



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

**International
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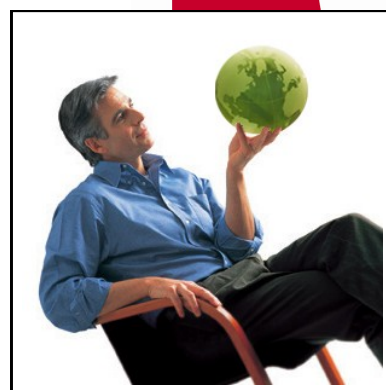
Global Trends Sustainable Food and Beverages



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► INTRODUCTION

The modern consumer is very complex. Consumers are not only basing their food and beverage purchases on taste and price, but they are also concerned about where their food comes from, how its production has impacted the environment, how close the final product is to its raw ingredients, and also how its purchase affects the income of the producers down the product development chain. These concerns can be summed up into five main categories of sustainable food and beverages: organic, locally sourced, fair trade, carbon footprint, and eco-packaging. The wide variety of issues under sustainability shows that it is more than just “being green” or making green product choices.

For companies, being sustainable means providing value to customers by abiding by a growing number of ethical standards, both in the process of making their food products, and for the company as a whole. Companies are particularly keen on being sustainable or labelling their products as sustainable, as it is a new way to differentiate their products outside of price, quality and design.

For consumers, sustainability generally means consuming for the greater good. Sometimes sustainable products are purchased because they are seen as healthier or of better quality, but most of the time it is because of ethical concerns and issues. The issue of sustainability, although a tool used by companies, is essentially consumer driven. Consumers have the ability to vote on sustainable issues with their pocket books. Some consumers will not purchase a product from a company that is seen as unethical or unsustainable, while other consumers may take a positive stance and mainly purchase products that have a smaller negative impact on the environment and work positively towards social issues.

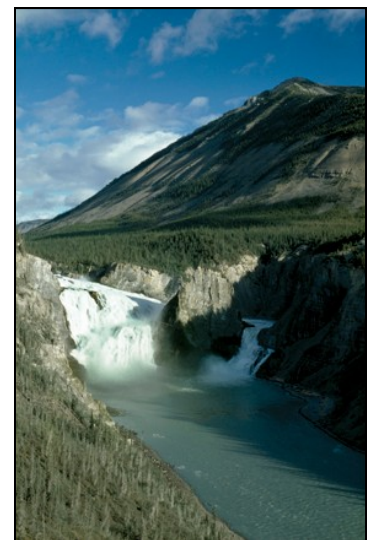
Although most fair trade and organic products are sold in developed markets such as the United States, Canada, the United Kingdom and Germany, sustainability is essentially an international issue that the average global consumer is concerned about. Some companies that produce food and beverage products would benefit from following sustainable practices because, for example, reducing packaging sizes can reduce the overall cost of producing the product. Being sustainable can also produce a significant amount of goodwill for a company and thus produce a positive brand image amongst consumers.

There has been much debate over what consumers say about the importance of being socially responsible and actually putting these views into action by purchasing sustainable products. However, irrespective of their product choices, consumers generally expect companies to be proactive about environmental, economic, and social issues, thus making it easier for consumers to purchase an array of products without having to think about the issues themselves.

Sustainability in food and beverages is expected to be an increasing market in the future, extending to cheaper private label brands, making these products further available to lower income individuals.

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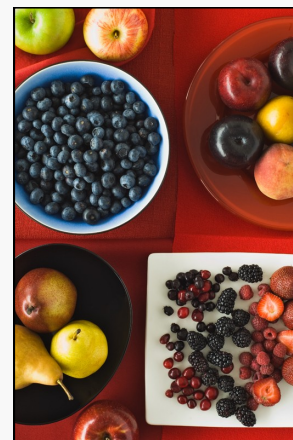
► SUSTAINABILITY



According to Mintel, an international market intelligence group, a combined total of almost 30,000 socially and environmentally responsible products were introduced into the top “sustainability friendly” markets of France, the U.K, the U.S. and Germany from 2009 to 2010.

Although the sustainability of a particular product matters to some consumers throughout the world, the taste of the product is still the most important factor. Other factors of importance include price and quality. The ethical policies of a particular retailer are also more important to global consumers than the range of organic products the retailer sells.

