



Grocery Showcase West 2009

Key Industry Trends: *Got Organic?*

March 2009



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Overview

Grocery Showcase West (GSW) took place on March 10th and 11th, 2009 in the Vancouver Convention Centre, and demonstrated a wide range of retail grocery products and equipment to the strong Western market. The show featured a healthy mix of small independent producers, medium sized companies and large multinational producers. The show boasted 400 exhibitors and an anticipated 4,000 visitors. Whether those numbers were achieved has yet to be established, but regardless of final totals, this was an excellent event.

Like its sister show, Grocery Innovations in Toronto, this show features an excellent and highly visible "New Product showcase" which is the trade show equivalent of an innovation and trend session for dummies. This is a great aspect of these annual events and for the second year in a row, this show has proven to be a valuable resource for tracking industry trends and developments. Not to detract from other events frequented by the Agri-Food Trade Service (ATS), but this show is quickly becoming a highlight on the Canadian event calendar.

The following product list includes products that were of interest to ATS researchers and the ongoing trend analysis work of the ATS group. However, there were a number of interesting products that fell outside of the research scope of ATS research. For that reason you are encouraged to visit the Canadian Federation of Independent Grocers and their Grocery Showcase site: www.cfig.ca/gsw.asp for a more complete picture of the products on display at this event.

TRENDS

There was some familiarity to the products on display at this year's events. Teas were highly visible, as were nutrient heavy food and beverages; the so-called "superfoods". Despite the fact that the product categories and umbrella groups may have been familiar, the "trend" at the 2009 event was the genuinely interesting twists on the products that are becoming increasingly familiar.

Tea

As first noted in the BC Foodservice Expo report, the number of tea exhibitors seems to have declined at more recent Canadian events. Both the BC Foodservice Expo and the Canadian Restaurant and Foodservice Association show (CRFA) in Toronto, March 8-10, 2009, did have tea products on display, but the number of exhibitors promoting tea exclusively was down from past years. The big drop in exhibitors was in products targeted towards the higher end, premium beverage shopper. In truth, if importers and distributors of brand name teas for sale to foodservice (Bigelow, Numi, Twinings etc.) were discounted, the number of tea exhibitors at most events since late 2008 could be counted on one hand. Whether or not this is indicative of a long term trend is unclear and no forecasts or predictions will be presented here, but GSW was essentially in line with a noticeable decline in exhibits of hot tea products.

Recently, industry news and trend analysis has pointed to an overall decline in the consumption of hot tea, and more specifically herbal teas, particularly in the US market. For 2009, fruit/herbal teas are expected to face a difficult year on a global scale, seven of the top ten markets for fruit/herbal teas are expected to be in a recession. While all hot drinks are expected to face challenges, the niche and higher-end aspect of fruit/herbal teas presents a particular test for this category. The United

States is the second largest consumption market for the fruit/herbal tea category, which is forecast to experience slight negative growth in 2009 (Euromonitor, 2009).

Fortunately for tea, a decline in tea products was not the twist or trend appearing at GSW. The twist in this category was a notable move towards iced tea, cold teas, and tea fused/combined with other products to make a variety of cold and ready-to-serve beverages.

Popular tea producer Stash had its full line of tea on display, but its most noteworthy product was a single serve iced green tea powder that does not require brewing, simply add the product to cold water and serve. The portability of the product, ideal for bottled water, was certainly notable and the product itself addressed the ever increasing popularity of iced tea in North America. A product like this that appeals to a variety of different consumer drivers has an excellent chance of finding a market.

Mate has long been on display at Canadian events and has found a welcome home in a variety of categories such as tea, organic, health and wellness, and natural energy drinks, among others. The mate segment is also seeing a shift towards iced products. At both GSW and CRFA iced or chilled mate products were exhibited in a number of booths. In addition, a soft drink styled carbonated mate was exhibited at Grocery Showcase.

