



The full value of trade

I recently heard something that made me consider how we view the supply chain in Canada. At the Guelph Food Technology Centre's (GFTC) conference in late February, "Designing and Marketing Foods to Boomers and other Mature Market Makers," Tom Stephens of Toronto-based Brand Strategy Consultants spoke about the types of shopping experience this vast population group will increasingly demand when buying fresh produce and processed foods. In discussing food marketing trends, Stephens pondered how "food fashionistas" – global retailer giants such as Britain's Tesco and the U.S.'s Whole Foods and Trader Joe's – differentiate themselves. Key elements included a concern with food ethnicity, traceability, origin, sustainability and fair trade. "These are the factors these chains spend time thinking about, and are already offering consumers," said Stephens. "And if you don't already know about fair trade, get to know it."

Food provenance – the origin and history of food and producers – is a significant, growing interest among Canada's 10 million baby boomers. While this massive consumer group can't be regarded as a homogenous group, they have enough shared values to influence consumer buying trends, especially since they currently control more than 50 per cent of discretionary income in Canada. And, as Stephens emphasized, fair trade is an issue that will increasingly capture their attention, fitting in with ideas about social justice and global poverty, as well as increased concerns with transparency and traceability in our food chain.

Many of the natural product ingredients we use today to create our most indulgent products (including chocolate, sugar, coffees and teas) come from some of the most impoverished areas of the world. Ironically, since busy consumers today are willing to reward themselves with the occasional premium-priced, high-quality mini-indulgence, these luxuries are priced at whatever the market will bear. Fair trade certified products guarantee that manufacturers have paid a fair price for these commodities and that they were grown by producers following sustainable and ecologically safe growing and harvesting methods. The trade partnership also ensures a fair wage for workers, and helps cultivate local economies and infrastructure in developing countries.

The retail coffee industry already has some fairly heavy-hitters taking leadership in terms of fair trade tea and coffee beans – including Montreal's Van Houtte Inc., Toronto's Timothy's World Coffee and U.S.-based mega-chain Starbucks. Yet with the exception of companies such as La Siembra Co-operative's Cocoa Camino, based in Ottawa,

and Guelph, Ont.'s Organic Meadow, Canadian manufacturers seem to be trailing consumers when it comes to awareness of fair trade products such as sugar and cocoa.

According to Chantal Havard, communications co-ordinator for TransFair Canada, the pioneers in fair trade were smaller companies, and the larger companies started arriving later. "But I think it's similar to what's happened to organic products. It became more mainstream. So hopefully fair trade will follow that path too," she says. "There really is a kind of buzz right now about fair trade." Havard says retail chains are also driving sales of fair trade products. "We are definitely noting more retailers interested in it. A couple of years ago fair trade products were only in health food stores. Now almost every supermarket is offering some, even the big chains."

The Ottawa-based group is the independent not-for-profit certification body in Canada for fair trade licensing, and is part of Fairtrade Labelling Organizations International (FLO) based in Bonn, Germany. While TransFair Canada licenses and oversees compliance among Canadian companies, FLO sets international standards and certifies producer organizations in the southern hemisphere. Its 2004/2005 annual report listed 550 producer organizations in 51 countries, with an estimated five million people benefiting from fair trade globally. Approximate global retail sales were US\$1 billion. In Canada in 2005 fair trade products represented an estimated \$45 million worth of retail sales, with 155 licensees. "Average annual growth in the last four years has shown an average sales increase of 55 per cent per year," adds Havard.

Companies do pay a licensing fee calculated on the quantity of products that they sell and, says Havard, fair trade coffee and cocoa are generally priced about 10 per cent higher than other products. However, fair trade items are also usually top-quality or specialty ingredients, allowing products to retail at a higher price point. Having the fair trade logo on your product also means an invaluable emotional connection with your consumers.

Delegates at the GFTC conference were reminded of another important point by Dr. David Foot, author of the best-selling *Boom, Bust & Echo: How to Profit from the Coming Demographic Shift*. If you're only planning for your market demands today, you're going to be obsolete in 10 years. Smart manufacturers understand their market's interests now, and have a good handle on how those interests will shift in coming years. So just how important are issues such as fair trade to your customers? Isn't time you found out?

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