Although sustainability is important to many consumers, there is a disparity between what consumers say they will do and their actual purchase behaviour. For example, the following two tables from a Datamonitor survey show that people in most countries agree that it is important to buy ethically or socially responsible products, while a lesser amount of the same group say that they have altered their purchasing habits to purchase more ethically or socially responsible products. Some of the reasons for this discrepancy are linked to individual economic circumstances and social behaviours. Some consumers may not fully trust labels that claim that a product is sustainable, organic, locally produced, or uses eco-packaging, while other consumers may not trust that a company is doing the best it can to be fully sustainable in its practices. Brazil is the current leader in terms of the number of consumers who agree that they are altering their purchasing habits to include purchasing more ethical or socially responsible products, while consumers in the Netherlands are the least likely.



To what extent do you agree or disagree with the following statements?

It is important to buy ethical or socially responsible products

I have altered my purchasing habits to purchase more ethical or

	Agree	Neither agree nor disagree	Disagree	Agree	Neither agree nor disagree	Disagree
ASIA PACIFIC						
Australia	57%	33%	9%	44%	38%	18%
China	83%	16%	1%	69%	28%	3%
India	80%	13%	7%	75%	18%	8%
Japan	51%	44%	5%	27%	61%	11%
South Korea	74%	24%	2%	55%	38%	7%
EUROPE						
France	61%	32%	7%	45%	36%	19%
Germany	41%	45%	14%	27%	46%	27%
Italy	58%	36%	6%	39%	43%	18%
Netherlands	35%	50%	15%	16%	43%	41%
Russia	49%	32%	19%	39%	36%	25%
Spain	62%	30%	8%	47%	41%	12%
Sweden	41%	45%	14%	27%	51%	22%
U.K.	44%	42%	13%	35%	38%	27%
LATIN AMERICA						
Brazil	86%	11%	3%	65%	27%	8%
NORTH AMERICA						
U.S.	50%	40%	10%	36%	41%	23%
GLOBAL						
Overall	58%	33%	9%	43%	39%	18%

Source: Datamonitor, 2010.

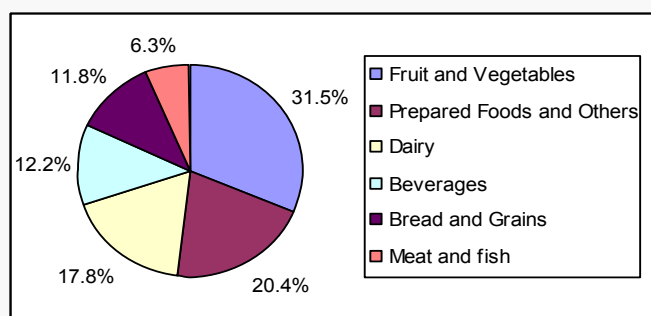
Note: Agree and disagree are the summation of somewhat agree/disagree and totally agree/disagree



Although organic products are not necessarily seen by most people as part of the sustainable food and beverage market, they are often purchased by the same type of customers who purchase environmentally responsible products such as those produced locally, with eco-packaging or with a low carbon footprint. Organic products are also produced without the use of pesticides and are argued by many to be safer for the environment and for those who consume them. Finally, purchasing organic products are considered by some to be more socially responsible, as it helps smaller food and beverage producers financially.

The sale of organic products has not been significantly hindered by the economic recession, however, organics are still only widely sold in developed markets. According to Datamonitor, the organic food market generated revenues of an estimated US\$60 billion in 2009 globally*, growing from US\$34.8 billion in 2005. The fruit and vegetable market was the largest at US\$18.9 billion in revenues, or around 31.5% of the total organic market.

**Global* Organic Food Market Segmentation
Percentage Share by Value—2009 (est.)**



Source: Datamonitor, 2009

Most of the organic sales in 2009 were in the Americas and Europe, which control an estimated 48.6% and 47.9% of the market, respectively. The Asia-Pacific region controlled 3.4% of the market. The organic market for the United Arab Emirates and Saudi Arabia shows total spending of US\$204 million and US\$551 million, respectively for 2009.

The Americas

Although the United States currently has the largest organic market in the world, according to a Datamonitor consumer survey conducted in 2009, American consumers are some of the least likely individuals to say that they are trying to purchase organic products most of the time, or all the time. American consumers are more concerned with buying food and beverages on the basis of value for money, however, this is not particularly due to the economic recession. The organic consumer in the U.S. is generally willing to pay more for organic products regardless of their economic situation due to social, health or ethical reasons. A survey by Mintel showed that consumers eat organics because of the following reasons: it's good for their health, they want their children to eat well, they are concerned about the environment, to lose/maintain weight, or to have increased energy, or feel better. Many studies such as one done by Harris Interactive and TABS (U.S research marketing firm), have shown that organics have an increasing number of loyal fans.

