



## Five Key Trends at Canadian Trade Shows in 2009

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

Ben Berry – [ben.berry@agr.gc.ca](mailto:ben.berry@agr.gc.ca)

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## Executive Summary

Trade shows offer a snapshot look at key trends impacting the food and beverage industry, both for new products available in the Canadian market and those set to emerge in the near future. Typically, these shows are two- to three-day events, ranging from 80 to 700 exhibitors from Canada and around the world. Canadian events are an excellent trade shows highlight a wide range of new and innovative products. Over the past year, Agri-Food Trade Service (ATS) representatives attended six trade events in three major Canadian cities to evaluate key trends affecting the national and international food and beverage market. From interviewing companies and gathering a wide variety of product information, the ATS has identified five key trends from 2009 Canadian trade events.

Trade shows included in this analysis are: the Canadian Restaurant Foodservice Association (CFRA) Show 2009, Grocery Innovations Trade Show and the Ethnic and Specialty Food Expo in Toronto, ON; Grocery Showcase West and BC Foodservice Expo in Vancouver, BC, and SIAL Montréal 2009 in Montreal, QC.

The BC Foodservice Expo, which took place on January 18-19, 2009, allowed the growing Western Canadian industry to showcase new products and innovations, and build new industry relationships. The show hosted 5,800 visitors and was the last BC Foodservice Expo before the 2010 Olympics; therefore it was of particular importance to the sector. A surprising aspect of this event was that it presented somewhat of a shift in direction for food shows, particularly with beverage exhibitors, from previous trends in 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 that were previously not as popular were highly prominent at this year's Expo.

The CRFA 2009 show is typically the largest Canadian show of the year. The event attracted approximately 675 exhibitors and 11,000 visitors, and although both totals were down considerably from 2008 it was still an excellent event for new products and innovations. Show organizers believed that the global financial crisis was the primary factor in the lower attendance and exhibitor numbers. Of particular interest at the show, given the trends in the current retail and foodservice sectors, were the expanded offerings to the growing consumer market that has specific dietary requirements or that has chosen a vegetarian lifestyle.

Grocery Showcase West took place March 10-11, 2009 and boasted 400 exhibitors and estimated 4,000 attendees. This show featured an excellent and highly visible "New Product showcase" which is the trade show equivalent of an innovation and trend session for dummies. This show has proven to be a valuable resource for tracking industry trends and developments.

SIAL Montréal took place April 1-3, 2009 and featured exhibits from over 30 international markets, showcasing an incredibly diverse array of products. SIAL Montréal is Canada's international food event and the visitor and exhibitor numbers reflect that reality. The event hosted approximately 520 exhibitors and more than 12,000 visitors from 52 countries. The event provided the Canadian industry with an excellent platform from which to showcase their new, specialty, high-quality and innovative products.

The Ethnic & Specialty Food Expo, Canada's focused event for ethnic, organic and specialty food and beverages, took place October 5-6, 2009. The show featured approximately 70 exhibitors and features new and returning food beverage products from the Canadian ethnic, specialty and organic retail market. The show helped to showcase Ontario's progressive food industry and its variety of internationally-inspired, high-quality and innovative products that contribute to Canadian eating habits.

The Grocery Innovations Canada trade show was held from October 26-27, 2009, and showcased new and existing food and beverage products available in retail grocery stores. The show was well attended by national brands, multinationals, distributors and Canadian SME's, and highlighted current and future supermarket trends; essentially what consumers will see on shopping shelves in 2010.

While these events took place over a 10 month period and crossed from specialized food categories, retail products and foodservice items they had a number of common themes and trends. Each of the top five trends identified at these Canadian trade events revolve around demand for healthier food and beverage options, convenience products, natural and organic flavour combinations, or premium specialty goods, reflecting major trends currently impacting the North American food and beverage industry.

## **Five Key Trends at Canadian Trade Shows in 2009**

### **1. Natural Foods**

The link between consumer's need for convenience and the desire for healthy, natural products is certainly a key trend for the food and beverage industry this year, as well as a driving factor for new product development and differentiation. The most striking trend from this years shows was a shift away from the abundance of functional food claims (such as probiotic/prebiotic, and omega 3) that was very visible in 2008. That isn't to say these products disappeared, but it seemed that the push to consumers in the coming year will be products that are "naturally healthy".

The growing trend in snacking has seen an increase in promotion of all natural products, with companies launching new innovative products to meet the growing demand for healthy, natural, and ready-to-eat snack food products. Nut and nut-based products had a huge presence at this years events, capitalizing on their "smart"/"healthy", and natural nutritional benefits. Emerging products ranged from almond cookies and crackers to flavoured packaged varieties.

The all natural movement is inspiring companies to continue producing new innovative products to satisfy consumer's demand for the combination of healthy and natural products, with the need for convenience and ready-to-eat foods and beverages.

### **2. School-safe Snacking**

A heavily emphasized trend this year was the turn towards healthy, natural and organic, ready-to-eat snack food products. Even more so was the amount of snack foods geared towards children, with a focus on school-safe and good-for-you products. The primary factor driving this trend is the changing needs of the institutional foodservice, in particular schools. Addressing allergy issues with nut free

snacks offered in single serving sizes, marketed as “school safe” and innovative healthy beverages, filling the gap left by the disappearance of soft drink machines in schools, is now of high importance to the snack sector. The ultimate goal the industry is working towards is to provide healthy snacks that kids will still want to eat and enjoy. The most obvious focus was products offering an alternative to peanut butter. Products included 100% nut-free soy butter and almond butter, that tastes similar to peanut butter, options designed to simplify the lives of parents desperately looking for alternatives to the lunch staple.

