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Rob Lepp, Owner and
Ryan Wiebe,
Operations Manager

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Meet the Indies!

Despite consolidation,
western independent grocers
continue to thrive

OFFICIAL 2015 SHOW GUIDE
ENCLOSED!! - See P.37



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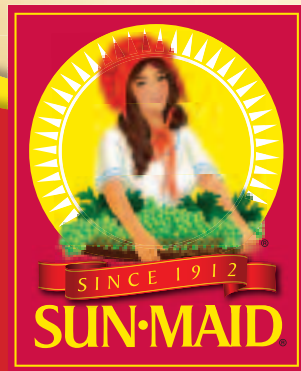
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Maximize offerings to meet the needs of this growing sector.



publisher's perspective

A Target-less Expansion

Even now, after the dust has somewhat settled, it is almost unbelievable what happened with Target Canada. How is it that a large experienced retailer like Target could, in such a short period of time, mess up its first international expansion so badly?

To put this question in the proper context, it has to be recalled that Target's big rival, Walmart, is now announcing plans to undertake a major expansion in this country. Walmart says it will spend \$340 million over the next year in part to convert 27 existing stores into 'Supercentres' outfitted with a full complement of grocery aisles, adding to the 282 locations that already sell food. The fastest growing segment of Walmart's business is grocery with its slice of the grocery pie growing by 35 per cent between 2008 and 2013. It is already the largest grocer in the United States.

What went wrong with Target? Of course there is no shortage of opinion on the subject and it will no doubt be studied for years to come as the classic case of what not to do. The general consensus is that Target stores were not up to what Canadian's had come to expect from the stores in the U.S. and thus they failed to engage the Canadian consumer in critical ways. There were issues with pricing, out of stocks and generally poor merchandising that began from the very beginning. Many analysts' believed Target executives were overly confident. They spent \$7 billion and lost \$2.1 billion in its first year of operation. The company never ran an e-commerce site here and the stores looked much like the ones of the faltering Canadian chain it replaced.

But it is not hard to see the dilemma that the company's new executives faced after a significant restructuring of the Canadian operations. Their sales per square foot were in the \$140 range and they needed around \$250 to break even. Target would have had to raise sales by 21 per cent per year for the next three years in order to survive — a tall order, given the company had to grab market share from Walmart, Loblaws and others, who actually managed to increase sales in the face of Target's aggressive expansion into Canada. A strategy of slow organic growth would have reaped far better results.

Because Target never managed to gain much share in grocery there is not much left for other retailers to pick up. But one thing for sure is that the competitive pressure in the industry has been significantly diminished and it is clear that Walmart plans to pick up the pieces.



Frank Yeo
Frank Yeo,
Publisher & Editor

On Our Cover

14 Meet the Indies!

Despite consolidation, Western Independent Grocers continue to thrive.

Cover Photography: Phillip Chin



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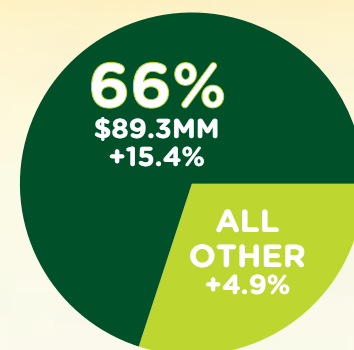
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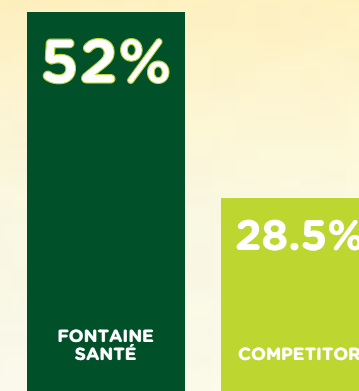
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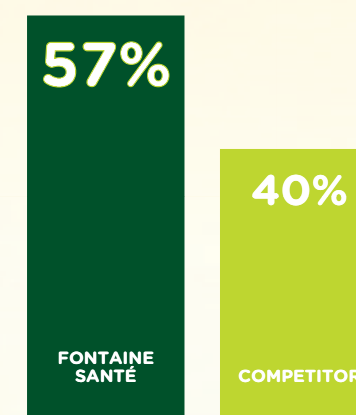
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NO. 1 Brand in Canada



FOR INFORMATION:
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Sources:
1) Nielsen Market Track, National, GR+DR+MM, 52 weeks ending Oct 18, 2014
2) Nielsen Homescan Refrigerated Dips/Spreads (ex dry chip dips) National All Channels 52 weeks Nov 1, 2014
3) Nielsen Homescan Refrigerated Dips/Spreads (ex dry chip dips) Total West All Channels 52 weeks Nov 1, 2014

market update



market update

Choice Markets Purchases Drive Organics from UNFI Canada

Choices Markets and UNFI Canada Inc. have announced that Choices Group has purchased the Drive Organics store from UNFI Canada Inc.



Now, Drive Organics at 1045 Commercial Drive in Vancouver will be known as Choices Markets on the Drive Ltd. Over the next few months Choices Markets will integrate their systems and staffing procedures and will transition Drive Organics into a Choices Market to focus on the best in local, organic and special-

ty products and services while creating close ties with the local community.

The purchase of this store underlines Choices Markets ongoing commitment to growing its brand in the Vancouver and BC market place.

Retail Council of Canada Enters into Precedent-Setting Partnership

Retail Council of Canada (RCC) announced a new food safety partnership with the University of Guelph and McGill University. Called the Safe Food Forum, this partnership will help food retailers keep informed about evolving food safety challenges and continuously improve food safety management strategies to ensure safe food for all Canadians.



"A recent study indicated that the Canada food safety record is ranked among the highest in the developed world," says Dave Wilkes, RCC's senior vice-president of government relations and grocery division. "The Safe Food Forum will build on Canada's strong food safety foundation and identify additional opportunities to improve and enhance our strong record of providing Canadian consumers with safe, quality food."

"The forum, the first of its kind in Canada, will integrate knowledge and best practices from global food safety institutions and universities to identify opportunities to improve Canadian industry knowledge of new scientific discoveries that can be used to improve current food safety protocols and practices," says Dr. Lawrence Goodridge, associate professor and Ian and Jayne Munro chair in food-safety at McGill. "The food industry has become global and the industry must also work globally to understand food risks and optimize food safety strategies. This partnership will help Retail Council of Canada members achieve that goal."

Kraft Canada Makes Strategic Appointments

Chris Kempczinski has been appointed executive vice-president of Growth Initiatives and president of International for the Kraft Foods Group.

In this position, he will be focusing on Kraft Foods Group's future strategies for growth. He will also have oversight of Kraft Canada and Kraft's export business.



Chris Kempczinski

To ensure Kraft Canada continues on its path for success, Tim Berman is being

appointed to the interim role of acting president, Kraft Canada. Berman has been with Kraft Canada for many years and will bring to this new position his passion for the industry and commitment to Kraft Canada's brands and its people.

Also, Mark Ayer is taking on the role of acting vice-president of sales, Kraft Canada. Ayer re-joined Kraft having spent time in senior sales roles within the consumer packaged goods sector both in Canada and overseas. Ayer is dedicated to Kraft Canada's customers and sales team. He has a strong vision for the future of the grocery retail industry in Canada.



Tim Berman



Metro Vancouver's Organic Disposal Ban

Metro Vancouver's Organics Disposal Ban is in place and food scraps recycling is well underway. Launched in January 2015, the new rule requires food scraps such as produce, dry goods, frozen or packaged food,



dairy, and deli products, are no longer put in the garbage. Floral waste and some paper products can also be composted.

The new rule ensures food scraps are turned into compost or biofuel. Many jurisdictions are moving towards food scraps recycling to reduce organic materials in landfills. When buried under layers of garbage, food scraps can't decompose properly and create methane, a harmful greenhouse gas.

Retail Council of Canada and Canadian Federation of Independent Grocers and members were consulted in advance of the new rules, to alert the region's grocers and confirm they are aware of the new rules.

Due to lower tipping fees, it usually costs less to recycle food waste than to dispose of it with regular garbage. Many grocers already have a food scraps recycling program in place and some are also increasing food donations. A recent assessment of the region's waste found each year 13,000 tonnes of edible, healthy food is thrown away.

Metro Vancouver includes a six-month education period (January to June 2015) for businesses to plan and implement food scraps recycling. In July, penalties will be applied to waste loads with more than 25 per cent visible food when waste haulers deliver garbage to regional facilities.

In its December 2014 report, Value Chain Management International identified more than \$31 billion worth of food is wasted every year in Canada. When energy, water and other resource costs are factored in, the true cost could be up to three times that much.

For enquiries or a list of service providers and consultants, grocers can contact the Recycling Council of British Columbia's hotline at 604-REC-YCLE (604-732-9253). Find additional information at www.metrovancouver.org/foodscraps

Litehouse, Inc. Announces Sale of Company to Employees

Litehouse, Inc. has announced that 100 per cent of the company's stock has been sold to its employees through an Employee Stock Ownership Plan (ESOP). The move continues the opportunity for all current and future employees to become owners of this industry-leading brand, which has been family-owned for



over 50 years. Litehouse first formed an ESOP plan in 2006 selling 30 per cent of the company as a commitment to their employees and their communities. The move to 100 per cent ESOP ensures continued local ownership.

Litehouse is an award-winning leader in refrigerated salad dressings, dips, cheese and herbs, employing 650 people throughout the nation. The Litehouse brand founded by the Hawkins brothers Doug & Edward merged with Wendell Christoff and his family dressing company, Chadalee Farms, of Lowell, Michigan in 1997. Core to the success of the brand is the company's commitment to shared success and its role as a strong and active member of its communities.

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market update



The Coca-Cola Company Grows Roster of Billion-Dollar Brands to 20

The Coca-Cola Company has added three brands to its growing roster of beverages that generate annual retail sales of more than \$1 billion, bringing to 20 the number of billion-dollar brands in the company's portfolio.

Brands from the fast-growing ready-to-drink tea and water categories are the latest additions with Gold Peak tea, available in the United States, FUZE TEA, sold in nearly 40 countries, and I LOHAS mineral water, sold in Japan,

joining the company's billion-dollar club in 2014.

"We are taking definitive steps to capture the enormous growth opportunities available to us in the global nonalcoholic ready-to-drink beverage industry," said Muhtar Kent, chairman and chief executive officer, The Coca-Cola Company. "Through a strong global focus on building locally relevant and innovative brands, our company, together with a network of strong local bottling partners, has worked to successfully double the size of our billion-dollar brand portfolio in less than a decade."



Refreshments

LFT Group Appoints Linda Bottier Naturals and Horizon Distributors

LFT Group has appointed Linda Bottier Naturals (LBN) to broker their 'Live for Tomorrow' line of non-toxic household cleaning products. LFT Group has also appointed Horizon Distributors as a key strategic partner. "We are thrilled to be working with Linda and her team and look forward to building key partnerships with her help which is aligned with our values," said Munu Hicken-Gaberria the founder of LFT Group.



Icelandic Glacial Water Announces Distribution in Canada with Unique Foods, Inc.

Icelandic Water Holdings, makers of the award-winning, premium natural spring water from Iceland, Icelandic Glacial, announces its partnership with Unique Foods, Inc., Montreal's leading beverage distributor, reaching all channels of Canada. Unique Foods, Inc. will now distribute Icelandic Glacial to all on and off-premise outlets nationwide throughout Canada.



"We are very pleased to announce Unique Foods, Inc. as our new distributor among all channels of Canada," said Jon Olafsson, chairman and co-founder of Icelandic Glacial. "Unique Foods, Inc. is a natural fit for Icelandic Glacial, as a strong and influential distributor that promises unique and diverse high quality beverages to retailers across Canada. We are thrilled to provide this great country with a genuine piece of Iceland through our award-winning, premium natural spring water."



Renowned for its exceptional purity and environmental credentials, Icelandic Glacial is bottled at the source from the legendary Ölfus Spring in Iceland, providing customers with remarkably pristine natural spring water of the highest level of quality.

IDDBA's What's in Store 2015

The rise in customer snacking occasions and increased interest in "on-the-go" offerings provides new sales opportunities for in-store dairy, deli, and bakery departments, as three-square meals a day becomes a thing of the past.



This and dozens of other food industry and consumer trends are addressed in What's in Store 2015, the 29th edition of the annual trends publication of the International Dairy-Deli-Bakery Association (IDDBA).

Among the highlights of the snacking trend:

- Seventy-seven per cent of consumers said they snack at least once a day, with 51 per cent snacking twice a day, according to Technomic. Consumers eat snacks both between meals and as meal replacements, with 49 per cent eating between meals and 45 per cent replacing one or two daily meals with a snack.

- According to The Hartman Group, about 50 per cent of all eating occasions are snack occasions, accounting for one-third of adult calorie consumption in the United States. American consumers eat an average of 2.3 snacks a day, with 85 per cent purchasing them from retailers. The Hartman Group calls snacking an "underserved" eating occasion in fresh departments as store promotions continue to focus on three typical meals.

- Product portability is becoming increasing vital, stated Technomic, with 60 per cent of consumers citing it as an important or extremely important factor when choosing a snack. Healthfulness is also important, cited by 50 per cent of customers.

- Convenience is a top bakery trend as reported by Daymon Worldwide, as consumers seek out single-serve and smaller-sized baked goods that provide portability, portion-control, and snacking interest.

Snacking and immediate consumption are influencing how shoppers use fresh perimeter categories, according to findings in IDDBA's original research, Engaging the Evolving Shopper: Serving the New American Appetite.

"Snacking is no longer just an incidental eating occasion where a consumer impulsively purchases a low-cost, packaged item such as a candy bar or bag of nuts," said Eric Richard, education coordinator, IDDBA. "It's become a purposeful, rich cultural practice that now stretches beyond the center-store snack aisles and into the fresh perimeter."

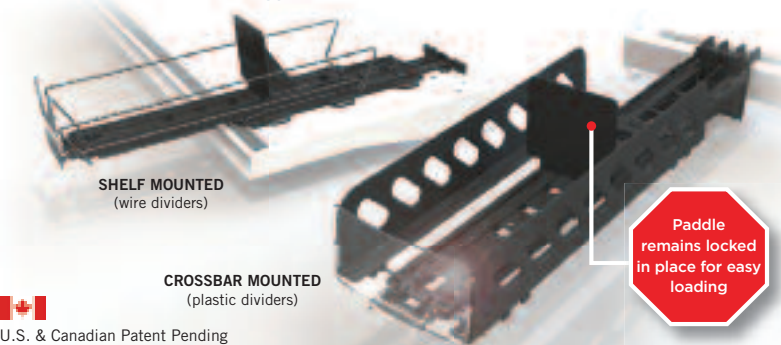
Maplehurst Bakeries, LLC A Subsidiary of Weston Foods, Purchases Creative Occasions, Inc.

George Weston Limited has announced that Maplehurst Bakeries, LLC, a subsidiary of Weston Foods, has agreed to the purchase of Creative Occasions, Inc., a manufacturer of decorated cakes, based in Nashville, Tennessee.

Kevin McDonough, president of Weston Foods' frozen and biscuit divisions, commented, "This strategic acquisition adds talented people, high quality new products and capability to our growing cake portfolio. It will support the growing needs of our customers as we plan to offer an expanded and high quality portfolio of products to our customers throughout the United States and Canada." This acquisition supports Weston Foods' commitment to continue to grow and offer best-in-class, innovative and quality bakery products to the North American market.

