (i.e. spice blends).

Kitchens of India’s curry pastes and simmer sauces were an excellent example of simple but authentic products. Their line of bestselling sauces is completely free of preservatives. Their sauces exotic are created by a special blend of handpicked spices, created by the Master Chefs of ‘Kitchens of India’, in accordance with original, traditional recipes. These flavourful sauces can be prepared in 30 minutes or less and offer consumers the convenience of restaurant prepared meals at home. The company is catering to the growing consumer demand for healthy and convenient “back to home Indian cooking” options. Their products are available in 4-layer retort pouches that keep them fresh for as long as 24 months for vegetarian and 12 months for non-vegetarian.



Himalaya Gourmet produces authentic and traditionally blended gourmet sauces, chutneys, pickles and dips with flavors inspired from India for the health conscious. Their products offer a distinct culinary experience of India that is freshly made with seasonal fruits and vegetables. The manufacturer produces authentic ready to use sauces in eight different flavours that can be used to prepare dishes such as tandoori chicken, vegetable or lamb korma, Chicken vindaloo, biryani rice, butter chicken, fish tikka, lamb kebabs, hot bean curry and many vegetarian dishes. Their products are all natural, and are low in fat, salt, and gluten.



Halal and Kosher Food Markets

As consumers continue to become more health conscious, especially in the wake of recent worldwide food scares and the burgeoning green movement, they are increasingly purchasing halal and kosher food (i.e. meat and other food products slaughtered or processed according to Islamic and Jewish law). Whether it be due to humane animal treatment concerns, demand for vegetarian or lactose-free products (i.e. kosher food only), or healthier and safer foodstuff, halal and kosher food are appealing to a growing number of consumers outside of the Muslim and Jewish communities. There has been growing number of non-Muslim/non-Jewish consumers

purchasing halal and kosher food products due to the perception that the foods are safer, healthier, and more socially responsible.

This development is presenting a considerable amount of opportunities for North American food manufacturers, particularly in Canada, where the Muslim population is expected to reach 1.2 million by 2010, up 50% from the current 800,000. Furthermore, the Canadian market for halal meat products is valued at more than \$214 million, with Muslim households spending an average \$31 per week on such goods, almost double that of non-Muslim households' weekly \$17 expenditure. The United States also holds a lucrative halal market with an estimated Muslim population of 8 to 11 million consumers supporting an estimated US\$12 billion industry. By 2015 the global halal industry is predicted to be the fastest growing segment in international trade and projected to reach US\$2.1 trillion.

The kosher food industry, while not new to North America, also continues to grow with its 5.2 million Jewish consumer base in addition to a number of non-Jewish consumers that are increasingly buying kosher products for numerous reasons. The United States' kosher food industry was estimated at over US\$7 billion in 2006, while that of Canada was worth roughly \$575 million and supported by approximately 348,600 Jews (2001 figure).

The presence of halal companies at the Ethnic and Specialty Food Expo increased this year with the inclusion of a halal pavilion. A number of halal and kosher food manufacturers were present at the Ethnic & Specialty Food Expo, as well as the Halal Product Development Services (HPDS). Products featured at the show varied from halal baby food to halal Italian food products.

This year the HPDS was a major sponsor of the show. They had a booth distributing information on the halal market and gave a presentation on market strategies in going halal. The HPDS is a new innovative resource group that has positioned itself, to help the agri-food industry make a smooth transition into the halal market. The group is made up of trained food professionals which provide halal market information and technical resource services. The HPDS provides a food professional approach in helping industry navigate through various aspects of going halal. For more information on going halal, visit www.halalproductservices.com.



With the Muslim population growing rapidly in the Toronto area, more companies are certifying their products as halal. The growing trend of halal products was evident at the show with Al Hamra Halal offering a line of halal Italian food products that were launched in 2007. These products are now available through all Greater Toronto Area Muslim shops. Products include frozen pastas ranging from halal meat ravioli; ricotta cheese tortellini; spinach and cheese agnolotti; meat and cheese lasagne; to potato and cheddar pierogies. In addition, Al Hamra offers a line of frozen sauces including Rose, Tomato & Basil, Alfredo Parmesan; and Sour Cream and Chives.



A unique product at the show and a first of its kind in Canada was Mumtaz Halal Baby Food. Mumtaz carefully blends authentic spices and high quality ingredients to create unique ranges of fine foods. The company also distributes a variety of signature cooking sauces, marinades, chutneys, dressings, hot sauces, infused oils, vinegars, pakora mixes and baby foods.

Specialty Food

Industry Overview

The popularity of specialty food in North America is rapidly increasing, driven by consumer demand for higher-quality products. Consumers are becoming more knowledgeable about food preparation and are “trading up”, using high quality ingredients when cooking. The United States’ specialty food market generated US\$38.5 billion in sales in 2006, a 13% increase over the 2005 value of US\$34.8 billion. Sales at specialty food retailers grew 40.5% from 2004 to 2006, whereas sales of specialty foods at traditional grocers saw 16% growth. Four categories in particular seem to be dominating the specialty food market. These are sauces, salsas and dips, condiments and cooking oils, and specialty teas. In the United States alone, specialty condiment sales have reached US\$3.7 billion and account for 16% of all specialty food sales. The popularity of these categories, especially gourmet condiments and sauces, was reflected at the Ethnic & Specialty Food Expo. Again this segment featured a prominent ethnic flair.