Consumers in Canada, the U.S. and Brazil purchase significantly more organic food than organic beverages. Organic sales in Canada are predicted to grow at a faster rate than in the United States, at 9.1% from 2009 to 2014 compared to 6.7% for the U.S.

Europe

Germany has one of the largest markets for organic food and beverage products in all of Europe, totalling around US\$9 billion in 2009, followed by the U.K. and France. However, Denmark, Austria and Luxembourg lead in terms of per capita consumption in 2008. Most European consumers only purchase organic food and beverages on occasion. Russian consumers have reported the highest tendency to try to purchase organic food and beverages, however, the Russian organic market was only US\$339 million in 2009. The Spanish market is expected to grow the fastest at 8.3% from 2009 to 2014, as consumer awareness of organics, as well as retailer distribution improves. The German organic food market is expected to slow in the coming years, but has outperformed the overall food market during the recession. According to a Datamonitor survey, organic/natural claims in the Netherlands have the least amount of influence on consumers compared to any other country in the global survey.

**The global market consists of North America, 16 European countries (including Russia), Argentina, Brazil, Chile, Colombia, Venezuela, Australia, China, Japan, Singapore, South Korea, and Taiwan.*



Asia-Pacific

The fastest growing markets for 2009 to 2014 will be emerging countries such as India, China, and South Korea. Growing intentions to purchase organic products, as well as growing disposable incomes and a wider availability of organic products, fuel this growth. The increasing amount of food scares in China has led more affluent consumers to become concerned with food quality and therefore purchase more organic products. The organic food and beverage market in China has subsequently grown 27.1% from 2004 to 2009. Japan has the largest organics market in the region totalling US\$4.3 billion in sales in 2009.

Organics – A Sustainable Market?

With high prices, can organics continue to grow when many consumers are concerned about price? The short answer is yes, as there is a growing loyal niche market for organics. According to a Datamonitor survey, there are certain percentages of the market where consumers are willing to pay more for organic food and beverages. The following is part of a survey conducted in select organic markets worldwide.

Question 1: *Please indicate to what extent do you agree with the following statement:*

Organic is worth paying extra for		
Country	% Tend to Agree	% Strongly Agree
Russia	43	24
Brazil	35	22
India	39	16
Saudi Arabia	22	10
UAE	26	10
Sweden	23	8
Global	27	8
Australia	20	7
China	38	7
Germany	24	7
France	23	6
South Korea	39	6
Italy	25	5
Spain	27	5
US	20	5
Japan	30	3
Netherlands	13	3
UK	17	3



Source: Datamonitor, 2010.

For those consumers who do not agree that organics are worth the higher price, private label is breaking into the organics market, enticing more consumers to switch. Private label organics provide retailers greater product control, as well as create added value to cheaper products. Organic private label products follow the larger premiumization retail trend: many retailers are extending their product lines to include premium private label in an attempt to compete on factors other than price. Retailers in Western Europe with private label organic brands include: Tesco's bnatural, Rewe's Bio, Lidl's Biotrend, Metro Group's Real Bio, and Carrfour's Bio. Some retailer private organic labels in Canada and the U.S. include: Shopper's Drug Mart's Nativa Organics, Loblaw's PC Organics, Metro's Irresistibles Bio Organics, Target's Archer Farms Organic, and Supervalu's Wild Harvest Organic. Examples of retailers with organic private label products in the Asia-Pacific market include: Waitrose Organic in India, Woolworth's Organic in Australia, Aeon's Topvalu Green Eye in Japan, and Shopwise Full Circle Organic in the Philippines.

There are issues with organics becoming too mainstream through private label and even top branded products. First, as the world population rises, the room for organic farming diminishes, and production may not be able to meet demand. Secondly, the organics market may be continuing its growth simply because it is not dominated by big brand names. It is a niche market, and its core market may want to keep it as such, a term also known as "organic elitism". If organics were to go completely mainstream, perhaps the organic label would lose its appeal, and producers would lose out on a product differentiator.

More information on the Canadian and worldwide organics market can be found in Agriculture Canada's report entitled "Market Trends: Organics," released November 4th, 2010.



► ORGANIC (CONTINUED)

Product Example

The following is an organic certified product introduced into the French market under the Carrefour private label.