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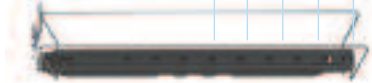
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market update



Mobile Still Tops Retailers' Priority Lists

According to Shop.org/Forrester State of Retailing Online Report

As more consumers take to smartphones and tablets to shop with their favourite retail brands, retailers agree that keeping mobile at the top of their marketing priority lists is a smart move. According to the 2015 Shop.org/Forrester Research Inc. State of Retailing Online, mobile remains the top priority for retailers in 2015, with 58 per cent of surveyed retailers placing it at the top of their list, up from 53 per cent last year.

The survey found smartphone sales as a percentage of online sales grew from 8 per cent in 2013 to 12 per cent in 2014, an increase of 50 per cent; tablets' share of the pie also grew from 13 per cent of online sales in 2013 to 16 per cent in 2014.

Additionally, many of those who list mobile as the top priority have stated their digital marketing budgets remain modest, knowing consumers are coming to their mobile sites whether they are ready for them or not. Of those retailers surveyed, 32 per cent report spending less than \$100,000 on their smartphone development efforts in 2014; 68 per cent report spending less than \$1 million on smartphone developments last year. When it comes to tablets, just four per cent say they invested between \$100,000 and \$250,000 last year. That said, eight in 10 surveyed plan to increase their mobile budgets by at least 20 per cent in 2015.

"Consumers are flocking to retailers' mobile sites at a faster pace and with more interaction than ever before, so naturally they expect retailers to offer fast, well-designed mobile services that meet their needs," said NRF Senior Vice President and Shop.org Executive Director Vicki Cantrell. "With that in mind and with several years of mobile commerce now under the industry's belt, retailers feel confident in their mobile investments. For retailers – when it comes to mobile strategies, small but continuous incremental changes really do go a long way to keep their savvy customers happy."

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June 3 is Grocery Day at:



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Koelnmesse Fairgrounds
Cologne, Germany
www.anugafoodtec.com

April 9-12, 2015

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Vancouver, BC
For more info: www.chfa.ca

April 13-14, 2015

Grocery & Specialty Food West
Vancouver Convention Centre
Vancouver, BC
For more info: www.cfig.ca

April 13-15, 2015

NRFA Executive Conference
Tempe Mission Palms Hotel & Conference Center
Tempe, AZ, U.S.A.
For more info: www.NFRAXecutiveConference.org

April 28-30, 2015

SIAL Canada
Direct Energy Centre,
Toronto, ON
For more info: www.sialcanada.com

May 31 - June 1, 2015

Bakery Congress 2015 Trade Show & Conference
Palais des congrès de Montreal
Montreal, Quebec
For more info: www.baking.ca

June 7-9, 2015

IDDBA Dairy-Deli-Bake 2015
Atlanta, GA, USA
For more info: www.iddba.org

June 11-13, 2015

MIFB 2015
- The 16th Malaysian International Food & Beverage Trade Fair
Kuala Lumpur Convention Centre
Kuala Lumpur, Malaysia
For more info: www.mifb.merebo.com



Jay Leno
Entertainer



Walter Robb
Co-CEO,
Whole Foods Market



Harold Lloyd
Founder,
Harold Lloyd Presents



Arianna Huffington
Co-founder &
Editor-in-Chief
The Huffington Post

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Seminar and Expo

Growing the Future

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Founder,
Martha Stewart Living
Omnimedia



Phil Lempert
the Supermarket Guru



Youngme Moon
Author and Professor,
Harvard
Business School



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NBA All-Star and Sports
Analyst for TNT and
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Despite consolidation,
Western Independent Grocers
continue to thrive.

INDEPENDENTS

Meet the
Indies!!!

Thank goodness for sameness and conformity: these elements have never been so prevalent in western culture, and they're compelling people to covet anything different or unique. And this, of course, is good news for independent grocers.

Tom Barlow, president and CEO of the Canadian Federation of Independent Grocers, notes that the success of independents in 2015 is even more remarkable considering the industry "has undergone massive consolidation, with Sobeys' acquisition of Safeway being just one example. In the wake of these mergers our members continue to innovate, based on a keen understanding of what their customers want."

However, Barlow isn't too surprised by what he calls "a substantial shift in shopping habits from large outlets to small ones. This is largely due to the customer service and specialty items that small operators are so good at providing."

Barlow notes that many operators "are using farm gate to table to their advantage, which is enormously appealing at a time when Canadians increasingly want to know where their food is coming from. It also helps that many small operators have grown up and live in the communities they serve."

But Barlow isn't inclined to paint the independent grocery scene in overly rosy tones. "For one thing, although independent channels in the West are strong, small operators in Ontario are struggling to hold their own against the chains. Also, the massive drop in oil prices means less disposable income for people involved in the energy sector: they may be inclined to patronize the chains due to the perception of cost savings."

When pressed to elaborate on the strength of western small grocers, Barlow replies, "There are simply more independents in the western provinces, and many of them — the Choices, the Country Markets, the Freson Bros. — are very high profile. Plus, the big western chains such as Federated Co-op and Overwaitea aren't 'big corporate' — at least, not compared to Sobeys or Safeway. So it's a different business dynamic, and an exciting one."

Barlow concludes, "Our members have a great story to tell."

Rural Urbanity

Lepp Farm Market provides gourmet/local fare

If you happen to arrive at Lepp Farm Market on the outskirts of Abbotsford, B.C. several hours before it opens for business you'll likely be invited inside for a coffee. Similarly, shoppers who come just before closing are free to fill their baskets without someone breathing down their neck. "This isn't a place where the doors open and close as soon as the clock strikes a specific time," says Operations Manager Ryan Wiebe.

Lepp's hospitality is a perfect example of what independent grocers commonly refer to as exemplary service, and it's one of the many ingredients that has made Lepp a success since it opened six years ago beside a major highway bisecting Abbotsford farms and industry.

By Robin Brunet





Lepp Farm Market

The hoopla combined with the wealth of specialty items makes Lepp an exciting shopping experience, but Wiebe stresses that anchoring everything is his 50-member staff.

The 14,000 square foot market (3,000 of which is retail space) is located on the Lepp family's farm, which it has owned since the 1970s. Rob and Charlotte Lepp are hog farmers by trade, but they first became known to locals in the 1990s by selling corn on the same spot the market now sits.

The market fulfils the Lepps' dream of continuing to run the farm in the 21st century; the popularity of the 100 Mile Diet combined with the rise of buying local convinced Rob that the time had come to break ground on the facility, in May of 2009.

The shopping experience at Lepp can best be described as upscale country: the bakery, deli and café are pleasingly traditional in appearance, but they're augmented with flat screens and seductive spot lighting. The main grocery aisle is crammed with specialty items, the variety of which is normally only found in trendy downtown Vancouver food shops (Charlotte does much of the sourcing).

Local items are predominant throughout, from the antibiotic-free meats and vegetables that come from the Lepp farm to the gourmet teas, preserves, and brands such as Viji's. For an increasing number of the

20,000 motorists travelling between Abbotsford and Mission daily, Lepp is becoming a gourmet food destination.

But products aside, how did the Lepps initially draw attention to their business? Hiring a marketing specialist was one successful strategy, and the couple also actively promoted the market as a brand by staging cooking classes and bringing in celebrities such as Rob Feenie, Michael Smith and Bob Blumer (activities that continue to this day in the market's studio kitchen).

The hoopla combined with the wealth of specialty items makes Lepp an exciting shopping experience, but Wiebe stresses that anchoring everything is his 50-member staff. "They've been trained not just to provide good service but make the customer's day," he says. "This is done simply: by making eye contact, by smiling and truly listening — and by saying 'no problem' to any special request a customer may have."

Wiebe calls Lepp "a professional yet friendly and approachable

brand," and he expects the Lepps will be able to build on their success for years to come. "There are plenty of farm markets here in the Fraser Valley that do a great job promoting themselves, but so far there's room for everyone to flourish. We'll continue to do so, as long as we keep putting our customers first."

Old Favourite Askew Foods' longevity wards off the competition

Sometimes even if the store is new and the staff are young, a grocery gives off the vibe of having been around forever.

The Shuswap region of B.C. is home to such a grocer, Askew's Foods, whose reputation is well-earned: the Askew family has been serving customers there for 85

years. David Askew and his sister Colleen Davis, grandchildren of founder Dick Askew are current owners of this venerable business.

And what a business it is with four locations — a store in Sicamous, another in Armstrong, two in Salmon Arm. The stores range in size from 16,500 square feet in Sicamous to their new second location in Salmon Arm at 35,000 square feet. This new store features a number of departments new to Askew's; including floral, wellness and an in-store pharmacy.

Dick Askew couldn't have known what he was in for when he started Askew's in 1929 just before Black Friday. Yet Askew's celebrated its 85th anniversary in 2014. And longevity means reliability — customers know that Askew's is here to stay and gives back to its communities. In keeping with its longevity — Askew's has a remarkable number of long-service employees including its meat manager in Armstrong who has been with the company for more than 40 years. Askew's has always tried to provide mostly full-time work; promotes from within and conducts regular wage reviews. Through these measures Askew's ensures that its employees share in the company's success and they in turn choose to make their careers with the company.

Some analysts may be surprised that Askew's Foods has succeeded in the face of stiff competition from the big chains who are well represented in their trading area. On the shelves and in the freezer cases are all the items customers can buy at the chains; along with the local natural and organic foods that are growing markets. Of course when Dick Askew started the business in 1929, much of the food was local and Dick was ambitious and innovative — operating



his own meat packing plant along with frozen food lockers in the days before home freezers became commonplace.

So what makes people shop at Askew's?

It goes back to longevity and trust between Askew's and its customers developed over the generations. "They know us and we know them," says David Askew, retired CEO. "Also we give back to the community," says Co-Owner

Bownesian Grocer

"We focused on looking after existing customers, because the store always had good traffic but low orders. We ensured we never ran out of specials and worked on our margins."

Colleen Davis, a retired school teacher who is particularly proud of a school lunch program that has been initiated recently in Salmon Arm with the support of Askew's new CEO Dean Olynik. Other community programs that Askew's support include: school sports teams, the annual Roots and Blues music festival and the Canadian Cancer Society Relay for Life.

Askew and Davis will continue to grow the business as opportunities in their region arise. Their only concern is consolidation: not because it means more competition in retail, but because it reduces competition at the wholesale level. "Because we sell mainstream products we must remain price competitive," says Askew. "And to do that we have to be able to buy at competitive prices."

But with a customer base that has shown continued loyalty and support for this small interior chain through several depressions, a world war and countless other hurdles, this sister and brother team at Askew's seem well positioned to meet the challenge head on.

Love is (almost) All You Need Passion drives the revamped Bownesian Grocer

Jim Bailey, president of The Grocery People, describes his former director of retail operations (and now The Bownesian Grocer co-owner) Craig Sollitt thusly: "Craig fell in love with Calgary's Bowness community and grocery store so intensely that he wound up buying the business, and that love is making it a success."

Sollitt, 53, who made the acquisition with his wife Leann O'Connor in January of 2012, had long wanted to become a proprietor. "My job was to help independents on behalf of TGP, and I was so jealous of them because I'd grown up in the grocery trade and admired what they did," he says.

Bownesian opened in 2006 as the only grocer in an urban community of 11,000 residents; good sales but poor profits resulted in wholesaler TGP, (a subsidiary of Federated Co-operative Limited, whose retail experts give advice to family-owned stores and food establishments)





dispatching Sollitt to see what improvements could be made.

TGP acquired the 12,000 square foot facility as one of its corporate venues and installed a manager. But although the store's bottom line improved, it lost \$1-million in sales within a year. By then, Sollitt had become well acquainted with the community and was convinced he could transform Bownesian's fortunes. So he worked out a deal with TGP, sold their St. Albert home, and moved with Leann to Bowness.

How did they turn Bownesian around? "We focused on looking after existing customers, because the store always had good traffic but low orders," he says. "We ensured we never ran out of specials and worked on our margins. Our current focus on organic and gluten-free products was a direct response to community needs, and we gave the store a sense of fun by installing high-end juicers and espresso makers, and by putting kayaks on display — because of our proximity to the Bow River."

Sollitt also added 12 inches to each of the store's five-foot wide aisles and "remerchandised in a way that made better shopping sense." The 7,000 square foot retail space now has nine aisles in total.

Amanda Enkirch, Bownesian's meat, bakery and deli manager, witnessed the transformation first hand. "Craig and Leann brought in a 16 foot meat and cheese deli case, big screen TVs, and changed the layout to make shopping easier," she says. "It was truly a labour of love, and it paid off." Craig and Leann also take their managers on trips to urban markets in other cities to get ideas and inspiration.

Today, The Bownesian Grocer enjoys up to 5,000 customers weekly, and while the average customer purchase is smaller, it's growing steadily.

The late-coming proprietors, intend to

Hannam's impact was such that not only did Kim and Park open a 12,000 square foot store in Surrey (whose total visible minority population is 52.6 per cent) in 2003, Hannam's presence encouraged other Korean retailers to set up shop near the grocer.

As is the case with any enduring ethnic business, Hannam's customer base has evolved far

Hannam Supermarket

The hoopla combined with the wealth of specialty items makes Lepp an exciting shopping experience, but Wiebe stresses that anchoring everything is his 50-member staff.

build a residential suite above the store. Sollitt, concludes, "The ability to listen to customers is the key to any independent grocer's success. Dovetailing this is the ability to reinvent yourself, because consumer tastes change quickly. But nothing will help unless you have passion for what you're doing. In our case, that passion is growing stronger daily."

Just Like Home Hannam Supermarket grows its multi-cultural customer base

The city of Burnaby, where Hannam Supermarket first opened for business in 1998, is 36 per cent East Asian compared to 39 per cent Caucasian, according to the city's latest figures.

This healthy multicultural demographic is good for business. Indeed, when Terry Kim and Terry Park launched Hannam as an offshoot of their successful T-Brothers Food & Trading Ltd., their original intent was to serve Korean families by carrying only well-known Korean food brands that customers grew up with and could rely on: wide choices from all kinds of Kimchi to everyday household products.

It was a strategy that paid off in spades: the variety of Korean food available in the Canadian retail sector is enormous, but by being the only ethnic grocer to carry just the most recognizable brands, Hannam stood out from the competition. For immigrants, wandering down the aisles of the 23,000 square foot store was and is a comforting experience; for Canadian first-time shoppers, it's bracing.

beyond its original target. Today, total daily traffic to each store comprises about 30 per cent non-Korean, i.e.: Chinese, Filipino and Vietnamese, as well as up to 10 per cent Caucasian.

Anyone who has experienced customer service Korean-style will attest that Hannam's fierce devotion to making shoppers happy is part of the reason why Caucasian shoppers flock to the two locations. In fact, staff customizes some items (such as ready to eat and side dishes) to fit their needs, and some non-Korean products can actually be bought for much less at a Hannam location than in traditional western supermarkets (this is especially true in Surrey, where Hannam is focusing on non-Korean shoppers).

Kim and Park may have made Hannam a trusted grocer and Korean food expert, but maintaining that status is tough given the daunting influx of Korean brands into Canada. Therefore, Hannam management regularly fly across the Pacific to attend trade shows, and Korean vendors make the return trip to help determine what new products will fill the Burnaby and Surrey shelves. Food promotions and free sampling events fortify Hannam's reputation for ethnic excellence.