This industry-wide trend is reflective of North America’s increasing number of new specialty food stores, which offer high quality cooking options to upper-income consumers. Often referred to as “foodies”, these consumers are attracted to using unique, premium ingredients when entertaining and cooking at home. The show offered a multitude of specialty food offerings such as artisan vinaigrettes, cheeses, dips, oils, spreads, condiments and premium teas.

Specialty Products at the Show



A new product at the show that was shown under the Toronto Food Business Incubator (TFBI) banner was the newly established company, Tea Aura. Susan Ho, the owner has combined ground loose-leaf teas to her homemade shortbread cookie batter, and bakes them into a tea-leaf shaped treat. The cookies have no artificial flavours or preservatives and are available in the flavours of Earl Grey, Rooibos Chai, Matcha Green Tea, Chocolate Mint, and Lavender Currant.

Another specialty product that was also shown under the TFBI banner was Chef Jono's Vinaigrettes. The Chef Jono line of fine foods include all natural, artisan dressings and sauces that combine high quality, local ingredients with exotic imports including pomegranate and African ginger resulting in a new line of fresh and intensely flavoured vinaigrettes. Chef Jono creations include pomegranate balsamic; Tamarind Tamari Steak Sauce; Sunflower Icewine Vinaigrette; Cranberry Maple Syrup Vinaigrette; Superfood Oil Blend and Ginger Lychee Glaze.



Organic Food Market

Industry Overview

Fuelled largely by consumer demand for more natural, minimally-processed and pesticide-free food in North America, the Canadian organic sector has seen dramatic growth in recent years with consumer demand currently outpacing domestic production. Canada's organic industry is estimated to be worth \$1 billion with annual retail sales growth of 20%. Supermarket chains are the top choice for consumers looking to purchase organic products accounting for 40% of all organic food sales. This represents 28% growth between 2005 and 2006.

The organic food market is described by industry analysts as the most dynamic and rapidly growing sector of the global food industry. What was once a small scale niche market has now grown to a US\$28 billion global enterprise. Growth in the United States organic market is also impressive. The USDA forecasts sales of organic food to reach US\$18 billion in 2008, while the Organic Trade Association is predicting 11% annual growth for fresh food between 2007 and 2010. Produce, and meat, poultry and seafood are projected to see 7% and 31% growth respectively over the period.

In 2007, Canada became the first country in the world to track organic products moving across its border. As of August 2008, the government of Canada had 61 certified organic commodity harmonized system import codes registered to track imported organic products ranging from dairy to fruits and vegetables.

The Push for Organic

Consumer awareness and demand for organic food and beverages has increased over the past decade with consumers insisting a wider variety of organic food in their local grocery stores. Isles dedicated to organics in grocery stores continue to expand by stocking items such as organic milk, meats, baby-foods, fruits and vegetables. Organic foods are appealing to consumers as it has been suggested that organic farming produces food with fewer toxic residues and contributes to a healthier ecosystem that is sustainable over the long-term.

Organic food has been a staple at this event in the past years and it remains prevalent where the All Things Organic Pavilion hosted a large number of organic exhibitors. In total, there were nineteen organic exhibitors whose products range varied across all categories from coffee, to confectionary products, cheeses, as well as pet products.

The Organic Trade Association (OTA) was present at the Ethnic & Specialty Food Expo, promoting the upcoming Canadian organic logo launch, and current program offerings. Canada's Organic Products Regulation is set to come into full force on June 30, 2009. The original transition period for the regulations was scheduled for December 14, 2008 and was extended to June 2009 due to stakeholders' requests. The regulations have a voluntary use of the "Biologique Canada Organic" designation and logo will be permitted on the labelling of those food products certified as meeting the National Organic Standards. The logo will make it easier for Canadian consumers to feel confident in the organic products they buy. The designation and logo are not available for use until full implementation of the regulations. The Canada organic logo shown on the right is the proposed organic seal with a further decision on the final logo. For more information on Canada's organic regime, contact otacanada@ota.com.



The increasing popularity of organic food is playing into the rapidly growing "green movement" in North America, which spans all levels of the food processing, distribution, and retail grocery and foodservice industries.

The "Buy Local" Movement

In keeping with the principles of organic food and the green movement, "buy local" has quickly developed into a burgeoning trend worldwide. North American and international markets are increasingly implementing new campaigns to capitalize on growing consumer demand for fresh, locally-grown food. As consumers preferences are increasingly impacted by a sense of social responsibility, this trend is touching every aspect of the food chain (i.e. from local produce to finished, value-added goods) and impacting the retail and foodservice sectors.