Fruit Puree
Brand: Carrefour Bio(Private Label)
Country: France
Store Name: Carrefour
Store Type: Mass Merchandise/Hypermarket
Store Address: Montesson 78360
Date Published: Nov 2010
Pack Size: 8x100 g
Price in local currency: €2.86
Major Currencies: US\$3.84
Storage: Shelf stable



Product Description

Carrefour Bio Purée de Fruits (Fruit Purée Desserts) have been repackaged. The organic certified product comes with four apple and blueberry, and four apple and peach flavoured desserts. This product is free from added sugar, and retails in an 800g partially recyclable pack containing 8 x 100g cups.

Source: Mintel GNPD, 2010.

► LOCAL FOOD MOVEMENT

The local food movement is characterized by more products being introduced into the market with local origin labels, as well as by increases in the number and availability of farmer's markets. In 1970, there were only 340 farmer's markets in the U.S., but this number grew drastically to 4,500 by 2008. In the U.K., there was only one farmer's market in 1997, however in 2008, there were over 500. Developed markets are increasingly purchasing locally produced foods, but less developed and developing markets have obviously been consuming local foods for centuries. The consumption of local foods not a new phenomenon, but the larger movement towards consumers in developed nations wanting to know what their food is made of, where it comes from, and its impact on their environment, is in fact a new phenomenon.



According to Mintel, some of the reasons that consumers in the U.S. purchase local foods include: it's good for the local community, it's more convenient, it tastes better, it's sometimes more cost effective, it makes them feel responsible, it's better for the environment, and it's more nutritious. The growth of the local food movement is, however, influenced by some other factors such as seasonal eating, the slow food movement, and the mainstreaming of local organic foods.

Locally produced food is often also organic, especially local fruits and vegetables. Consumers who purchase organics are also much like those who purchase locally produced foods. On average, 55% of global consumers believe that buying food and beverages that are locally produced is important or very important for them. This number drops to 28% for the number of consumers who actually purchase locally produced food and beverages most of the time, or all the time. These numbers are quite common for consumer surveys, as often what an individual says he or she will purchase and what is actually purchased are quite different. A main reason for this discrepancy could be linked to the difference between a consumer's ideal purchase and what they are actually able to afford, or are willing to buy. Consumers may believe the importance of purchasing local foods, but are just not completely willing to give up their favourite imported foods. Another reason could be that they do not see themselves as important enough to make an impact environmentally or ethically. Despite this discrepancy, the numbers still represent a large and growing portion of consumers and companies need to take notice of this trend.



▶ LOCAL FOOD MOVEMENT (CONTINUED)

Consumers in the U.K. are more concerned with whether their food is locally sourced than if it is fair trade or organic. Even though the U.K has been noted as having a large local food movement, again, Russian consumers actually have the highest propensity to say that they are trying to purchase local products. This follows closely with Russian consumers saying that they are more willing to purchase organic products than most other consumers worldwide.

There has been recent debate concerning whether or not the local food movement will hamper the fair trade movement, as local foods can possibly hurt the sales of similar imported products. The key words are “similar products”, as the local movement is not expected to hamper the sale of fair trade products that are only available as imports, cheaper than local products, or are distinctly unique from local products. For example, the local food movement in fruits and vegetables in the U.K. is hardly expected to dampen the sales of fair trade bananas. It is also important to note that fair trade products are not seen in a negative light by consumers as imports taking over the local market. Fair trade products are seen to help underprivileged and underpaid producers in foreign countries and are perceived by some to be equally ethical as locally produced foods. Fair trade products, as shown in the next section, are also expected to increase in sales, even in the U.K. where the local food movement is most popular.

Product Example

Often linked with the local food movement is the invention of food miles shown on product packaging. Some companies are also using their websites to show their product's traceability from ingredients to final product throughout the country. A good example of food traceability in action is the Frito Lays Chips website in the U.S., which allows customers to input the first three digits of the product code to track where their chips are made. The Frito Lay company also promises that their Classic chips are only made with three ingredients. Walkers Crisps in the U.K. also claims that its crisps are made with 100% British potatoes.



Source: www.fritolay.com, 2010.



▶ FAIR TRADE

According to the World Fair Trade Organization, fair trade is a trading partnership based on dialogue, transparency and respect that contributes to sustainable development by offering better trading conditions. Usually, fair trade is most well known for providing producers in third world countries a fair price for their goods.