The West Coast's constantly evolving demographic bodes well for Hannam's growth; opening up the new store in the near future will no doubt become an exciting addition to the neighbourhood. To quote from the Hannam website, "As the multicultural community grows up, Hannam grows up with it." ●

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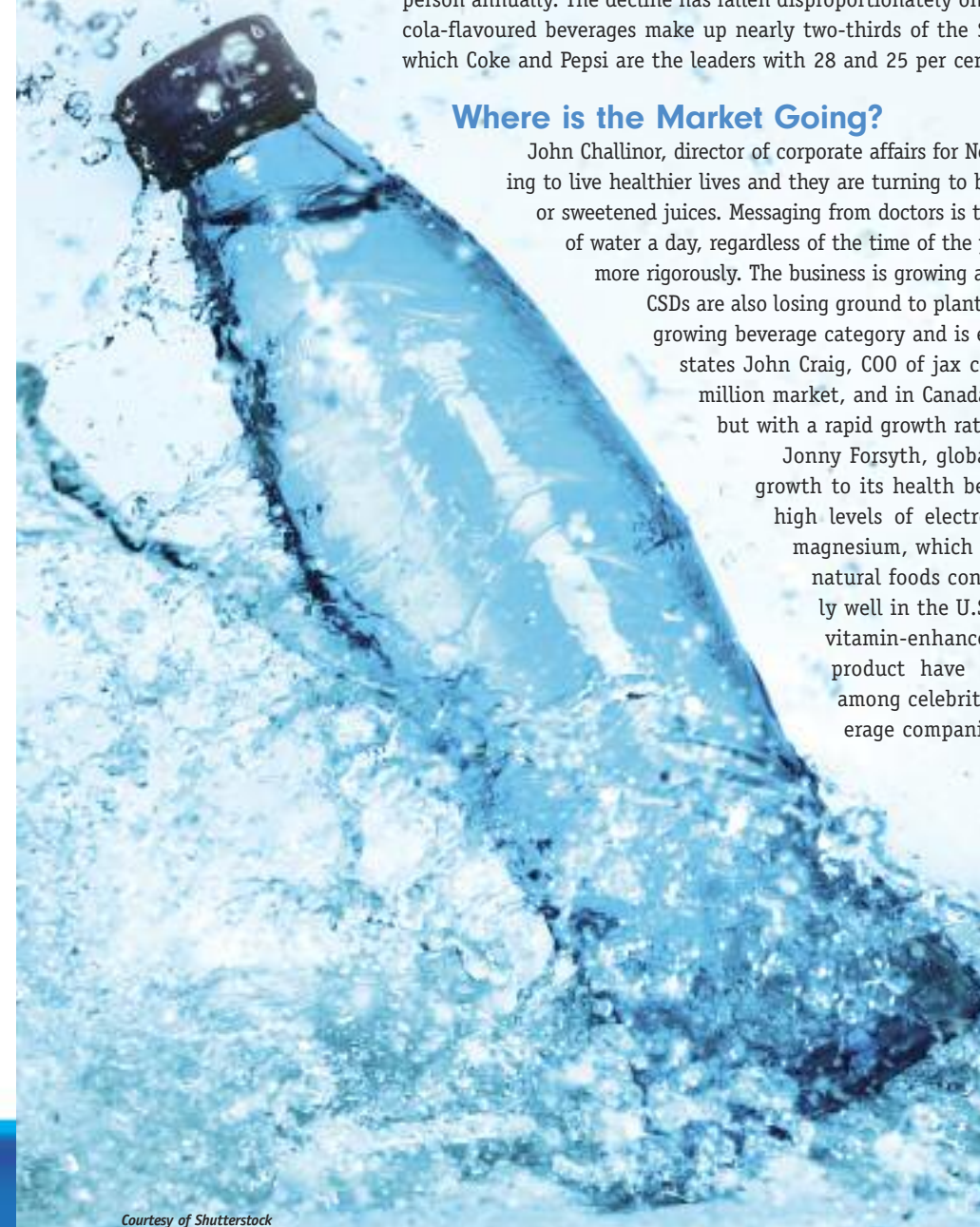
The big news in cold beverages today is the dramatic shift away from carbonated soft drinks (CSDs). In Canada, the CSD market is now dropping by about four per cent annually, according to IBIS World, a market researcher. That corresponds with the plunge in per-capita consumption since 2005, when CSD consumption peaked at just less than 105 litres per person annually. The decline has fallen disproportionately on cola sales, which when combined with diet cola-flavoured beverages make up nearly two-thirds of the \$2.5 billion Canadian soft drink market, in which Coke and Pepsi are the leaders with 28 and 25 per cent of sales, respectively.

Where is the Market Going?

John Challinor, director of corporate affairs for Nestlé Waters Canada says, "Canadians are trying to live healthier lives and they are turning to bottled water as an alternative to soft drinks or sweetened juices. Messaging from doctors is that people need to drink six to eight glasses of water a day, regardless of the time of the year, and Canadians are following this advice more rigorously. The business is growing at basically twice the rate of inflation."

CSDs are also losing ground to plant-based waters. "Coconut water is the fastest growing beverage category and is eating into sports drinks and water's sales," states John Craig, COO of Jax Coco. "Globally it's estimated to be an \$800 million market, and in Canada represents from two-four per cent of that but with a rapid growth rate."

Jonny Forsyth, global drinks analyst at Mintel, attributes this growth to its health benefits. "Coconut water contains naturally high levels of electrolytes, including potassium, calcium and magnesium, which have made it popular as a sports drink for natural foods consumers. Coconut water is doing particularly well in the U.S. because both sports recovery drinks and vitamin-enhanced waters are well-established. Sales of the product have also been helped by its rapid take-up among celebrities and high-profile investments from beverage companies."





Consumers are looking for functionality when it comes to their beverages.



Indeed, consumers can now find a multitude of coconut water brands such as O.N.E, Beyond, Grace, Cocos-Pure, Blue Monkey, and others on-shelf, and Craig predicts more will be coming soon.

Coca-Cola Canada, for example began national distribution of ZICO premium coconut water beverages in April 2013. ZICO Original NFC is 100 per cent coconut water, has no added sugar or fat, and is cholesterol-free, gluten-free, lactose-free, and dairy-free, while ZICO Chocolate, and Latte are 85 per cent coconut water and contain cane sugar.

The leader in coconut water sales is Grace, holding close to 28 per cent of the market. Lucky Lankage of Grace Kennedy says that while the market is still growing at exponential rates, its growth rate has actually slowed from 2012 when it hit a 70 per cent increase in that year alone. For the last year, says Lankage, growth has been around 49 per cent, from 5.1 million litres to 7.7 million litres.

Grace Kennedy, he says, has the num-

ber one brand of coconut water on the market by volume and dollar sales as measured by Neilson.

The rise of alternative beverages such as coconut water speaks to the consumer's desire today for greater functionality. "The consumer has become very knowledgeable," says Joshua Silver, vice-president of marketing at Unique Foods, comparing today's consumers to those 15 or 20 years. "All of a sudden, people have become very sophisticated in what

they want." Unique Foods is a Canadian company that has its finger on the pulse of consumer trends and a strong PR campaign backed by social media and consumer engagement. Activate vitamin water, AQUAhydrate, Hype energy drink, and Stewart's Old-Fashioned Soda are just a few of their many products that have gained very loyal followings.

Silver says people are looking for good products that taste good and will have a certain effect, whether it is to provide protein or vitamins, boost energy, or mellow them out. "People want more bang for the buck," he says.

"Consumers are looking for convenient ways to help them manage their health more proactively. They have hectic lifestyles and they are always looking for ways to reach the recommended daily portions of fruits and vegetables, which juices can be a great option for, according to 49 per cent of Canadians," says Caroline Croteau, marketing director for A. Lassonde Inc. referring to Mintel's 2014 Juice and Beverage study.

Research from Mintel indicates that products that stress hydration, health, and convenience are gaining greater traction in today's market. This is probably why Coke and Pepsi have both said they'll work to reduce the caloric hit in their pop beverages by a fifth over the next 10 years, while marketing smaller sizes for smaller servings.

More Trends to Watch

Expect to see continued growth in lemonade, iced tea, coconut water, and sparkling fruit juices.



Clever Cross-merchandising

Given the limited floor space available at most stores,

Caroline Croteau recommends cross-merchandising juice with high-velocity items such as healthy snacks or breakfast items. "We can provide colourful displays or posters that can be placed outside the juice section in high traffic sections, such as produce. Our ready-to-sell cases can be opened and merchandised easily as well."

Multiply Sales with Multiple Displays

Increase sales by offering shoppers an opportunity to add beverages to their carts at multiple points of availability throughout the store, says Bruno Solby.



Consider sparkling water near produce, a glass bottle rack near frozen pizza, iced tea in the bakery, or a juice bunker near the cereal.



Keep Up with Cool

"We create an experience for them and we back it up on social media," says Joshua Silver.

That has created strong loyalty among consumers who then become loyal to stores that carry the products they crave.

Start a Water Business

Precision Water offers a turnkey operation so stores can produce their own purified water daily and then dispense it to customers. POS and branding materials are available.



"It makes you look like you are in the water purifying business which equals high, high profits," says Don Gibson.



Celebrate Spring

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COMPETITIVE ESTIMATED MARGINS	YES!	?
CONSISTENT PACKAGING AND PRODUCT QUALITY	YES!	NO
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WIDE TARGET GROUP	YES!	NO
FAST SELL-OUT	YES!	NO

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PRODUCT ASSORTMENT

PRODUCT VARIETY	BOTTLE SIZE (ML)	BOTTLES PER CASE
WHITE	200	24
WHITE	750	6
ROSE	200	24
ROSE	750	6



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In-Store Dispensing Programs

A smaller footprint is one of the selling features of the water purification systems from Precision Water. Rather than selling bottles of water, Precision Water presents a self-serve, five-gallon alternative. "More and more stores are starting to install self-service bottled water stations for the convenience of their customers to save on the purchasing of the water but also getting purified water that they know is fresh," says Don Gibson of Precision Water. Typically, people using refill services drop off their empty bottles and trade them for full bottles. A drawback is that consumers don't know how long that replacement bottle of water has been sitting there. They also don't know what else that bottle has been used for. With Precision Water, customers wash and refill their own bottles at the self-serve station, and get fresh water in their own bottles every time. Another advantage is that there are fewer bottles going to recycling. "It becomes a green factor - it is a green product," says Gibson.



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Elizabeth Sisel, beverage analyst for Mintel says, "Consumers remain price sensitive in the category, and with so many choices, value will be what consumers fall back on. Products with higher price points need to be justified through unique flavors and innovation to draw in new users," she says. "However, the ultimate goal should be easy accessibility in a variety of forms."

These are priorities Bruno Solby, group director of customer marketing and category management at Coca-Cola Refreshments mentions as well.

"The beverage segment is large and



many consumers enjoy beverages to accomplish different needs, whether it's for pure refreshment, hydration, functional benefits, alongside a meal or snack, or just enjoying a moment of happiness," says Solby. "Consumers are looking for greater variety and more transparency. As a result, expanding the package offerings along with clear communications on-pack allows consumers to make informed decisions."

However, people have to see the products to buy the products.

"Retailers are keenly aware of shopping patterns," says Solby. "Less than one-third of shoppers actually go down the beverage aisle, so it's important to provide multiple points of availability with a variety of beverage choices."

But real estate in stores is at a premium. Floor space for pallet displays, eye-level shelf space, and cooler space for single serving bottles — Silver says it is all about location when it comes to placing products where they get maximum exposure. "We are all fighting to be seen and heard," he says.

More Trends to Watch

Expect to see continued growth in lemonade, iced tea, coconut water, and sparkling fruit juices.

Happy Planet is Brewing Up a New Burst of Refreshment



Just in time for the warmer spring & summer weather, Happy Planet — makers of the No.1 selling fresh organic lemonade in Canada — is launching the perfect complementary refreshment; fresh Organic Iced Tea. Made with delicious natural brewed tea and a hint of lemon for added refreshment and free of any preservatives, it truly captures 'Summer in A Bottle!' Happy Planet's new delicious dynamic duo — fresh Organic Lemonade & Organic Iced Tea — are sure to be consumers' go-to refreshments this spring and summer.

Single Sales

Increasingly, Canadian shoppers are looking to purchase beverages in singles and many retailers are installing coolers.

"There is a tremendous opportunity to stock those coolers and participate in the growth that is coming," says John Challinor.

Optimal Variety

Price and flavour and brands are the top three motivators in the juice category according to the 2014 Juice and Beverage study by Mintel," says Caroline Croteau.

"It is key for retailers to have an optimized flavour assortment and have brands and promotions to make sure to capture sales in this category."

Celebrate the Holidays

The biggest sales for sparkling products happen at Easter and Christmas, the warmer season long weekend holidays are excellent times to promote domestic waters.

"The Nestlé sales and marketing teams put together in-store promotions around these special holidays and retailers should take every opportunity to participate," says Challinor.



Celebrate Spring

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WHAT IS IMPORTANT FOR CONSUMERS	THE REAL BUBBLY BY ROTKÄPPCHEN	COMPETITORS
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REAL SPARKLING WINE	YES!	LIMITED*
ALL NATURAL PRODUCT	YES!	LIMITED*
PREMIUM INGREDIENTS	YES!	NO
NO ADDED PRESERVATIVES	YES!	LIMITED*
NO ADDED COLOURS	YES!	LIMITED*
NO ADDED FLAVOURS	YES!	LIMITED*
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PLANT WATERS

By Suley Muratoglu

The benefits of coconut water have quickly catapulted the electrolyte-rich elixir from an exotic liquid sipped from the shell by locals and tourists to the epicentre of an entirely new beverage category: plant waters. And while coconut water consumption continues to grow and evolve in the natural beverage space, which intersects with the similarly expanding functional foods category, it now has lots of company.

In fact, the natural beverage category, which includes a number of 'functional foods,' is one of the fastest growing sectors in the beverage industry. As the vanguard plant water beverage, coconut water remains the leader in this category with sales of over \$27 million between July 2013-July 2014, according to a Tetra Pak-commissioned report.

Tom Zummo, CEO of Arizona-based True Me Brands, which makes True Nopal cactus water, chalks it up to 'you are what you eat and drink' mentality. "Consumers are no longer just looking to just put empty calories into their bodies to fill them up, and this philosophy is leading consumption habits back to nature." True Nopal should enter the Canadian market soon, according to a company spokesperson.

"Consumers are looking for healthier options," points out Caroline Cyr, spokeswoman for Federation of Quebec Maple Syrup Producers. "They are looking for novelty and new beverages. They want to have an experience of drinking purer and more sustainable drinks ... that help them connect to nature."

Lars Poulsen, CEO of Sealand Birk, which produces birch water, echoes this sentiment: "Canadians think closely about what they eat and drink. [They are] concerned about traceability, and want to know where what they eat and drink is coming from, and how it is made, and what is inside it."

Coconut Water Leads The Pack

Plant waters' growth is dominated by coconut water, but a sizable, and quickly diversifying bevy of other entrants are knock-

ing on the door. Right now, companies making birch, cactus, aloe, barley, maple and even watermelon water are looking to appeal to the healthy and low-calorie niche coconut water has carved out between sports drinks and soda. Imaginative new varieties are bubbling up the pipeline as quickly as entrepreneurs and established brands can formulate them.

This is in contrast to the experience of coconut water, which stood alone in the market as a plant water when it was introduced in North America in 1997, according to an internal report Tetra Pak commissioned in February 2014 from market-watcher Mintel. There is still no recognized plant waters category in marketing reports, but industry watchers expect that to change in the near future, especially with maple water swiftly making its way onto the scene.

Plant Water Market Grows Exponentially

This category has seen tremendous growth since inception — particularly in the past three years. In 2013 alone, according to the Mintel report, 264 variants of plant water were introduced (including different flavours from same brand), and there are currently 848 variants of plant waters sold worldwide, with 319 of those in North America.