In 2007, the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) made buy local a top priority. Both Foodland Ontario and Savour Ontario, two province-wide consumer-marketing campaigns designed to promote the purchase and consumption of local products, were brought together under the umbrella of 'Pick Ontario Freshness'. The campaign encourages consumers to purchase Ontario foods in grocery stores, farmers' markets and restaurants across the province.

There are numerous drivers of this trend. One driver of the trend was the 100-mile movement whereby supporters only ate foods which were grown or produced within a 100 mile radius of their home. The movement has been supported by many 'locavores' who enjoy local eating for global change. It has been estimated that the average meal in Canada travels 2,400 km from farm-to-table, and with growing environmental concerns consumers are opting to buy local to reduce their "carbon footprint" (i.e. the impact consumers and industry have on the environment in the form of greenhouse gas emissions). In addition, buying local not only cuts down on food miles but supports small, regional food producers.

Chefs are also responding to consumer demand for fresh, local food by becoming more proactive in sourcing their ingredients directly from farmers and local artisan producers. This trend is pushing the slow food movement in Ontario, which was created to counter fast food and aims to promote local food artisans and farmers, while preserving local ingredients and flavours. The concept supports buying food from local farmers and preparing seasonally-inspired menus. As a result, restaurants

are forming exclusive partnerships with local food producers that will supply the outlets with all of their required ingredients for a true farm-to-fork concept.

There was an undeniable push toward supporting local farmers and consuming fresh, locally-grown produce at the Ethnic & Specialty Food Expo. One such exhibitor was Culinarium, which is a Toronto based gourmet food store that showcases unique and exceptional Ontario food products. They offer a range of organic, natural, artisanal and/or sustainably produced products. These products range from preserves to snacks, cheeses to meats, non-perishables to frozen items. All of their products are locally produced and they stand by their moto 'All Ontario, All the Time.' For further information on this culinary store, visit www.culinarium.ca.

The Toronto Food Business Incubator (TFBI) hosted a pavilion at this years show with a number of local companies it has helped to introduce their products to the market. Launched in November 2007, this not-for-profit organization is run by a volunteer board of directors that foster growth in food industry micro-enterprises. Members of TFBI have access to business resources and industry-standard equipment that can shift start-up micro-enterprises into commercialized food businesses. The TFBI helps enable entrepreneurs and newcomers to develop and commercialize their food concepts into successful businesses. For more information on this not-for-profit organization, please visit www.toronto.ca/tfbi.

Edible Toronto, a new magazine in its second year of print celebrates local foods in Ontario's Golden Horseshoe area, was present at the expo. This free quarterly publication, which was first launched in September 2007 at the Ethnic and Specialty Food Expo, highlights local food producers, farmers markets, seasonal ingredients, restaurants and recipes. For information on where to pick up your copy, please visit www.edibletoronto.com

Conclusion

Major trends identified at the Ethnic & Specialty Food Expo provide the Canadian food and beverage industry with an overview of product developments and marketing focuses taking place in both the Canadian and North American marketplace. In recent years, ethnic foods have been crossing over into the specialty food markets due to consumer's acceptance of more exotic flavours and interest in trying authentic specialty foods. The same can be said for halal and kosher products where a wider range of products are available for those with dietary restrictions and consumers purchasing the products due to safety concerns. It is also evident that along with organic foods there has been a growing trend to buy local, further developing the emerging green movement that was spurred by consumer's interest in socially responsible foods.

Due to increased consumer demand for healthier, more flavourful and exotic food options; as well as busier consumer lifestyles, growth in the market sectors highlighted in this report is likely to continue through the foreseeable future. Canadian food and beverage companies, in particular those involved in exporting and importing products, should be aware of such trends and product innovations currently impacting the industry, as they often identify the future direction of the food and beverage market and major trends to take place.

Company Contact Information

Himalaya Gourmet Sauces Inc.

140 McGovern Drive
Cambridge, ON, N3H 4R7
Tel: 905-876-2420
Fax: 905-876-2562
info@himalayagourmet.com
www.himalayagourmet.com

Kitchens of India available through – Elco Find Foods

233 Alden Road
Markham, ON, L3R 3W6
Tel: 905-474-2400
Fax: 905-474-2499
info@elcofinefoods.com

Al Hamra Halal Foods

4325 Steeles Ave West
Downsview, ON, M3N 1V7
Tel: 416-558-6600
Fax: 905-494-1725
Email: info@alhamra.ca
Website: www.alhamra.ca

Mumtaz Baby Food available through – Nazneen Foods Ltd.

12 Wilsongary Circle
Ajax, ON, L1T 0G7
Tel: 416-786-1451
nazneenfoods@gmail.com
www.halalbabyfoods.com

Tea Aura

Tel: (647) 388-2816
Email: info@teaaura.com
Website: www.teaaura.com

Chefjono.ca Catering & Find Foods

40 Twentieth Street
Toronto, ON, M8V 3L6
Tel: (416) 995-0368
Fax: (905) 875-4139
Email: chefjono57@yahoo.com
Website: www.chefjono.ca

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