New products are being promoted using taglines or names geared to kids such as “healthy snack alternative”, “healthy snacking”, “smart snax” and “good for you and great tasting too!” No sugar added is another increasingly visible attribute promoted on products. Well-established companies, such as SUN-RYPE and Delmonte, promoted new “100% fruit” snacks, which are also a very popular ingredient among other kids’ snack products. Other companies are producing products that are sesame seed, egg and dairy free as well.

On the beverage side, the move to replace soda and provide young consumers with an interesting, yet healthy, beverage option was very well received. Slush Puppie Plus is a new and healthy beverage introduced to support this trend. The frozen fruit drink, which is made from 99% fruit juice, is a cool beverage now available in school cafeterias, health clubs, canteens, convenience stores and restaurants.

### **3. Tea**

The growth and development of tea and related products at trade events across Canada for the past three years has been remarkable. This trend was attributed to the growing diversity of tea and tea products; it was incorporated into some of the largest food industry trends in 2008, such as functional beverages, super fruits, antioxidants, organic and natural, and ethnic and artisan/specialty products. Green tea products ranked among the top ten trends of all the trade shows that were attended by ATS in 2008. However at trade events in 2009, tea seemed to simply disappear. There was a noticeable decline in the number of tea exhibitors, especially those promoting tea exclusively. According to NPD research hot tea sales, particularly herbal, fell 2% in U.S. restaurants in 2008; however it is interesting to note that iced tea sales increased by 8%. This twist was noticeable at the trade events as well, with iced tea, cold teas, and tea infused products gaining momentum. The herbal tea market responded with an array of new products, now having most fruit and spice flavours covered. Some of the interesting new flavours include coconut, chocolate mint, mango, blueberry, black current, ginger and vanilla. Other products consumers are seeing include single serve iced green tea powders, as well as green tea’s inclusion in carbonated soft drink products. Canada Dry introduced a green tea ginger ale in 2007/08, and many ready-to-drink sparkling green teas and green tea sodas hit the marketplace soon afterwards.

Many of the new tea products emerging are also coupled with the positive, healthy reputation of green tea, and feature prominent organic labels and certification marks. With this joint promotion of green tea and organic producers, producers 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.

#### **4. Premium, Healthy Beverages**

In keeping with a number of trends, in particular healthy eating and convenience foods, the beverage category is producing a number of interesting products designed to meet consumer's daily nutritional requirements in a single serving and within a reduced calorie diet. The beverage sector is also seeing products targeted towards the higher end, premium beverage shopper. Products emerging range from all-natural concentrated functional drinks, flavour combinations, and beverages infused with black currants and having the term "wild" used in titles to describe the fruit or berries origin. "Wild" fruit versions of recent beverage category entrants seem to signal a new level of premium beverages.

The reappearance of alcoholic drinks was also noticeable throughout 2009 trade shows, wine and assorted alcoholic drinks returned but in particular beer seemed to stand out. No doubt the recovering beer market in North America has created this potentially opportunistic consumer market for alcoholic drinks. Volume sales of beer, wine and spirits all experienced growth in 2008 in the U.S. In the past the alcoholic drinks market has fared well during economic downturns, with either constant or even an increase in sales. This is expected to be the case in Canada, with moderate growth continuing through the recession and begin to improve along with the economy. The current economic situation 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 the past years. However, an ageing baby boom population with preference for premium and healthier alcoholic drinks is expected to affect the market and boost wine sales. 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.

#### **5. Organic Everything**

The push for organics in the marketplace is not new, however the sector is developing creative ways to satisfy the consumer demand for healthier, eco-friendly foods, and there was an apparent overlap in the use of organic in product promotion. It was striking how many exhibitors throughout the year promoted organic products and ingredients. The variety of products promoting organic ingredients was very diverse: yogurt, berries, energy drinks, tea, chips and herbs, just to name a few. Also note-worthy was the number of USDA certified organic products from both Canada and the U.S. It has long been suggested that organics have moved from niche to mainstream. It is clear through packaging, marketing, and product variety that organic items are now intended to directly compete with "traditional" or "mainstream" products. It is also now the norm for large retailers to carry organic product lines, with some housing a wide variety for customers to choose from.

#### **Conclusion**

The five trends identified at 2009 Canadian trade events in major cities across the country provide the Canadian food and beverage industry with an overview of product developments and marketing focuses taking place in both the Canadian and international marketplace. Canadian food and beverage companies, in particular those involved in exporting and importing products, should be aware of trends affecting the industry and consumer demand. Consumer shift towards natural, healthy and organic products is front of mind for the North American food and beverage industry.

To learn more about these emerging trends and the trade shows of 2009, please visit the following reports.

Competitive Insights: Ethnic and Specialty Food Expo 2009

<http://www.ats-sea.agr.gc.ca/can/5295-eng.htm>

Competitive Insights: The Canadian Restaurant and Foodservices Association Show

<http://www.ats-sea.agr.gc.ca/can/4746-eng.htm>

SIAL Montréal Food Show 2009: Key Industry Trends

<http://www.ats-sea.agr.gc.ca/eve/4762-eng.htm>

Grocery Showcase West 2009 Key Industry Trends: Got Organic?

<http://www.ats-sea.agr.gc.ca/eve/4648-eng.htm>

BC Foodservice Expo 2009 Key Industry Trends: Where Did the Tea Go?

<http://www.ats-sea.agr.gc.ca/eve/4644-eng.htm>

Grocery Innovations Trade Show - Trend Highlights

<http://www.ats-sea.agr.gc.ca/eve/5305-eng.htm>