Canadians Look to

PLANT WATERS

for Healthier Hydration Options



Courtesy of Shutterstock

Product Showcase

Wet your whistle with these plant waters



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SEVA maple water is 100% pure maple sap, the clear and nourishing water that flows naturally from Canadian maple trees each spring. Meticulously selected to meet the highest standards of purity, authenticity and sustainability, SEVA maple water is refreshing with a just a hint of natural sweetness. As seen on Dragons' Den! SEVA 100% pure maple water is available in 1L and 330ml Tetra Paks.



A Lovely Bunch of Coconuts

Grace 100% Pure Coconut Water comes from the liquid of young, green coconuts with no water, sugar or preservatives added. Grace Coconut Water is nature's sports drink with less sugar, calories, sodium and chemicals than commercial sports drinks. Coconut Water is an excellent source of five essential electrolytes that are often sweated out during exercise. As well as being an excellent source of hydration, Grace Coconut Water is delicious and can be used as a mix in any cocktail or smoothie. Grace Coconut Water comes in 1L and 500 ml sizes

Grace Coconut Water is an excellent source of five essential electrolytes that are often sweated out during exercise. As well as being an excellent source of hydration, Grace Coconut Water is delicious and can be used as a mix in any cocktail or smoothie. Grace Coconut Water comes in 1L and 500 ml sizes



Less is More

Jax Coco coconut water is 100 per cent pure microfiltered coconut water from the Philippines. Their latest additions, Jax Coco Chocolate and Jax Coco Banana are made with pure cocoa and banana puree and contain up to 40 per cent less sugar than fruit juice. They are gluten free, vegan and vegetarian.

Coco for Kidz

Jax Coco Kidz with grape will be introduced in February 2015. Made with pure coconut water



with grape puree from the Philippines, Jax Kidz with grape contains up to 30 per cent less sugar than fruit juice, not from concentrate, with no preservatives or dyes and contains only 45 calories per 100ml serving



An Energy Boost

BirChia - birch water with energy boosting chia seeds will soon be released from Sealand Birk. Chia seeds are among the most nutritious foods on the planet so combined with the powerful properties of birch water, you have a beverage exploding with great health and natural energy. To complement BirChia, they will also soon release Birch and Chia Protein Bars. Our products are the perfect fit for fitness centres, wellness clinics and gymnasiums.

"The plant water market keeps growing at the expense of soft drinks, and plant water [makers] are aiming to position themselves within this space by leveraging the equity of the word 'water,' while adding a natural element for functionality," explains Riccardo Vellani, beverage category manager for Tetra Pak U.S. and Canada.

What Sets Plant Waters Apart

In terms of functionality and flavour, each type of plant water has a unique nutritional and taste profile, and its makers tout varied benefits for body or beauty. For instance, coconut water benefits include its rehydration; aloe water is seen as a beauty boon for skin; birch water is viewed as an overall health tonic; and maple water is naturally very low calorie, containing over 46 essential nutrients, including minerals, peptides, amino and organic acids, and boasts a subtle flavour profile.

Also, some plant waters are made from sap (birch), some from juice (cactus) and others from pressed fruit (watermelon), which all have different properties and

Merchandising Tips

- Maple water belongs in the functional beverage aisle beside coconut water
- Placement of the grab and go 330ml Tetra in the cooler is a great way to introduce customers to the new product
- The product benefits from in-store sampling
- Merchandising for this product is extremely important. As a new product for some stores, in-store demonstrations combined with attractive multi-spot merchandising is extremely important. The customers need to see the product in the cooler, in the functional beverage section, and as an end cap in the natural foods aisle.
- Prominent point of sale material on counter displaying the product together with in-store sampling is of huge benefit.
- Retailers need to have their finger on the pulse on what products are new to the market to capitalize on their growing trend. It's important to note that a new category is an indicator that these beverages are commanding a presence, and a slice of the industry and may well continue to grow.

production requirements. For instance, coconut water begins breaking down quickly when exposed to sunlight, while maple water spoils quickly without the right preservation techniques. So as beverage makers look to enter or expand their presences in the plant water market and preserve the products' functional properties, packaging is an important consideration for them from product preservation and consumer-appeal perspectives.

Packaging is Key To Freshness

Besides the production issues, the vast majority of coconut water now on the market is packaged in aseptic cartons for a variety of reasons. Aseptic UHT processing is gentler on the vitamins and minerals that plant water brands are selling, for example, and without refrigeration many plant waters would quickly deteriorate post-harvest without the protection of an aseptic carton.

"Cartons have become synonymous with coconut water," notes Jeff Rubenstein, Vita Coco senior vice-president of marketing, adding that consumers who seek out healthy beverages are the same ones who care about sustainability and recyclability. "We think Tetra Pak provides a certain halo benefit for our brand."

For the same reason, other plant waters are turning to aseptic cartons. Maple water has a long and storied history in Canada, where early settlers learned to tap maple trees for their

sweet sap from the First Nations people. Yet only recently has it become commercially available. Since maple sap has a very short shelf life, usually spoiling after just a few days, until now, consumers needed to be geographically close to a maple grove to be able to taste fresh maple water.

However, after seven years of research and development, researchers at the Federation of Quebec Maple Syrup Producers, funded by grants from the Quebec provincial government and the Canadian government, developed a way to extend its lifespan, ensuring that it stayed fresh up to 18 months at room temperature. This was due in no small part to the advances in packaging and processing technology developed by Tetra Pak, notes Caroline Cyr, a spokeswoman for the Federation of Quebec Maple Syrup Producers. Launched in 2013, there are four brands of maple water on the market — Oviva, Seva, Maple3 and Wahta, with more on the way.

As beverage manufacturers begin to explore or expand their presences in the functional plant waters market, they should consider the role of packaging in the preservation and promotion of these ephemeral essences of nature. Tetra Pak's Product Development Center in Denton, Texas, makes it possible to process small batch test runs for these new products before scaling them up and shipping them out to consumers, who remain

increasingly thirsty for waters that offer more flavour and functionality than what is currently on tap.



Stats

- Plant-based waters derived from maple and birch trees can corner a \$2 billion market by 2025 according to industry expert Julian Mellentin.
<http://www.beveragedaily.com/Markets/Power-to-the-Plants!-Tree-waters-tipped-to-corner-2bn-market-by-2025>
- The bottled water category (including functional beverages) experienced the greatest spike between 2004 and 2014 among all beverage categories
- According to Euromonitor International, the juice category is declining in volume and value and we're seeing a trend toward more premium products like functional beverages
- Maple water has been named a Top Food Trend in 2014 and 2015 and its popularity among the media has grown exponentially.
- A proven indicator of growth is the emergence of new brands.
- The Coconut Water category grew 24 per cent in dollars (52 weeks ending Jan 10, 2015)
- In the past eight years, the packaged coconut water market has seen a tremendous growth in North America. Liquid Investments stated that it has "achieved annual sales of nearly \$1 billion, a historic compound annual growth rate of 1.247 per cent" Also, flavoured coconut water is being introduced by more companies.



Suley Muratoglu, vice-president, marketing & product management, Tetra Pak Inc. U.S. & Canada, currently runs the company's presence in core categories, including dairy, beverage and food. Further industry insights from him can be found at www.doingwhatgood.us. Tetra Pak (tetrapakusa.com) is the world's leading food processing and packaging solutions company.

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Don't Celebrate Target Canada's Failure

Just Keep Doing What You Do BEST!

What were you doing when you heard the news that Target had decided to shutter its Canadian operations? Maybe you were having a bite of breakfast or maybe you were already in the office getting ready for the day ahead. The reality is you will likely recall that moment for years to come as it was the "impossible possibility" — how could Target pull the plug with less than two years experience in Canada?

As you read this column Target stores will be almost emptied of merchandise, although this was the baseline for many Target locations already. While it may be tempting to celebrate the failure of a behemoth competitor from south of the border, instead we need to keep our attention on what we do best in order to avoid a similar fate.

The retail reality in Canada has claimed more than Target in recent months. Well known chains such as Mexx, Parasuco and Sony have closed Canadian stores and others such as Danier Leather are struggling to keep their heads above water.

The Canadian economy is not helping the retail sector, especially in Western Canada with rock-bottom oil prices, the low Canadian dollar and early panic in some overheated real estate markets meaning that consumers are going to be even tighter with their purse strings in 2015.

Add to this the fact that Walmart

and Loblaw/Shoppers continue to get bigger and become stronger competitors from coast-to-coast. Needless to say, there will be no end to the challenges we will face in 2015.

As you think about your business — what is it that you do BEST?

For every retailer and every supplier the answers will be different but the things that we do BEST need to be the foundation of your business this year.

You may be really good at anticipating your customers needs or you may be someone who stands out as an innovator in the industry. These things that you do BEST are the reasons your customers do business with you and they should be at the core of everything you do and everything that your organization does.

These things also make your organization unique. In the competitive Canadian retail landscape we cannot afford to be another zebra in a herd. You need to differentiate yourself in order to survive.

The real challenge that Target faced was that there was really nothing that they did BEST. They lived in Walmart's shadow from the outset, especially on price; they did not delight shoppers with the unique merchandise that they really wanted like fashion and home décor; and they sort of just blended in to the Canadian retail landscape. The results were disastrous.

To be successful in 2015, what we all really need to do is stay focused on how we can best serve our customers



Courtesy of Shutterstock

To be successful in 2015, what we all really need to do is stay focused on how we can best serve our customers by providing the experience they expect from us every time they walk through the door and something that delightfully surprises them too.

by providing the experience they expect from us every time they walk through the door and something that delightfully surprises them too.

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Jeff Doucette is the founder of "Field Agent Canada" an iPhone-driven audit service that is revolutionizing how retail audits and mystery shops are completed in Canada. He can be reached at jeff.doucette@fieldagentcanada.com

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As **sustainable seafood** makes its way further inland consumers are looking to retailers for more information on certification and picking the best product.

Even one wave in a vast ocean can change the tide. Consumers are certainly making ripples in retail, looking for sustainable seafood options and asking questions about where their favourite fish comes from. It's up to retailers to keep afloat on information about certification, sustainable practices, and seafoods options to help customers navigate what can be rough waters.

The biggest issue facing oceans continues to be overfishing. According to Teddie Geach, Vancouver Aquarium's seafood specialist for the Ocean Wise conservation and recommendation program, which is celebrating its 10-year anniversary in 2015, some scientists have predicted a global collapse of commercial fisheries by 2048 if we continue to fish at the rate we are today.

"However, one thing they were careful to take note of was that this prediction was based on our current extraction rates. So if we are able to change the rate and the way we're fishing these animals we can change this trajectory," she advises.

And in a nutshell that's exactly what the Vancouver Aquarium is trying to do with the Ocean Wise program - appealing to consumers and empowering them to make the right choices.

And consumers are certainly motivated to do so. According to MSC.org, 2014 statistics show nine out of 10 consumers believe ocean sustainability is important, while 41 per cent actively look for sustainable products.

"Sustainability is now something that our retail customers are

Making the Right Choice

asking for and it's becoming 'the cost of entry' in the segment," states Andrea Linfield, Janes Family Foods, the first North American company to have the Marine Stewardship Council (MSC) certification on 100 per cent of its retail seafood products.

While the company offers a variety of species of frozen fish fillets that are hand-cut and never minced, and made with the finest ingredients, cod consumption is higher in Western Canada than any other region at 13 per cent (Janes Tavern Battered Cod 615g is their product in retailers in the West).

This year B.C. pink salmon will have a dominate cycle with large volumes of fresh, frozen, and canned options making their way inland, says Michael Renwick, executive director, BC Salmon Marketing Council. The non-profit marketing organization for wild B.C. salmon was started by commercial fishermen in 1991 and is committed to maintaining the traditional importance of a sustainable and economically viable salmon resource for today and tomorrow.

The Marine Stewardship Council, considered to be the gold standard sustainable seafood certification program, has certified wild B.C. sockeye, pink, and chum salmon.

"The BC Salmon Marketing Council was really a pioneer working with fishermen and processors to distribute the cost of getting certified," he states, but adds that not everyone can afford the cost of being certified under MSC, or choose to go with another programs such as Ocean Wise, or Monterey



Bay Aquarium's Seafood Watch, making it confusing for consumers who are looking for the 'right' sustainable option. "It's frustrating to see there's not one single sustainable brand."

Renwick states there has been a bit of movement towards quelling the confusion through the Global Sustainable Seafood Initiative (GSSI), formed in 2013, which aims to address the large number of sustainability standards used these days in the global seafood supply chain. Through the development of a common, consistent, and global Bench-

marking Tool for seafood certification and labelling programs, the GSSI will provide comparability and transparency between existing programs. This effort is ultimately intended to provide consumers and retailers with greater confidence in the sustainable seafood available in the marketplace.

"Sustainable seafood is well on the radar of Canada's major retailers, though they all take different approaches to how they approach their seafood procurement policies and practices. Retailers continue to introduce new, more sustainable

options; however, each has a bit of a different definition of what sustainable means," states Sarah King, Oceans campaign coordinator, Greenpeace Canada.

Greenpeace Canada recently released their 2014 Supermarket Ranking which scores Canada's eight largest supermarket chains on the steps they are taking to source ocean-friendly seafood and ensure healthy oceans. This along with other material such as the Greenpeace Redlist and canned tuna specific buyers guide can be helpful when information about a product is provided on the label or otherwise.

"When it comes to determining which products are better, there isn't a silver bullet. No one logo has all the answers," she explains, adding both the Redlist and tuna buyer guide are available as apps.

But customers shouldn't be fully charged with the task of finding the "right" sustainable seafood option. According to a study by EKOS Research Associates, 65 per cent of Canadians look to producers, retailers, and other front line staff for information about where their seafood comes from.

"We have seen success from some of our retail partners hosting festivals around certain seafood species when they come into season," states Vancouver Aquarium's Geach, pointing to Thrifty Foods located on Vancouver Island which hosts halibut and salmon festivals to highlight the opening of the fishing season and promote the sustainability of these options.

The BC Salmon Marketing Council saw great success with their Fraser River sockeye salmon promotional kit for retailers last year which included a large display for flyers and recipes, cooler signage, and information right at the sales counter for customers. Renwick states they plan on expanding their merchandising options for grocery retail into the summer.

He adds they are also launching a blog, and social media campaign so consumers, media writers, fishermen, processors and others can share information about B.C. salmon recipes, nutritional information, sustainable fishing practices, and more.

With customers making waves about sustainable seafood, retailers are their front line for information on products, certification, and how their choices can make a difference. ●

POS SYSTEMS

By Carly Peters

Keeping your POS technology up-to-date ensures the quick, convenient checkout customers crave.



Smooth Moves

If you frequent the same grocery store you've probably got your checkout strategy down to an art form - you know which cashiers are fastest, you know what time of day is busiest, and you know what kind of customer not to get behind in line. But in reality, today's grocery POS should ensure customers a smooth transaction experience no matter the day, or cashier.

"The faster the checkout experience, the happier the customer," explains Paul Howell of Howell Data Systems, which offers touch-screen POS and store management solutions, chain management solutions, customer self-scan solutions, digital menu boards, on-line shopping, and meat/deli/bakery scale printers. "A major chain study a few years ago demonstrated that shoppers can enjoy the store layout and cleanliness, the product selection, the pricing, but become dissatisfied with the overall shopping experience if

they are made to wait in line to checkout and pay. Maintaining small checkout lines and having more POS lanes open greatly increases customer satisfaction."

