



## BC Foodservice Expo 2009

### Key Industry Trends: *Where Did the Tea Go?*

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## **Overview**

The BC Foodservice Expo, which took place on January 18<sup>th</sup> and 19<sup>th</sup>, 2009 at BC Place in Vancouver, British Columbia, allowed the growing Western Canadian industry to showcase new products and innovations, and build new and existing industry relationships. The foodservice industry in Western Canada has been a vibrant and growing sector that is poised for continued growth, particularly in British Columbia due to the buildup and anticipated influx of visitors for the 2010 Olympic Games. Since 2000, British Columbia's average unit volume for the industry has grown at nearly double Canada's national average rate. Foodservice sales are predicted to increase an average of 3.9% per year from 2008 to 2011 (CRFA, 2009), and attendance at this year's show was in line with the growing industry. Despite the difficult economic conditions, attendance at the show actually increased 22% from the previous year, with 5,769 visitors in 2009, indicating that operators are interested in finding solutions relevant to the current economy and evolving consumer environment (CRFA, 2009). Additionally, this is the last BC Foodservice Expo before the 2010 Olympic Games, so it was of particular importance to the sector. Looking at trends from the BC Foodservice Expo can thus provide a glimpse into current trends in the industry and possible future trend directions.

A surprising aspect of this event was that it presented somewhat of a shift in direction for food shows, particularly with beverage exhibitors, from the trends Agri-Food Trade Service (ATS) researchers have witnessed over the past two years. Products which had been in abundance at various trade shows in the previous year, seemed to have almost completely disappeared, while other products which had barely been present at 2007 and 2008 trade shows, were highly prominent at this year's BC Foodservice Expo.

## **Tea's Disappearance**

The growth and development of tea and related products at trade events across Canada for the past three years has been nothing short of remarkable. At most events in 2008, tea companies, distributors and franchises had saturated show floors. This reality was noticed at many Canadian events last year, including the 2008 CRFA Show where hot, ready-to-drink, and matcha tea products were three of the biggest trends at the event. This large presence of tea at trade events was largely due to the diversity of tea, allowing it to be incorporated into some of the biggest food industry trends of 2008, such as functional beverages, superfruits, antioxidants, organic and natural, and ethnic and artisan/specialty products. Tea products were present at trade shows in all of these categories and in all forms, with green tea ranking among the top ten trends of all the trade shows that were attended.

Throughout all of the ATS' field research in 2007-2008, no product was as noticeable as tea. This presence at trade shows was supported and almost surpassed by television, radio and print advertising, and according to NPD Group, both iced tea and hot tea ranked in the top ten growing snack foods in the United States in 2008 (CRFA, 2008). Without a doubt, tea was one of the industry's hottest beverages. With that knowledge in place and no reason to expect a significant shift, the ATS attended the BC Foodservice Expo to evaluate trends for 2009.

To put it bluntly, tea all but disappeared at the 2009 BC Foodservice Expo. In reality, there were six booths displaying tea products at the event, but they were difficult to find and most were distributors and importers exhibiting brand name imports. Even coffee distributors and coffee machinery distributors, who had previously provided an

array of possibilities for tea, had seemingly turned their back on this product. Tea was out with this group, while Lattes and other high-end coffees seemed to be back in popularity. Coffee Connections workshops throughout the day, highlighting coffee trends, art, and machinery, further reinforced coffee's presence at this year's show.

There was one notable tea product, a high value sparkling tea packaged in a wine bottle. However, the absence of new and unique tea products supported on the show floor by the tried and true standard products was very noticeable. To suggest that this is an industry wide shift and indicative of the year to come would be incorrect. However, multiple channels have independently indicated declines in this red hot market. According to NPD research, hot tea sales in U.S. restaurants fell 2% in 2008 (Note: iced tea sales increased by 8%). Top tea producer Twinings has reported a notable decline in the herbal tea segment (-2%) in 2008. When you couple that information with a shift away from tea exhibitors, as well as supporting foodservice equipment at a major west coast show; this becomes a very interesting development to track.

### **Alcoholic Beverages**

The BC Foodservice Expo also provided a second surprise in 2009. As noticeable as the absence of tea, was the reappearance of beer, wine and assorted alcoholic products. Beer in particular seemed to be having a renaissance at this show. The BC Foodservice Expo typically has a wine and beer tasting area that is very popular, but this year the area had expanded to include 22 separate tasting booths and was packed with attendees far exceeding what had been seen before. The show floor itself had no fewer than 8 booths promoting beers and not one was promoting what could be considered a large name brand, while micro breweries were everywhere. Wine producers were very strong on the floor and liquor products were also visible, after nearly disappearing at last year's event. Again, this in itself is not indicative of anything, and BC is an area rich with growing microbreweries and wineries so this could be a regional phenomenon. However, the fact that these products were all out in force, unlike years past, was certainly noteworthy.

The appearance of alcoholic drinks at the BC Expo corresponds with a recovering beer market in North America and a potentially opportunistic consumer market for alcoholic drinks. Volume sales of beer, wine and spirits all experienced growth in 2008 in the United States, with beer increasing for the third year in a row. In the past, the alcoholic drinks market has fared well during economic downturns, with either constant sales or even an increase in sales. That said, the current economy may actually boost the sales of certain products as customers trade-down, such as with economy and mid-priced beer brands that have experienced flat growth in past years. While sales of alcoholic drinks in the United States are predicted to slow from 2008 to 2013, this segment is predicted to resist the economic downturn, with positive growth still expected (Euromonitor, Alcoholic Drinks USA). In Canada in 2008, alcoholic drinks experienced moderate growth, which is expected to continue through the recession and begin to improve along with the economy. An ageing baby boom population with a preference for premium and healthier alcoholic drinks is expected to affect the market and boost wine sales (Euromonitor, Alcoholic Drinks Canada). The maturing Generation Y population is also helping to grow this drink segment and is providing opportunities for new and innovative alcoholic beverages, such as new flavour combinations (Euromonitor, Alcoholic Drinks USA).

## Artisan Foods

Finally, another couple of items to note were the wide variety of specialty olive oils at the show, certainly exceeding years past, and the continuation and expansion of the term “Artisan” for higher-end or luxury foods. Breads, cheeses, and spreads were all treated to an “Artisan” designation at this event. The presence of these foods at the BC Expo is a continuation of specialty, artisan and ethnic trends that appeared at trade shows, as well as within the foodservice and retail grocery markets in 2008. These trends were largely driven by an increasingly ethnically diverse population and consumer demand for more diverse, higher-quality, healthier and locally sourced products. While a recession may hinder the growth of specialty products in the current economy, these trend drivers appear to be long-term in nature, likely resulting in continued future growth for this category. The industry has also embraced this trend, with specialty stores and restaurant menu items of this nature increasing significantly in past years.

## Conclusion

Whether the trends at the BC Expo are a glimpse into evolving trends in the foodservice industry or temporary adjustments to the current economy, they provide a useful window into the industry and the influence of consumer preferences and behaviour. The evolving economy has resulted in a changing foodservice environment and an industry where producers, manufacturers, and operators must evolve with consumer trends, leveraging their innovativeness and flexibility. While the surprises observed at the BC Foodservice Expo in 2009 can't currently be relied upon to indicate current or future trends in the industry, increased interest in high-end and specialty coffee drinks, alcoholic beverages, and artisan foods may be potential continuing trends that we will continue to watch at other trade shows and events in 2009. Whether tea will also make a re-appearance at future trade shows in 2009 still remains to be seen.

## Key Resources

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