Green tea's inclusion in carbonated soft drink products came to the attention of the average consumer with the introduction of Canada Dry's green tea ginger ale in 2007/2008. In line with Canada Dry's introduction, GSW featured both ready-to-drink (RTD) sparkling green teas and green tea sodas. Coupled with the positive healthy reputation of green tea, many products featured prominent organic labels and certification marks. While perhaps not as mainstream as the flavour of the Canada Dry product, producers are offering very familiar flavours and attractive packaging. With the joint promotion of green tea and organic producers, they no doubt see a great deal of success ahead for a product that can boast the advantages of both health and organic attributes in a soft drink styled beverage.

Simultaneous research conducted at CRFA confirmed that green tea and Matcha were particularly favoured for concentrates, RTD and iced beverages. Independent research suggest that RTD tea products still have opportunity for further development in the North American marketplace, and are expected to continue to do well with new introductions to the market, such as sparkling and carbonated tea beverages (Euromonitor, 2008).

As a direct reaction to a decline in hot and herbal tea sales GSW provided a final noteworthy trend in the tea category. The major players in the category presented a number of products aimed at reviving the category with a key focus on new products, flavour variations and new combinations. There were also labelling modifications designed to inform consumers of the attributes or effects of the product, such as "unwind" or "revive". While this trend to advertise the effect over the actual product (similar to package developments witnessed at Grocery Innovations) is interesting the real impact on developments in this category was the diversity of flavours being promoted. Essentially, if there is a fruit or spice a consumer enjoys, the herbal tea market now has them covered. Some of the interesting new flavours included coconut, chocolate mint, mango, blueberry, black current, ginger and vanilla.

Other Beverages

The presence of “superfoods”, particularly fresh/pure juices, was notable again at this event with the now “old standard” blueberry and pomegranate juices and blends on display. The twist at this year’s event was the number of products now using black currants in juices as well as the use of the term “wild” to describe a fruit or berries origin. One company promoted a pure wild blueberry juice, and wild black current and wild raspberry were notable ingredients in a number of juice and beverage blends. It seems that in the quest to differentiate products or find the next step in the premium market, organic is no longer enough, certified wild berries are the new standard.

Organic Everything

There was considerable overlap in the notable trends (ie. Wild black current tea), but nowhere was the overlap more apparent than in the use of organic in product promotion. GSW is not a small show by any measure and it was striking how many exhibitors promoted organic products and ingredients. During the ATS group’s tour of the show, it was noted that roughly 15% of food and beverage exhibitors were promoting organic foods. A majority of this 15% had very large banners, signs, or other indications that their products were organic. The CRFA show took place simultaneously to GSW and while organic products were visible, the scale of infiltration was nowhere near as significant. The variety of products promoting organic ingredients was very diverse: yogurt, berries, energy drinks, tea, chips, and herbs, to name a just few. Also of note was the use of the USDA certified organic logo by both Canadian and American products, a trend that carried over to the CRFA show.

It has long been suggested that organic has moved from niche to mainstream. While some stores may still segregate products, it is clear that by simply evaluating packaging, marketing and product variety that the items on display at this event are intended to compete directly with “traditional” or “mainstream” products, not simply targeted at a very specific niche consumer group.

Conclusion

In more recent show reports we have remarked on the potential for these trends to be a reflection or a response to the economic times, but with this show the reflection in the products presented seems to be that the consumer shift towards natural, healthy and organic products is front of mind for most manufacturers. All of the three noteworthy trends in tea, superfood beverages, and organic products at this year’s Grocery Showcase West involved product characteristics and promotion that focused on these “natural” and “healthy” attributes. While the products and messaging we have noted from show to show has not necessarily changed, the uptake and inclusion in marketing is growing with each event.

Key Resources

- Agriculture and Agri-Food Canada (2009, February). BC Foodservice Expo 2009 Key Industry Trends: Where Did the Tea Go?
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