This need for convenience has led to a push towards offering more self-checkout options. A recent NCR Corporation study of consumers in nine countries revealed 90 per cent use self-checkout technology. When asked what they liked about self-checkout, consumers' top three responses were convenience (42 per cent), ease of use (40 per cent), and the speed of checkout technology in comparison to the cashier assisted line (39 per cent).

In response the company recently launched the NCR SelfServ 90, the latest addition to the family of NCR FastLane SelfServ checkout solutions, which can be used as a free-standing self-checkout kiosk, installed on a countertop, or even mounted on a wall.

The key purpose of the new system, which is ideal for high-volume stores with many shoppers checking out small baskets and using credit or debit cards, is to reduce lines during peak hours for customers purchasing just a few items.

"Whether in the supermarket or at a convenience...there is a large amount of checkout traffic that can be handled with this card-only, small footprint solution," says Dusty Lutz, general manager self-checkout solutions at NCR Retail. "This technology is ideally designed for 'grab-and-go' convenience for driving more revenue and convenience during peak shopping hours."

Swipe and Go

Another trend that has been the movement to towards paying with tap technology, or mobile payment.

"Mobile payment is getting all the

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hype these days in the world of POS systems. You can pay from your smartphones via a mobile wallet and through the added convenience of contactless payment," states Ravinder Sangha, marketing manager, Halo Metrics. "The reality is that this technology is very early in adoption and the general public has major concerns related to security of this new technology. The security issues in this technology exist at different levels starting from the mobile device itself, to the POS equipment used to transact the sale, and to the infrastructure used to transmit data back and forth."

He states most retailers are aware of PCI security standards for POS systems which are in place to help protect consumers from identity theft or other banking related fraud related to POS transactions. Among the many provisions of compliance there is a requirement to protect the POS equipment itself from being tampered with. This factor was noted as best practice but now is mandatory for compliance as of June 30, 2015. Halo Metrics can work with retailers to help fulfil this requirement if they have not done so already.

Howell also stresses the need for updated operating systems for added security.

"To help protect their store from data breaches, retailers need to ensure their POS is running the latest operating systems with up-to-date security patches. Some older hardware will not run today's operating systems," he states.

Another issue facing retailers with out-of-date systems is not having the technology to make mobile transactions, provide loyalty programs, or accept electronic coupons. Retailers with equipment three years or older that want the latest in technology would have to look at an overhaul of their existing systems, explains Glenn Deal, sales development manager for Casio's Systems Product Division.

"Changes in the hardware (tablet based) or platform/operating system (Android/Windows 8) wouldn't allow older software to be compatible. Development on mobile devices has been the big drive in the market now both on the Android and new Windows products. Both the Android and Windows tablets have been the latest in technology that [POS] software developers have been concentrating on."

Three years ago Casio made a conscious effort to focus new product development on the Android platform with the release of the V-R100 and more recently the V-R7000/7100. The V-R100 is an innovative Android product that combines a 10-inch tablet permanently attached to a type of docking station that includes a built-in thermal printer, customer display, Ethernet port, and serial ports. The uniqueness of the V-R100 is it also includes embedded Casio software which caters to smaller grocers with a large item file, scanning, scale interface, and advanced communication features.

In addition to having an embedded software out of the box the V-R100 features an open platform so other companies' software products can be run on it. One of those programs comes from MoleQ Software and is designed for grocery retailers that offer additional features not found on the Casio application like customer loyalty, graphical flip chart for produce items, and extensive back office reporting.

With up-to-date POS technology at the till and at self-serve kiosks customers can get that smooth checkout they're aiming for each time they come through the doors. ●

CATEGORY MANAGEMENT

By Sue Nicholls

Category management has been around for over 20 years and, like many things, has evolved with changes in the Canadian consumer packaged goods industry. The biggest changes? The data has become bigger and software faster; the industry has become more competitive and consolidated; and most importantly, the shopper has become more educated and complex. Our more traditional category management approach needs to be updated to include a laser focus on the shopper. This approach talked about the consumer, but for the most part, was lost in all of the templates and processes associated with the more tactical side of the approach. Retailers and suppliers need to better understand the changing Canadian shopper, including who they are, where they shop (including the online space), what they buy and their path to purchase. This is the "new" category management.

Focusing on the shopper starts with a true understanding of who the shopper is and what attracts them to specific stores. This shopper understanding becomes the common thread that links all of the organization's departments and processes together. Today, many retail organizations are far less shopper-centric than they claim to be. The opportunity is for retailers to collaborate with their trusted

vendor partners, to better understand their shoppers and what motivates them along the path to purchase. These shopper insights will help retailers and vendors jointly develop more targeted and higher impact tactical plans to meet their needs.

But something is happening in the retail industry that is changing all of the rules — changing the ways that retailers and suppliers need to think about how they market and sell to the consumer. Consumers have more access to information than ever before and with the accelerating adoption of mobile, digital commerce is poised to explode, bringing shopping into the palms of consumers' hands around the world. Canadian online sales are expected to jump to \$39.9 billion or 9.5 per cent of total sales by 2019 (from \$22.3 billion or 6.1 per cent in 2014) (Globe & Mail, November 2014). With the accelerating adoption of mobile, digital commerce is poised to explode, bringing shopping into the palms of many consumers' hands.

It's taken a long time for some Canadian brick and mortar retailers to finally get on board in the online game (and some still aren't there), and they have lost millions of dollars to retailers who have had a lot more experience in this new approach to retailing. There are other Canadian retailers who already have a good mobile factor, and others are trying

capabilities that offer different check-out options.

The shift to online retail sales has had a net impact on the tactics (assortment, shelving, price, promotion), which are used to drive sales and profit. Direct mail and newspaper circulars are playing a diminished role in retail marketing. As Canadians, we will still receive paper flyers at our door, and while this will not disappear overnight, its influence is certainly waning. Ads are shifting toward digitization and personalization powered by sophisticated algorithms and predictive models that analyze big data (including transaction data and digital media trends).

These trends will put stress on the traditional retailer's economic model with challenges to both the top and bottom lines, including:

- 1. Revenue:** with in-store purchases growing slightly, or seeing declines of up to 10 per cent;
- 2. Gross margins:** with increased pressure from price transparency in the online space (retailers will need to have the same pricing in-store as online to remain competitive).
- 3. Trade spend:** with a reduced share of trade spending from vendors. With the increased focus in the digital arena, vendors will allocate fewer trade dollars to secure shelf space and run in-store promotions.

Now let's consider the Canadian shopper specifically in brick & mortar (or in the physical retail stores). The focus on shopper affects all parts of category management for retailers, starting with retail store clustering. Variables like store size, store type, store sales and shopper demographics and psychographics need to be included in store clustering. Each of these considerations affects choices that category managers take across the tactics. Once the clusters are established, the retail-

er needs to have the systems and processes in place to manage their clusters and then incorporate them into all of their category management processes (including category role and strategy assignments, assortment, planograms, pricing and promotion).

When category managers develop their category plans, they need to consider the definition, roles and strategies that have been assigned to the category. An in-depth assessment of the category needs to consider market, retailer

and shopper perspectives, as well as category trends. With today's data and tools, retailers can complete in-depth analysis at the cluster level to identify key opportunities vs the market and competition, key tactical drivers and an understanding of how they impact segment performance, the gaps between goals and current performance and an understanding of shoppers and how to meet their needs within specific categories. The biggest challenge — and opportunity — is for retailers, suppliers and manufacturers to become more sophisticated in accessing and leveraging big data, ultimately developing shopper centric solutions.

Consideration for the shopper needs to be infused into every step of the category management process. To enable shopper-focused category management, retailers need to change their traditional category management approach. It starts with collaborating with supplier partners in a more strategic way to develop joint shopper research and business plans. This approach allows retailer and supplier partners to work together to determine their biggest areas of mutual opportunity and then determine who will work on the research, analytics, tactics and executional components required to optimize time and resources for both partners. Cross-functional alignment is required both internally and externally, including the development of skills to match the requirements of the new approach.

It's a new retailing world out there that has to focus on the shopper. Regardless of whether you are a large chain with a central headquarters, or a small localized chain, you need to start improving your strategies and approaches to your business, with more focus on your shopper. ●

Sue Nicholls is the founder of "Category Management Knowledge Group", an online, accredited category management training company. She can be reached at sue@cmkg.org.



Courtesy of Shutterstock

Not Just Your Grandmother's Beverage

Canadians love their hot beverages, whether it's for a quick pick me up or to take a moment for themselves to relax. Today's consumer is no longer satisfied with only having traditional breakfast tea in their cupboard: they want more. With 79 per cent of Canadians integrating tea in their lifestyle, this product category offers significant opportunity to the retailer.

In a Nielsen report, the total tea consumption in the West (including ready to drink and hot beverage) is up seven per cent in groceries. Tea remains extremely important, states Louise Roberge, president, Tea Association of Canada; throughout Canada but the West continues to show an increase in growth. With a large Asian population, these consumers are familiar with tea. However; they are not seeking the traditional black teas. In order to meet the need of the Western market, retailers need to ensure that their offerings include specialty offerings of oolong, green and pu-erh.

Canada is a fairly stable category with predicted growth expanding from one per cent to three per cent, reports Mintel Group, September 2014, Tea and Coffee Canada report, with expectations that the tea category will reach 32 million by 2019. There

By Anne-Marie Hardie

Tea
Canadians have expanded their tea palate to specialty beverages.



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Retailers need to make their store a tea destination for consumers by providing a variety of tea that will meet the consumer's lifestyle.

is no question that tea is a necessary product in your aisle. But how can retailers ensure that they are maximizing both the brands and the variety? What are Canadian consumers seeking in their tea products? "If retailers want to capture that growth into the category, they need to create more space for specialty tea," said Roch Cyr, national sales and marketing director, Trans-Herb Inc. "That's what the consumers are looking for."

Maximize Variety with Seasonal Offerings

Cyr has seen success with both their traditional Four O'clock tea offerings and their seasonal collections. "People buy different types of tea for different time of the day, for different occasions not always the same type of brand as well, depending on the exact flavour that they are looking for," said Cyr. When specialty teas are developed around the season, they appeal

to the consumer's emotional state. This trend can be seen across the board from offering comfort, warming beverages in the winter to fresh teas that easily convert to iced teas in the summer months.

Stacey Toews, co-founder and owner, Level Ground Trading, has also seen the consumer's increased interest in specialty tea. Level Ground Trading appeals to the discerning Canadian consumer by offering direct trade, loose leaf tea. Both the packaging, with images of the tea workers, and the shelf talkers tell a tea story to the Canadian consumer fostering a connection to the product. These teas, shares Toews, appeals to the Canadian consumer by offering a product that they can feel good about consuming both from a sustainable concern (helping communities) and a health one.

A Healthy Beverage Alternative

Health continues to be in the forefront of consumers and retailers are responding to this need. Tea continues to be praised for its health benefits from aiding obesity to increasing cardiovascular health. Retailers can help move product by edu-

cating consumers on the health aspects of tea whether it's through promotional brochures or on-staff dieticians.

One of the more interesting findings was with green tea, and its ability to reduce fat. "Green tea as a fat burner is an area where there is getting to have more substantive research in it," said Carol Greenwood, professor of nutrition, University of Toronto and senior scientist, Baycrest Centre." The caffeine itself probably raises our overall metabolism, which would cause us to burn more calories, but you can get that from any caffeinated beverage. What the flavonoids from green tea do is they direct those extra calories to be burned as fat."

Weight control is not the only benefit from a cup of tea. Studies have also found that black and green tea can increase both cardiovascular health and decrease the risk of strokes. Canada's population continues to age and grow; the older Canadian, shares Mintel, is most likely to drink three cups of tea or more a day. There continues to be strong evidence on the value of tea as it relates to maintaining the health of blood vessels. "I think there is good implications for tea and brain health," said Greenwood. "We know that even for dementia that maintaining the health of blood vessels is key, and tea does this."

In addition, to drinking tea to maintain health, Canadians are using wellness teas to alleviate common ailments like colds. The dramatic growth of Traditional Medicinals, topping Mintel's

Group's chart of new product tea launches in Canada in 2014, with 22 per cent share, speaks to Canada's increased interest in taking control of their own health.



Using pharmaceutical grade herbs, Traditional Medicinals has been successfully merchandised in the pharmacy, natural food section and tea area. Top sellers for the Canadian market, states Carl Henrickson, Traditional Medicinals' senior brand manager, include Chamomile, Mother's Milk and Roasted Dandelion Root.

Make the Product Stand Out

Placing tea in unique areas, like the pharmacy, help to communicate the various ways that tea can be incorporated in daily life. When introducing a new product, Cyr recommends using aisle displays or shelf shippers to have the product stand out. "It's also a good idea to have it on special as well. It's awareness that you are creating because you are lowering the barrier for trial," said Cyr. "So if you put those two tools together than you usually generate sales."

Displays, shelf talkers, and informational brochures will all help drive tea sales.

The Canadian consumer is actively purchasing eight varieties of tea; the key is to make your retail location the go-to place for these products. In order to appeal to these shoppers, retailers need to make their location not just a store that has tea but a tea destination. The days of offering one brand and variety are long gone. Western consumers are looking for teas that appeal to their mood, taste or health need.



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ICE CREAM

By Melanie Franner

Numbers from Euromonitor International show a three per cent increase in the Canadian ice cream category in 2013, with Nestlé Canada a market leader at 34 per cent. Increasing competition from artisanal ice cream makers, however, are threatening this market share. The research firm is forecasting a CAGR of two per cent, with product development — especially on real dairy, new flavours and taste — continuing to drive the market in the years ahead.

Healthy Options

Although ice cream and frozen novelties are considered by many Canadian consumers to be an indulgence of sorts, some manufacturers are keeping health in mind when designing new products and flavours.

“The trends in the Canadian market for ice cream are mostly impulse purchases, with indulgence seekers looking for a healthier ice cream to be consumed,” states Nick Constandinou, president, Ninette’s Ice Cream. “Our product is a new, gluten-free, kosher, low-calorie ice cream.”

New flavours from Ninette’s Ice Cream include Chocolate Peanut Butter Flavour (which is made using WOW Butter instead of peanut butter), along with an Old Fashioned Vanilla (using real vanilla beans).

This emphasis on health was what also spurred the developers of Frozen Coconut.

“Natural and gluten-free products are on the rise and have been for the past few years,” explains Kevin Carta, co-founder of Frozen Coconut. “One of the major rea-



Courtesy of Shutterstock

developing new products,” states Mary Breedon, sales and marketing manager, Chapman’s, who cites the example of the newly introduced 90-calorie Lady Bug Bar, an extension of the company’s Sweet Canadian Options line. “The Lady Bug Bar is a cherry sorbet bar, half dipped in dark chocolate. It

“We’ve doubled the size of our sorbet category,” says Breedon. “In the last two years, we’ve gone from having three skus to six.”

The company is also launching a new Gelato line, which offers 25 per cent less fat than the company’s Premium Ice Cream. Flavours include Vanilla Bean, Sour Cherry Tango, Amaretto Biscotti, Tiramisu, Chocolate Eclipse and Sticky Rice & Mango.

Adding More to the Mix

Despite the growing introduction of “peanut-free” products, peanuts

remain a very popular “value-add” in many ice cream and frozen novelty products.

“Roasted peanuts and peanut butter are both popular add-ins for frozen novelties,” says Stephanie Grunenfelder, vice-president, international marketing, American Peanut Council. “Most marketers agree that consumers are still hav-

The Cold, Hard Facts

Frozen treats do sell.

sons we developed our product was that we saw a growing need for an ‘all-inclusive’ frozen dessert. We developed a product that is free of dairy/lactose, nuts, soy, gluten, is vegan and organic.”