There are now over 827 fair trade certified producer organizations representing around 1.2 million farmers in 58 countries. Global retail sales of fair trade products was around US\$4.9 billion in 2008, and grew by about 15% to US\$5.7 billion in 2009. According to the Fair Trade Labelling Organizations International (FLO), global sales of fair trade products have almost tripled in the past 4 years. According to the organization, fair trade agriculture and agri-food products include: bananas, cocoa, coffee, cotton, flowers, fresh fruit, honey, juices, rice, spices, sugar, tea, and wine. Composite products can only be certified fair trade if 50% or more of the ingredients in a liquid product are fair trade. For a solid product, at least one significant ingredient must be fair trade and amount to at least 20% of the dry weight of the product to be fair trade certified. Examples of fair trade composite products include chocolate, fruit and nut mixes, cereal bars, confectionery, yogurt, ice cream, cookies, jam, and cakes.

*More information on locally sourced foods in the U.K. can be found in Agriculture Canada's report entitled "The United Kingdom: Food and Beverage Industry Facts and Trends," released February 14, 2011.



► FAIR TRADE (CONTINUED)

The largest market for fair trade food and non-alcoholic beverages is the U.S., followed by the U.K., France and Germany. The fair trade market is both a niche and mainstream phenomenon. Popular name brands and retailers have given a face and name to fair trade products such as Starbucks roasted coffee and Tesco's fair trade product lines. Fair trade is also a niche market, as only 51% of respondents to a Datamonitor survey worldwide have heard of fair trade products.

Retailers have been especially keen on offering fair trade products, sometimes devoting entire categories to fair trade and offering fair trade products in separate sections of their stores. Some European retailers with a fair trade private label include Carrefour's Solidaire, Schwarz's Fairglobe, as well as Auchan and Sainsbury private label lines under their retailer names. The Co-op retailer in the U.K. completely converted all its hot beverages to fair trade products, and Sainsbury's U.K. converted all its bananas to fair trade. Some retailers/companies with private label brands in the U.S. include Trader Joe's, Target's Archer Farms, and Starbucks.

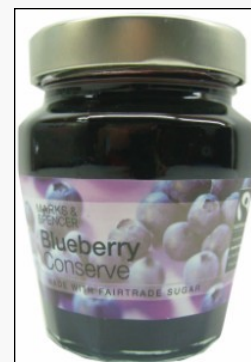
Estimated Spending on Fair Trade Food and Non-alcoholic Beverages in Top Global Markets – in \$US Millions Historic and Forecast

Country	2004	2009	2014
US	319	911	1,451
UK	162	688	1,177
France	114	360	594
Germany	71	294	520
Canada	31	159	294
Sweden	9	105	209
Netherlands	46	80	118
Italy	30	49	66
Australia	1	30	62
Japan	4	14	24
Spain	1	8	15
China	0.7	1	3
South Korea	0.8	1	2
Saudi Arabia & UAE	0.7	1.2	1.5
India	0.7	1	1.2
Brazil	0.8	1	1.2
Russia	0.7	1	1.1

Source: Datamonitor, 2010.

Product Example

Blueberry Conserve
Company: Marks & Spencer
822 Ocean Centre, Canton Road, Tsim Sha Tsui, Hong Kong
Brand: Marks & Spencer (Private Label)
Country: Hong Kong
Date Published: Jul 2009
Pack Size: 340g
Price in local currency: HKD35.00
Major Currencies: US\$4.52



Product Description

Marks & Spencer Blueberry Conserve is made from Fairtrade sugar. This product is available in a 340g recyclable jar.

Source: Mintel GNPD, 2010.

► ECO-PACKAGING

According to Datamonitor surveys, consumers argue that more should be done by companies at the production level to make their products more environmentally sustainable. Not only are ingredients expected to be sustainable, but so is the packaging material. On the consumption side, consumers are increasingly considering their personal impact on the environment, leading to positive choices. Positive changes can be seen in consumers purchasing products with less packaging, and the proliferation of re-usable grocery bags, followed by the introduction of charging consumers for the plastic bags they use. Other changes can be seen in the creation of bio-plastics, the reduction of packaging for many food products, and using recyclable or lightweight packaging.

Companies are realizing more and more how important sustainable packaging is for consumers. The main factor for companies to take part in sustainable activities in terms of product packaging is customer or consumer requirements. Other factors include regulatory requirements, increased media attention, pricing pressures, material sourcing requirements and increased global competition.