Chapman’s has also responded to this trend. “We’re continuing to meet consumers’ demand for healthier treats by

is a healthier option, proportion controlled and is a sorbet. But it still offers a bit of indulgence with the chocolate.”

Chapman’s has also added Tropical Wave and Lemoncello as two new flavours to its existing sorbet line — which is gluten-free, fat-free, lactose-free, cholesterol-free and peanut-free.

“The trends in the Canadian market for ice cream

are mostly impulse purchases, with indulgence seekers looking for a healthier ice cream to be consumed.”

ing treats. But adding nuts puts a little health with the decadence. Nutrition news about nuts and health continues to build. Consumers love peanuts and Canadians are no exception.”

Fruit is also considered to be healthy. Ernest Bednarz, president & CEO of Malahat Mountain Distributors Ltd., (Canadian distributor of Sunkist ice cream) reports strong consumer acceptance of the brand’s products.

“Sunkist is known for citrus, fruit, healthy and natural,” he explains. “We focus on the fruit bar novelty segment, with clean ingredient decks and authentic taste. Our notable flavours are true to the fruit they emulate, with our orange juice bar containing 87 per cent juice, the highest of any juice bar on the market.”

The company recently introduced its Mango bar in Western Canada, which has a 42 per cent puree as its base.

Holly-Ann Feist, sales & marketing manager, Ice Cream Depot Ltd. (which distributes the Melona brand, along with other ice cream and frozen novelty brands), also sees a positive response to fruit bars.

“People are becoming more conscientious about what they are eating and the treats that they are giving to

their kids,” she says. “For example, fruit bars are becoming more popular as people are becoming more aware of ingredients and calories.”

Making the Sale

According to Frozen Coconut’s Carta, in-store demonstrations definitely help boost retail sales:

“We strongly believe that when you put a product in the customer’s hands, you’re not only able to help them find their connection to the product, you can put a face behind the brand — and that goes a long way in brand loyalty.”

Malahat Mountain Distributors’ Bednarz echoes this sentiment.

“In my view, retailers should get the product closer to the consumer,” he says. “Even though it’s more energy efficient to have the products behind glass doors, those doors are often fogged up, which doesn’t help merchandise the products or make for an inviting shopping experience.”

Chapman’s Breedon suggests that retailers offer day-to-day affordability rather than deep discounting from inflated prices.

“When the product is on promotion, retailers should back it up with a secondary display,” she says. “And retailers

should ensure they have multi-faceted top-selling skus to keep up with the day-to-day demand.”

Coming to a Cooler Near You

Product development in the ice cream and frozen novelties category is on the rise, as is evident from many of the items described that have recently or will soon be introduced.

Other notable introductions include new flavours in Spring 2015 to round out Frozen Coconut’s line of vegan, dairy-free frozen desserts that are made from fair-trade, organic, raw coconut milk, sweetened with 100 per cent raw agave nectar and finished with a touch of Canadian sea salt.

Melona will also be extending its existing line of fruit bars by adding new flavours this year.

And, of course, it’s not all about “healthy” products.

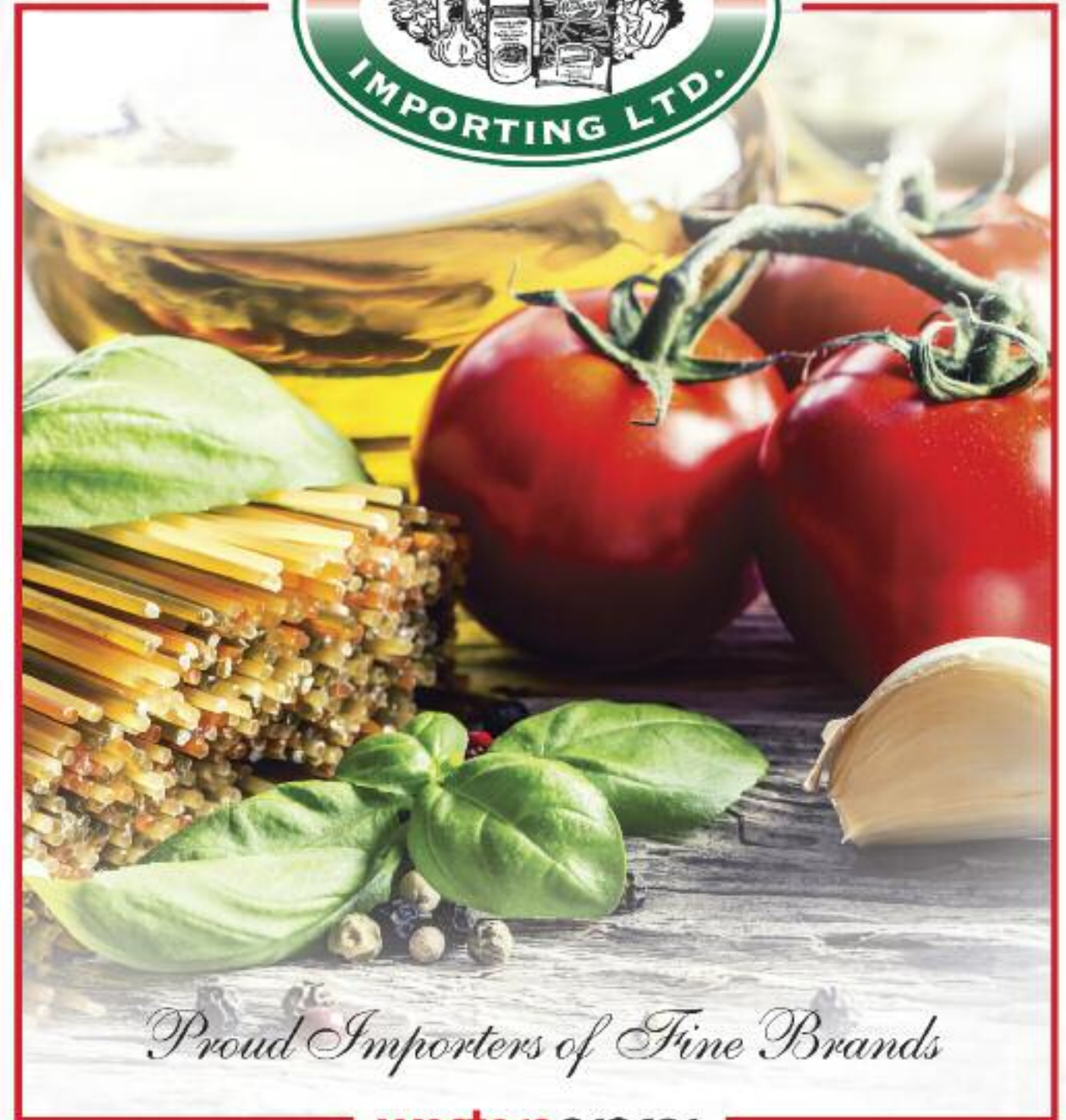
Ice cream and frozen novelties are seen by consumers as an indulgence.



Chapman’s is introducing a couple of innovative skus in its Premium Canadian Collection. The Stickwich is a cookie sandwich on a stick (available in oatmeal and brownie cookies) and Bumpy Bars are fully dipped bars with inclusions inside the bar (available in Caramel Praline, Chocolate Fudge Brownie and Cappuccino with Espresso Flakes).

Get Ready

Retailers will have a wide range of options from which to fill their ice cream and frozen novelties section this season. New “healthier” items abound, as do new treats that cater to “true” indulgence seekers. Although the category performs consistently all year round, it does best during the warm, hot days of summer — which are just around the corner. Retailers best begin their planning now in order to take full advantage of the season. ●



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(Left to right)
Giovanna Tinaburri,
Sonny Gallina,
and Tania Gallina.

Family is what drives
Falesca Importing
in the 21st century.

By Robin Brunet
Photography: Phillip Chin



Long Live Guido

The physical aspects of Falesca Importing Ltd. are exceedingly low key. Headquarters is a nondescript two-storey building in the narrow labyrinth of North Vancouver's waterfront, and the offices could best be described as spartan.

But the Tinaburri family who preside over the company, including matriarch Giovanna, her daughter Tania Gallina, and Tania's husband Sonny, quickly make guests feel like they're part of a cozy world.

This is noteworthy from a business perspective, because that world is Italy, and the high-spirited conversation, bickering and laughter the Tinaburris engage in is 'old country' and downright irresistible – much like the food products they import on behalf of grocers across Western Canada.

And in true Italian fashion, the Tinaburris can't acknowledge something as noteworthy as their 50th anniversary – which was just one month away when Western Grocer visited them in January of 2015 – without good-natured banter. "We'll throw some sort of celebration for our staff," declares Sonny, who is Falesca's vice-president of sales and operation.

The Falesca website only hints at what the company has achieved over half a century: the main page states that it has been importing and distributing European gourmet foods since 1965, including "dry pasta, tomatoes, olive oil & vinegar, vegetables, cookies and beverages as well as a growing line of organic foods."

The website also states that Falesca's products branded under the La Molisana name "are packaged in a variety of sizes to suit both retail

and the commercial and restaurant trade. The La Molisana line is consistently the best of the crop, carefully graded and selected to ensure the best flavour, texture, colour and size available in the marketplace."

Other indications of Falesca's scope can be found on the website: the company has been roasting and packaging coffee under the Molise and La Molisana brands since 1983; it has also been manufacturing fancy wrapped chocolate Easter eggs – an Italian tradition – under the Tania brand name since 1978.

But long time locals only have to remember the Vancouver food scene of the 1960s to understand Falesca's full impact. When Giovanna's late husband, Guido Tinaburri, launched the business as a small grocery retailer on Vancouver's east side, the city was home to very few Italian immigrants, and ethnic cuisine was limited to westernized Chinese eateries scattered throughout low-rent districts. "My husband used his store to import Italian food because he missed the cuisine of his homeland," says Giovanna.

Today, Vancouver is internationally respected as a cosmopolitan food mecca, and while media such as The Food Network have been credited for the evolution, importers like Falesca paved the way by bringing European food into Canada and making it mainstream. "Back in the 1960s, the availability of some-

Guido Tinaburri





thing as basic as authentic pasta or bread was a big deal," says Giovanna, who emigrated from Italy when she was 10.

Today, Falesca still operates out of the same location near the waterfront that Guido and Giovanna built in 1972, with a fleet of trucks that deliver a staggering array of products as far north as Yukon and as far east as Winnipeg.

When asked to state exactly how many skus Falesca is responsible for, the Tinaburris glance at each other. Tania finally replies, "Thousands. We can't keep track — not because we're disorganized, but because we have so much going on and not enough people to do it all." Indeed, 21 staff members — mostly family and friends — rush down corridors and hurriedly dial telephones as the Tinaburris discuss their company.

Tania adds, "Unlike the early years we receive a steady flow of 40' containers each month. We serve the large chains, the independents, and everyone in between."

One thing is certain: Guido's tenacity, combined with his impromptu, can-do spirit, continues to inform the company five years after his death, as it makes new inroads in the 21st century.

Guido emigrated from Italy in 1959 and earned a living as a woodworker before his desire for the simple, flavourful cuisine of his homeland drove him to open a small grocery on Hastings Street in east Vancouver. Tania explains the company name: "It comes from my father's town. So many different families had the same last name that they were given a soprano — nickname — to distinguish them. Back home, I would be the daughter of Guido Falesca — even though Falesca is not our last name."

By the time Giovanna met Guido, the grocery store had been operating for two years. "His success in the food business was gradual and not easy," she recalls. "The Italian community was small, and if you wanted to cook ethnic dishes at home you mainly had to rely on food made in Eastern Canada, predominantly Montreal."

Giovanna describes her husband as "a short, bald man

of few words and extremely well read. If he liked you, he opened up. Otherwise, he kept his thoughts to himself." Tania remarks, "He was a total grump, and we loved him." Giovanna and Guido married in 1968; in addition to Tania, 37, they have a son, Danny, who works in the Alberta school system as a vice-principal.

Guido would decide what direction he would take the business without consulting anyone. His decision to begin importing goods directly from Italy in the early 1970s was as much inspired by the notion of cutting out the middle man as it was a logical business evolution. He began not with food, but with chinaware and pasta bowls. "Our storage space was our garage at home, and pretty soon we were overflowing with product," Giovanna recalls.

Food soon followed. "I'll never forget when Guido told me he was going to Italy to source suppliers," says Giovanna. "We didn't have enough money for me to come along, so he made up for it by bringing me back a gold bracelet." Giovanna holds up her wrist to display the token of Guido's affection.

Pasta, canned tomatoes and olive oil were the first foods Falesca brought into Vancouver, and the North Vancouver warehouse was constructed when the Tinaburri household became filled to the limit with inventory. "But even at this point we were just making ends meet," says Giovanna. "Guido had to borrow \$2,000 for a down payment on the warehouse, then after it was completed we



had to rent portions of it to other tenants."

Vancouver-based food importers during the early 1970s were few in number. "We grew slowly, partly by importing brands different from what the other companies were bringing in, and by keeping prices reasonable," she says.

Initially, Falesca supplied East Vancouver groceries; but the iconic Woodwards eventually became a client. By 1983, the importing side of the business was brisk enough for the Tinaburris to sell their grocery store; it continued to operate until the early 1990s.

COLAVITA



Arte Italiana



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Then as now, the imports came by ship; but instead of containers, wooden boxes were deposited on the docks. "These were placed first by letter and then by Telex," recalls Giovanna. "We unloaded the crates ourselves, and because we had to rent a truck to pick up the goods from the port there was a lot of back-and-forth trips."

The increasing number of retail clients not only grew Falesca, it encouraged Guido to announce unorthodox business strategies, which even today cause the Tinaburris to laugh and roll their eyes. "He would tell us out of the blue that we would start making traditional Italian Easter eggs, and it would usually be up to us or other family members to figure out how to do so," says Giovanna.

The Easter egg idea came in 1978 and required Guido's brother-in-law, Giovanni, to become a chocolatier. Coffee roasting followed in 1983 and was added to Giovanni's bailiwick. "We also found ourselves making bombonieres, which are gift items like small figurines, angels etc., and are given as party favours by hosts of special occasions like weddings, baptisms etc." says Tania, who spent many a night as a child helping her parents wrap gifts that included sacchetti (Jordan almonds wrapped in tulle).

Yet another of Guido's brainwaves — the manufacture of ravioli — was a hit with retailers. The Tinaburris stopped making ravioli in the 1980s due to narrow profit margins and the onset of a recession.

Of these enterprises, Giovanna says, "It was all trial and error how we got these products off the ground."

Even though Guido's taciturn manner sometimes drove his family to distraction, it prepared his staff to tackle a variety of business challenges — including running Falesca after his death of cancer at the age of 73, in Germany after attending a trade show in Italy. "He offered help only if we needed it," says Sonny, 42, who joined the company as a delivery driver 22 years ago. "As a result, when he died, everyone was so skilled at their particular jobs that the business continued without a glitch."

Like Guido, the Tinaburris tend to favour instinct instead of market research, and they value relationships rather than social media, even if it means lots of travelling to trade shows and overseas to meet suppliers. "There have been times when something we were sure would be a hit turned out to be a bust, but by and large we have a great track record," says Tania, adding that it takes about two years of shelf exposure to determine if a product is going to survive the long haul.

These days, Giovanna confines herself to keeping the books and overseeing operations, while Tania and Sonny are Falesca's figureheads at trade shows and sourcing excursions. "It's so nice to be accepted by the same suppliers dad did business with 30 years ago," says Tania, adding that there was never a specific

point when she and Sonny vowed to make Falesca their life work. "It's just how it evolved."

Although it could be argued that any food company that reaches its 50th anniversary can afford some degree of introspection, the Tinaburris are too busy planning to expand. Sonny adds, "Our warehouse is bursting at the seams, so we're looking for a new location that will allow us to add new product lines."

Giovanna — who incurred ulcers in the late 1990s due to overwork — acknowledges that her daughter's creativity (which helps in the packaging of Falesca's house brands)



and Sonny's skill in sales and procurement is a recipe that bodes well for the company's continued prominence.

But although the baton may change hands and the warehouse she and Guido built may soon be vacated, the old world sensibilities that make the Tinaburris so much fun to be around will continue to inform Falesca. "Did Guido have a vision for his business? Maybe, but he never let on what it was," says Giovanna. "But I do know he would be proud that it's in such good hands and that growth opportunities lie ahead." ●



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Fire Up Your Sales - It's Grilling Season

By Carolyn Camilleri



After a long cold winter, nothing makes Western Canadians happier than being able to take dinner outdoors. Moods lighten and people are more inclined to explore new flavours and, more importantly, engage with your staff.

"Grill time is a happy time," says Joyce Parslow, director of consumer relations at Canada Beef Inc. "I think that is why people step out and want to engage. [Grilling] makes us happy because we get to be outdoors and we celebrate around the barbecue."

And celebrate, we do.

"Increasingly Canadians — 85 per cent — see barbecuing as a way to have fun and entertain friends and family and love to host get-togethers at their homes," says Andrea Nickel, senior brand manager for Kraft Canada.

"It's during this time of year that consumers are really starting to get out and try new recipes and new tastes," says Lisa Bishop-Spencer, manager of communications for Chicken Farmers of Canada.

Parslow says her statistics indicate nine out of 10 Canadians overall own gas grills. And if you think this trend is changing, a flip through any home magazine shows that one of the fastest growing renovation

Warmer temperatures mean more opportunities to expand your customers' culinary horizons.

trends is for outdoor rooms replete with grilling appliances.

Barbecuing is getting bigger — and it is changing, too.

What's on the Grill

While burgers, chicken pieces, and hot dogs are the top three items on Canadian grills, the object of their passion is steak, says Parslow.

These days though, steak may be even less likely, especially for the budget-minded. Canada's cattle herd is the smallest it has been since the 1950s, says Eric



Hunter, Canada Beef's development manager for North America. Beef prices are expected to remain strong for the next year while herd rebuilding continues.

But that has led to some new trends among consumers.

"With all the price pressures that we are seeing in the beef industry as a result of supply, a lot of folks are starting to seek out alternative cuts and that will

definitely translate to the barbecue scene in the spring and summer months," says Hunter, suggesting cuts that are outside the norm, like tri-tip, flap (bavette), top sirloin cap, and brisket, to name a few.

"It does give people the opportunity to expand their culinary horizons a bit," says Parslow. "It is an incentive to get people out of their T-bone box."

Research shows that people tend to default to familiar cuts, something Canada Beef has been working to change by showing people they can swap cuts within a category, such as grilling or marinating steaks, and get great results. Medallions are a good example, providing a thick-steak experience in a realistic portion size.

"It is one thing to throw a steak on the barbecue, but these alternative cuts are exciting and they bring people into sort of a culinary flavour approach to barbecue and we are seeing traction," says Hunter.

A year-round staple, chicken is the second most popular item Canadians grill.

"As a general rule, the average retail volumes of chicken increase during barbecue season, not substantially, but by three to five per cent, which more or less points to the year-round popularity of chicken," says Bishop-Spencer.

To increase sales in chicken, Bishop-Spencer points to the growing trend toward supporting locally grown products. Con-

sumers want to be reassured that the chicken they are buying is not only local, but also raised according to a set of national standards for safety and animal care.

"Folks' consciousness on these matters seems to be even more attuned at this time of year," she says. "They trust their retailers to provide quality local meats, with the reassurance that those meats are delivering on national consumer expectations for quality."

While chicken sales are stable year-round, seasonal metrics from Chicken Farmers of Canada's social media strategies and overall digital strategies validate that barbecue season is a big time for chicken, says Bishop-Spencer.

It's the preparation that changes.

Bring on the Flavour

For retailers, grilling season means offering exciting new flavours and creative ideas.

"We see a big demand for flavours — rich, robust flavours — almost more so than during the fall and winter," says Bishop-Spencer. "Folks are looking for spices, marinades, and seasonings that they might shy away from during the colder months."

Bishop-Spencer specifically points to Asian influences, citrus, curries, and uniquely flavoured marinades. "The barbecue is proving to be a popular place to try new things," she says.

Nickel supports this, saying Canadians are using a wide range of sauces, rubs, dressings, and marinades to enhance their barbecued meals. To drive increased con-

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sumption and retail sales, she says we need to help consumers get better at grilling.

"As barbecuing becomes more of a serious hobby, all Canadians want to become masters of the barbecue," says Nickel. "They look to product offerings to inspire and enhance their barbecuing abilities."

This is something Hunter mentions as well, saying that products like dry rubs and marinades allow the average person to create something quite interesting versus just cooked meat on a barbecue. It

also opens a gateway to make further preparation inquiries.

"The more prepared the meat counter staff is to assist consumers with meat preparation recommendations, the more traction and the greater success [retailers] will see," says Hunter.

That thinking can be applied to merchandising, too: instead of just displays of meat to grill, make barbecue season more interesting — and profitable — with some merchandising creativity. ●

Product Showcase

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Engage customers in 'cut education', using The Roundup app to explore and compare cuts at the meat counter — good for staff training and to use as a consumer conversation starter. The Roundup can help to get folks to cook outside their 'comfort zone' and try less familiar cuts.



Beefy Resources

Canada Beef's latest barbecue booklet is perfect to use in any barbecue promotion at shelf or content can be repurposed for flyer or other promotional content. Other educational and culinary resources include www.beefinfo.org, which features how-to videos on YouTube and downloadable recipes booklets, as well as the blog, makeitbeef.ca.



Local Chicken, National Standards

The "Raised by a Canadian Farmer" brand provides reassurance to consumers. "We just wrapped up new research that indicates that 94 per cent of Canadians agree that they would prefer to see one consistent label that tells them their chicken was raised in Canada and over 90 per cent prefer that the message come from the farmer's association," says Lisa Bishop-Spencer.



Make a One-Stop Impact

"Canadians want to be inspired in-store with easy, delicious recipes for their barbecue," says Andrea Nickel. "Capture them with big, impactful, and visually appealing displays that then engage with easy barbecue recipe tips and brings ingredients altogether in one-stop-shop displays throughout the store, in and out of section."



PROVINCIAL REPORT

By Frank Yeo

Creating Value-Added Powerhouse

There is a new sense of confidence and direction in Saskatchewan's \$2.3-billion food processing sector.

Not only is this evident in the hundreds of processors incubating new ideas, but also in the organization that has represented food processors since 1990, the Saskatchewan Food Processors Association. With a new vision, strategic plan, personnel and identity, the organization has set its sights on making the province a true value-added processing powerhouse.

New Vision

"This is an exciting time for the value-added industry," says Kim Hill, the newly appointed executive director of the association who had formerly worked with the organization during the establishment of the SaskMade Marketplace and the Saskatchewan Made Program. "It is a great time to have the opportunity to return to the SFPA. The support and interest in value-added processing continues to grow in Saskatchewan, generating an increasingly necessary role for the SFPA."

To help fulfil that role the SFPA has broadened its vision. "I think the recent changes to our Board of Directors to bring on new faces and different backgrounds provide some altered view of the impetus and goals of the organization. For example, the recent change to our organization name from the Saskatchewan Food Processors Association (SFPA) to the Saskatchewan Food and Ingredient Processors Association (SFIPA) represents our new broader vision."

Saskatchewan's \$2.3-billion grain and food processing industry includes more than 300 processors and over 6,100 employees, and is dominated by grain and oilseed milling, primarily for North American consumption. Saskatchewan also produces over \$1 billion worth of beef annually, making it the second-largest producing province in Canada (after Alberta). There are ten provincially-inspected and seven federally-inspected beef processing plants in the province. The pork industry is one of the most significant agricultural sectors in Saskatchewan, behind only the grains and oilseed and cattle sectors in terms of cash receipts.

The food and beverage processing sector is characterized by a high proportion of very small companies, with over 70 per cent employing

Saskatchewan Food Processors Set Sights on Future



The granola machine at the Food Centre making a trail bar mix.

fewer than ten people, and approximately 40 per cent fewer than five. More than half of the processors are located in rural Saskatchewan, which, Hill admits, can create a challenge "keeping everyone engaged and excited."

For the most part, the association has been focusing on rebuilding internally and determining where the necessary revenue will come from to sponsor, par-

ticipate in, and organize events.

"We conducted an industry survey to try and get a sense of where the SPPA stood and what our members wanted from us. This was the cornerstone of our new Strategic Plan that is just being finalized now."

Already, the newly reconstituted association has hosted their Annual Golf Tournament in August. "This was a very successful event with lots of sponsorship and industry participation. We were told by a number of industry members that this event was always their favourite and they were excited to see it return." The association also co-sponsored students from the University of Saskatchewan in their research project on food trends in Vietnam. This research is being collected and will be available for members to review.

Some of the big challenges ahead remain access to labour, transportation and facilities and to foreign markets. Access to labour, says Hill, is particularly challenging. "The recent changes to the foreign worker program will make bringing affordable labour to rural areas especially difficult."

While the government is attempting to address many of the industry's challenges, much of its focus is on primary producers and exporting commodities.

"With record harvests and the agricultural community enjoying a positive few years, we feel now is the time to invest in value-added processing, in order to create the supply chains that will create value for our primary producers when the commodity cycle isn't as strong."

Hill says they are looking forward to working with the government, STEP and the numerous other organizations that are now promoting the value-added

industries in Saskatchewan, and "hope we can create additional value for our members and this province".

The growth of the functional foods and nutraceuticals sector is a good example of the type of homegrown entrepreneurship that is "moving Saskatchewan food products up the value chain." Kevin Johnson of Northern Nutraceuticals says, "Our family-run company has up until recently focused on extracting oils from plant sources such as flaxseed, hempseed and borage seed and selling in bulk quantities to food manufacturers as opposed to the retail market. We recently launched a retail line of organic flaxseed oil and organic hempseed oil under our brand name RYLEE GREEN". The growing demand for functional foods has also spurred on the company's own growth plans with the purchase of Randolph & James Flax Mills and their brand name NorthernEdge. This company had built up a very recognized branded product in milled flaxseed and their gold coloured, vacuum packed stand-up pouch containing 425 grams of freshly milled flaxseed can be found in both national and international retail stores.



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New Product Development

Carmen Ly of the Saskatchewan Food Industry Development Centre sees firsthand what processors in the province are doing. "The Food Centre works with an average of 45 clients annually. Our clients are diverse, ranging from small to medium size companies to large multinationals. We are currently working on several projects involving hemp, mustard, oats, peas, chickpeas, flax, fruits (sour cherry and haskap) and vegetables."

Consumers' busy lifestyles, says Ly, are playing a role in the new food development, making convenience a driving factor in product design. Ly cites the example of Kicker's Foods Inc., a new company that recently launched flavoured boneless dry ribs. Kelly Crozier, owner of Kickers, started his journey with the Saskatoon Farmers' Market and now sells across Saskatchewan, Alberta and Manitoba. Kicker's products are unique and higher quality than other dry ribs in the marketplace, made with 95 per

cent to 100 per cent lean meat with little breading. Kickers offer several flavours from Lemon Pepper, Buffalo and Honey Garlic to Hot Honey Garlic, and Garlic Crush. Consumers just have to reheat and enjoy.

"Ethnic food products have also come into play this year," says Ly. "Canada is, of course, one of the most multicultural countries with many immigrants choosing Saskatchewan as their home. The rise has created opportunities in developing 'authentic' ethnic food products.



The twin screw extruder at the Food Centre has helped them explore opportunities in high moisture protein fibrillation.

The Food Centre assisted several companies in launching Filipino meats, African beignet mix, Hispanic oat drink mix and Indian hummus."

Ly says one of the biggest opportunities for processors in the province is meatless alternatives. "New developments in extrusion and texturization of vegetables and other proteins using high moisture extrusion cooking have allowed manufacturers to create meatless products that mimic closely the texture and consistency of its protein counterparts."

The Food Centre, she says, has been successful in exploring opportunities in high moisture protein fibrillation utilizing its twin screw extruder. "Think calamari, 'chicken' fingers, 'beef' stir fry...the meatless innovations can be endless. This is an exciting opportunity for Saskatchewan to improve the value added sector in Saskatchewan by incorporating more Saskatchewan grown crops and pulses in meatless applications." ●

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SOCIAL MEDIA

By Ken Kwong

The Fear of Negative Online Reviews

I'm sure many of you can relate when I say that more often than not, we go to Yelp to read reviews before deciding to try a new restaurant; or read reviews on Amazon before making the decision to purchase. How about perusing through discussion forums to explore certain topics just to see what others are saying about a certain brand or product. Or for those who travel a lot — immediately posting a tweet or facebook status whenever the airline delays or bumps our flight (#firstworldproblems). We are all contributors or consumers of brand and product reviews. But how many of us have thought about what it's like to be on the receiving end of this? Imagine how much worst it could potentially be if the receiver wasn't online or wasn't monitoring?

Does the fear of bad reviews justify us sticking our head in the sand like ostriches? (Well, they actually don't stick

their head in the sand because of fear — I googled it). But anyways — the point is — people are talking about your brand whether you choose to see or participate or not. And, it is far better to know what is being said than to ignore it. Therefore, the fear of bad reviews should not keep anyone from fully participating online.

So I hear you ask, "OK, great, what am I suppose to do then?"

Well, first, let's discuss how we should handle negative reviews. Blue Hat Marketing recently posted a blog titled — "How to Handle a Bad Review" (bluehatmarketing.com). In this blog, they detail four steps on how to handle, manage and deal with bad and false reviews. In summary, the steps are as follows: 1) Don't become defensive; 2) Investigate internally; 3) Engage in open communication; and 4) Find a solution.

Then, secondly, to reduce the damage from negative reviews, let's discuss 1) Mistakes not to make; 2) Course of Action Planning; and 3) Proactive Reputation Management.

Mistakes Not to Make

Never answer in anger. Walk away, vent offline, and recompose yourself before writing anything online. Evaluate whether to answer publicly or privately — with consideration of how many people are likely to see the posts on either side of each party. Keep copies of everything. Don't ignore a complaint — at least, make them feel heard. Be prepared to escalate publicly — especially if media gets involved.

Planning Course of Action

Remember that anything posted online remains in perpetuity (to some degree).

Top Online Reputation Tips:

Don't lie or BS;
be real and genuine

Focus on why you are in business
and who your customers are

Don't attack others;
take the high road, always

Sometimes it is best to let
sleeping dogs lie

Remember the golden rule

What you don't know can hurt you

Don't procrastinate in reply;
nothing is worse than dead air

Consistency is a virtue; don't
annoy your customers

Create strong brand relations

Be an active participant in your
online community

Focus on providing solutions
to your complaints

Reviews and complaints, that may have been dormant, could arise again in the future to haunt — unless you have planned a complete course of action to remedy. Do everything possible (within reason) to make things right with the complainant. A proper planned course of action can bring mutually agreeable closure to an issue and can turn a frown upside down; and maybe even convert them into your most loyal fan.

Proactive Reputation Management

Your best defense is a strong offence. Make sure you devote a portion of your marketing resources to managing your online presence. Interact with and build your online community. Loyal fans and followers of your brand will become the first defenders of your reputation when it is under attack. Make it easy for customers to complain to you directly — better they gripe to you than on another non-associated sites.

Your customers should be your highest priority. Don't forget to thank them for their business, too. ●

Ken is the vice-president of sales and marketing for New Age Marketing & Brand Management Inc., (NAM&BMI) a National brokerage company specializing in brand management of CPG brands and products in all channels and markets in Canada. His opinions expressed in this column are solely his own and do not necessarily represent those of this publication.

Ken can be contacted via email (ken@newagemarketing.ca), Twitter (@[kenkwong](https://twitter.com/kenkwong)) or LinkedIn.



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Maximize offerings to meet the needs of this growing sector.

Canadians Crave Organics

According to Canada's Organic Trade Association (COTA), Canada's organic market is worth 3.5 billion dollars annually. Indeed, since 2006, the organic market has tripled in Canada while other agro-food sectors have remained stagnant or declined. No longer limited to vegetarians and select eaters, Canadians are seeing organic as an essential component to healthy eating.

So where are we buying organic fare? Fresh produce continues to be one of the leading areas, with 40 per cent of total organic fare sold in Canada from fresh fruits and vegetables. In addition, 40 per

cent of the fresh salad mixes purchased are also organic. While total farms in Canada have decreased by 17 per cent since 2001, organic farms have increased by 66.5 per cent. These organic farmers are younger, with 12 per cent under age 35, and tend to earn more money than traditional farms in Canada.

Organics is expanding nationally, with British Columbia comprising the largest market. According to COTA, 66 per cent of British Columbians purchase organic food on a weekly basis." The trends for organic are still strong, with people looking at organic foods as a

healthier alternative and puts them back to food they grew up with that older generation," said Jon Janower, chief operating officer, Choices Market.

Canadian Food Inspection Agency mandates that in order to be labelled organic 95 per cent or more of the contents must meet the organic guidelines. In January 2015, the Ministry of Agriculture, with the intent to strengthen British Columbia's organic food brand, proposed a change to organic labelling. If accepted, all food labelled as organic in British Columbia will need to be certified either under a provincial or national

certification program. "By working with B.C. organic sector stakeholders, we'll develop a model that creates consumer and industry certainty around organic products, and ensures transitional strategies are in place to help small businesses seeking the benefits of joining a brand of recognized organic standards," said Norm Letnick, Minister, B.C. Agriculture.

Target Your Marketing

Consumers are spending more time on the periphery of the grocery store looking for fresh produce. The focus today is both fresh and local, with retailers focusing on produce, dairy and meat as their entry markets to organics. However; organic fare should be interspersed throughout the retail environment from produce to processed cereal. Organic sales continue to grow in the cereal and snack sections in the grocery environment. This could be in part, shares Jim Kavanagh, president and founder, BrandSeed Marketing Inc., because consumers are looking to

Merchandising Tips

Broadcast Your Message

Consumers will be naturally drawn to this banner and the fresh produce beneath it. This colourful, inspiring display encourages consumers to feel empowered, buying the product that is right for their home.

Orange You Smart

Sometimes simple is the best solution. Attract your consumers with a tiered product arrangement, showcasing just one product.

The Sky's the Limit

Maximize your retail space by showcasing product in unique areas. This product display will draw your consumers eye upwards encouraging them to try something new.



stay away from the GMO products, particularly in products such as corn and soy.

Produce and meat remain strong categories with an increased demand for organic dairy products from milk to yogurt. "Although conventional milk is down, we are seeing growth in the dairy category with organic, organic milk, organic yogurt," said Janower.

When looking at new brands to add to

the retail environment, retailers should play close attention to the ingredient deck. "This is particularly important in the case when the brands are listed as all natural. Retailers should constantly be asking are they are actually using clean ingredients or the best ingredients that are available for them at the time," said Kavanagh. If there is any doubt about the ingredients, retailers may be best to



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not add the product to their inventory.

One trend has been an increase in organic ingredients within brands that claim to be “natural” but are not certified organic. These brands, states Kavanagh, have included organic certified ingredients in their product in order to get better acceptance in the market place. The term “natural” is used fairly inconsistently and, as a result, consumers are unclear on what the labeling means. “Organic holds more weight than the natural, which is the reason why some natural companies are using organ-

ic ingredients so that consumers can find that on that label,” said Kavanagh.

At Choices Market organics are an essential part of their business plan. Signage and hitter cards identify which sections of the racks are organic. “It’s easily identified in our stores, from labels in the meat department and shelf channels so that the consumer can clearly identify what is organic,” said Janower.

When promoting organic fare, Kavanagh has seen success both when sold as segregated sets, in an organic area in the grocery store, and when fully integrated into

the particular food category. However; the best results seem to occur when products are placed in both sectors. “A lot of retailers have taken the route of dual product placements with brands in the conventional set and the natural/organic section as well,” said Kavanagh.

Future for Organics: Grass Fed & Fermented Foods

One new trend, according to Janower, is an increase in grass fed products. “Grass fed products is a new category that is being labelled, and is growing, and it’s not



Organic products are a fundamental building block of Choices Market’s assortment.

just meat. Currently there is grass fed milk, yogurt and butter,” said Janower. “We can’t keep the butter on the shelf right now.” In a grass fed diet, the animals naturally forage for their food making it leaner. At Choice Markets, demand for grass-fed products has continued to grow over the last year and a half, with the yogurt moving to the No.3 selling yogurt in the store. Although not all of the products are currently organic, Janower sees a big potential.

Fermented foods, such as kombucha, sauerkraut and kimichi, have also become a large area of growth in Choice Markets, with the product selection expanding by three to four hundred per cent in the past year. Most of Choice Food stores today have a four-foot section dedicated exclusively to fermented foods.

As Canadian consumers continue to seek healthier, more natural options, organics continue to hold an appeal. These products hold value for both the health of the Canadian consumer and their environment. Retailers can maximize their organic offerings through dual placement, extending their offerings into produce, dairy and meat, and educating the consumer.



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in the bag

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Contact your local Tree of Life Canada representative for more information.



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Baron Chocolatier offers premium chocolate, made with the finest ingredients from the best cocoa in the world. Their process makes sure you get the premium taste, texture and flavour from the best natural ingredients without having to sacrifice your wallet. Chocolate should be firm, snap to break, and the minute it hits your mouth you feel a rich and smooth texture. Exclusive to Tree of Life, Baron Chocolatiers introduces four varieties in both 50g and 100g bars, Milk Chocolate, 70% Dark Chocolate, Milk Chocolate with Sea Salt Caramel and Dark Chocolate with Raspberry pieces. Also available are their delicious chocolate truffles, Milk Chocolate

with Caramel Brownie, Milk Chocolate with Strawberry Cheesecake, Dark Chocolate with Raspberry Delight and Dark Chocolate with Lava Cake.

Contact your local Tree of Life Canada representative for more information.

NuPasta — The Low-Calorie Pasta

NuPasta is a low calorie, high fibre, gluten free alternative to traditional pasta. It is made with a combination of konjac flour and soy flour (non-GMO). Konjac flour contains glucomannan fibres that can hold a large amount of water in a gel form which is then shaped into pasta. As a result, NuPasta contains 95 per cent water and five per cent fibre in its final pasta-like form. While a full meal portion (210g) of regular cooked pasta contains about 300 calories and 2g of dietary fibre, the same amount of Nupasta contains only 25 calories and 6g of dietary fibre.

Please contact your local Tree of Life Canada representative for more information.



Real Food Tastes Better

For the past 25 years, Annie's has been nourishing families with simple, down-to-earth foods that taste great and are easy to love. Their passionate team seeks out the best real ingredients Mother Earth has to offer, harvesting pure, natural flavours to make delicious foods every family can feel good about. Tree of Life is launching three new tasty items from Annie's; Oatmeal Cookie Wheat Free Granola Bars, Chocolate Chocolate Chip Wheat Free Granola Bars and Gluten-Free Cocoa & Vanilla Bunny Cookies in a convenient six pack version.

Contact your local Tree of Life Canada representative for more information.

Award-winning, Exotic and Nutritious Snack from the Philippines

7D Food International believes in superior product quality. No wonder 7D is the only Philippine Dried Mango to receive the International Europe Quality Award. It all begins with the selection of the choicest fresh mangoes, ripened to give you that rich mango flavour and excellent aroma. The fruits are processed with the finest raw cane sugar for that appealing sweet-sour taste that makes 7D Mango distinctive. And finally, the fruits are dried just enough to attain the chewiness that you desire and the great mango flavour you savour bite after bite.

Contact your local Tree of Life Canada representative for more information.



NEW Newman's Own "Most Wanted BBQ Sauce

Newman's Own is introducing four new varieties to Western Canada in March: Original; Hickory; Hot; and Honey. The product is all natural, consistent with Newman's Own portfolio of salad dressing, pasta sauce and salsa products. As usual, all profits are donated to charity including many throughout Canada.

Please visit www.newmansown.ca



Ocean's Pole & Line Tuna:

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Many coastal communities around the world rely heavily on fishing for their livelihood. Most of these fisheries, for example in the small island states in the Asian-Pacific region, are small scale and struggling for survival. "Pole and line" is a traditional fishing method, which is both socially and environmentally responsible. Requiring just one hook, one line and one fisherman, fish are caught one at a time. The result is a wide variety of environmental and socio-economic benefits, including high employment, zero bycatch and a more sustainable haul of tuna. (Source: International Pole&Line Foundation). There are now four variants available for Ocean's Pole&Line tuna: Solid White (Albacore), Flaked White (Albacore), Chunk Light and Flaked Light. Now you can offer your consumers more healthy and sustainable seafood choices.

For further information, email: talktous@oceanbrands.com or visit www.oceanbrands.com.



New From Oh! Naturals

Oh! Naturals Flavoured Snacks are just launching their new Paddington Bear Orange Marmalade Banana chips now affiliated with the Hollywood movie. Oh! Naturals line of Flavoured Banana Chips and Flavoured Sweet Potato Fries Snacks are gluten free, nut free, vegan, preservative free and tasty for all ages. Oh! Naturals Snacks take the innovation of fruits and vegetables and give people an experience to remember.

Find out more at www.oh-naturals.com

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Penotti is one of the leading brands in Sweet Spreads. The brand has a portfolio with the most delicious Chocolate-Hazelnut and Speculoos (Cookie Butter) Spreads. At SIAL Penotti Cookie Notti is the winner of the SIAL Innovation Award for the category Sweet Grocery Products. Sial Innovation is an indicator of global food trends. Penotti Cookie Notti is available in four flavours: Original, Crunchy, Cappuccino and Espresso.

Further information, please contact: Penotti Canada Tara Christie 514-526-7770



Ocean's SnackIt Dips: Perfect, Convenient Snacks for People on the go!

Ocean's has been known to be the market leader in the value-added segment, particularly in the "tuna kits" segment. Once again, Ocean's is launching a new innovative product line with the following benefits: New convenient, eye-catching TWIN PACK packaging format, perfect for meals on the go! Can easily be shared with friends and family; The tuna has a new texture and consistency that allows you to easily dip your crackers into the tuna mixture. No need for a fork!; Snackit Dips will appeal to both adults and kids with designs and flavours that are sure

to make everyone satisfied! Available in two variants: Sweet Thai Chili and Light Tuna with Mayonnaise style dressing.

For further information, email: talktous@oceanbrands.com or visit www.oceanbrands.com.

Amerlux Upgrades Hornet High Power A-14 LED Light Engine for Track Semi-Recessed and Recessed Luminaires

Amerlux never stops in researching and delivering continuous improvements in all of its products. The latest improvement is the upgrade in performance of the Hornet HP A14 LED Engine that delivers outstanding reliability and guaranteed efficiency in energy and maintenance. The update to Hornet HP-A14 LED provides better maintained lumens and consistent colour rendering versus integrated LED lamps available, as well as enhanced control, dimmability and longer lifespan. The Hornet HP A-14 LED Light Engine with spot distribution has been improved greatly, based on recent standard LM70 testing of the 18-watt model at a 3000K CCT. The lumen output increased to 1369 and the lumens per watt increased to 75lm/W, resulting in 18 per cent gains in both output and efficacy. The CBCP also revealed an increase of 20 per cent, delivering more than 12,200 CBCP.



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Does Your Business Need a Health Check-up?

Running a successful and profitable agri-food business in today's increasingly complex and integrated marketplace is a huge challenge. The events and trends of the last several months may be indicative of what the food industry can expect in the near future — and food manufacturers should take a step back to see if they are positioned to succeed. Consider: oil prices fell by over 50 per cent between June 2014 and January 2015; negotiations concluded on the Canadian-European free trade agreement; the industry continues to consolidate — Sobey's and Loblaws purchased Safeway and Shoppers Drug Mart respectively; labour shortages are becoming more pronounced with the recent changes to the temporary foreign worker program; ongoing changes to food safety and labeling regulations; and the fluctuating Canadian dollar — just to name a few.

Making proactive, informed decisions is critical to staying competitive and avoiding setbacks. Short-term tactics are often mistaken for strategy. The former is typically reactionary and treats symptoms while the latter diagnoses situations and results in pre-emptive solutions to potential longer-term problems.

Designed to help you strategically assess your company's strengths and weaknesses by identifying issues affecting measurable performance indicators, business diagnostics can systematically help you decide which changes you need to make and when.

The Process

Using business diagnostics, you can identify the root cause of inefficiencies and determine what projects have the highest potential for significant return, which allows you to develop a priority sequence. The typical business diagnostic begins with a detailed look at your company's profile, processes and markets. A customized project plan is then developed to guide you through the remainder of the process.

A full analysis of your core business processes can help determine which areas are out of balance, such as:

- Business strategy and vision
- Products and services
- Sales and marketing
- Organizational structure
- Human resources and culture
- Finances
- Technology; and
- Customer relations

Once you understand what the potential concerns are in each of these areas and what's causing them, you can begin to identify solutions. Business diagnostics also allow you to determine the probability of success of each solution. Armed with this valuable information you can weigh the costs and benefits of a solution against the current financial status of your business and how that course of action will fit into an overall strategy geared for success.



(Left to right)
Ken Bulthuis and
Nina Jauernig, MNP.



Responsive Diagnostics

Responsive diagnostics focus on what is important to your company during its particular stage of development.

- 1. Start Ups: Start off on the right foot**
 - Develop a business plan
 - Determine financing needs and opportunities
 - Implement business processes
- 2. Growth Enterprises: Ensuring growth is strategic**
 - Structure cash flow
 - Increase capacity
 - Create an organizational structure
 - Adjust processes
 - Manage information technology
- 3. Mature businesses: Why has growth slowed down?**
 - SWOT analysis
 - Explore R&D opportunities
 - Develop growth strategies
 - Research potential markets
- 4. Challenged Businesses: Businesses with outdated product lines experiencing declining sales need to diagnose their issues quickly in order to:**
 - Improve operational efficiency
 - Analyze market and product opportunities
 - Attract and retain employees
 - Structure cash flow
 - Manage new technology

Consider how your company has performed during the last five years. If you had dedicated resources to business diagnostics five years ago, are there any mistakes you might have avoided and perhaps added more to your bottom line? Maybe it's time for an objective health examination and a professional second opinion.

Ken Bulthuis leads MNP's Food and Ag Processing practice in British Columbia. Nina Jauernig is a manager in MNP's Consulting Services group. For more information, contact Ken at ken.bulthuis@mnp.ca or 604.463-8831.



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