► ECO-PACKAGING (CONTINUED)

Bio-plastics

Some products that use plastic packaging are now being created from commodities such as corn and sugarcane. These specialty plastics are created from polyactic acid made from corn and are often called bio-plastics. Since as much as 8% of the world's oil is converted into plastics, the use of bio-plastics will help to reduce international reliance on oil. However, much like the use of ethanol and biodiesel as fuel for transportation, the use of bio-plastics is controversial. Some argue that due to the use of pesticides, energy, and genetically modified seeds that go into bio-plastics, it is just as bad, or worse than plastics for the environment and consumers. It also uses precious food resources for non-food purposes. There always seems to be a trade-off with the use of new technologies and innovations, but the real questions are whether or not consumers will purchase products using bio-plastics, whether or not it will increase profits for companies, and if it will be more sustainable in the future than regular plastics.

Although the ability of packaging to be broken down through composting can be a product differentiator and drive the interest of consumers, it should always be seen as secondary to the product itself. For example, Sun Chips introduced new biodegradable bags for their chips in the U.S. and Canada. The bags, at first, were seen by customers as a step forward by the company to use less plastic and environmentally harmful materials. However, the sound of the bags are so loud that consumers began to rally against them through social media, causing sales to drop 11% within the same year, and eventually forcing the company to stop using the bags in the U.S. with the exception of the "Original" flavour.

Reduction in Packaging

Although product packaging is a small player in the overall environmental footprint of a product, it's the first and last thing that the customer sees. Many consumers will often describe a product as over-packaged, even if the use of packaging is warranted due to product safety, freshness or regulatory purposes. According to a Datamonitor survey in 20 countries, around 60% of consumers polled believed that grocery products have too much packaging. The survey goes on to say that consumers in France and the U.K. are the most likely to agree with the previous statement. On the other hand, consumers in Saudi Arabia, the U.A.E. and India are more likely to agree that reduced packaging in grocery products may compromise product quality. In the end, many consumers think that whether or not a product's packaging can be recycled is more important than a reduction in packaging in terms of a product's "greenness."

Recycled Materials

According to a Datamonitor survey, more consumers worldwide would prefer products to be recyclable than have reduced packaging, however, the number of individuals that say they often, or always, recycle household waste is inconsistent among countries and very low in some. An example of a company that is following the recycling trend includes Coca Cola in the U.K., which took steps to encourage consumers to recycle their cola bottles by offering discount vouchers for their products. Another example is the Land O Lakes brand in the U.S. (shown below). Their all-natural eggs are also a merging of multiple sustainable claims such as animal friendly, all natural, and antibiotic-free.

Product Example

All-Natural Eggs
Company: Moark
Norco, California (CA), USA
Brand: Land O Lakes
Country: USA
Store Name: Piggly Wiggly
Store Address: Memphis 38104
Date Published: Dec 2010
Pack Size: 680 g
Price in local currency: US\$2.75



Product Description

Land O Lakes All-Natural Eggs have been repackaged and are now available in a newly designed 24-oz. recyclable pack containing 12 units. The large grade A, farm-fresh eggs are laid by hens fed a vegetarian and whole grain diet rich in corn and soy protein and free from animal fat, animal by-products or antibiotics. The product is kosher certified.

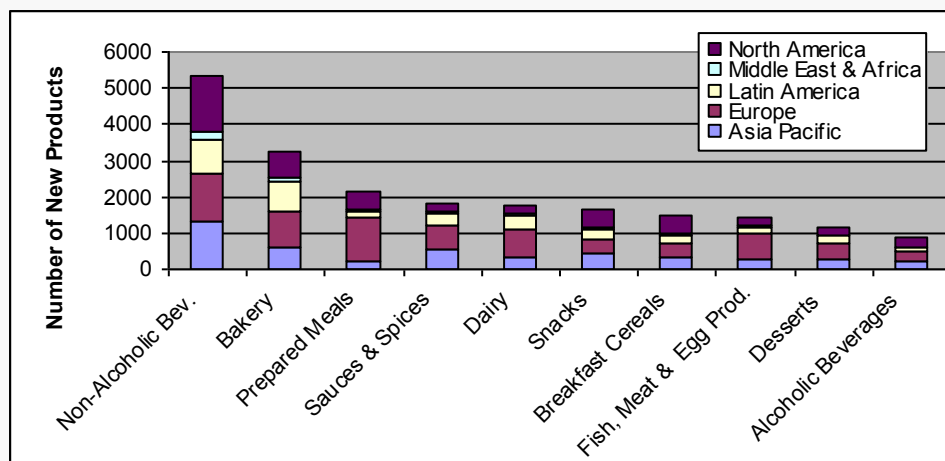
Source: Mintel GNPD, 2010.



► ECO-PACKAGING (CONTINUED)

According to Mintel, over 24,000 products were introduced into the world market in the past two years that have environmentally friendly packaging claims.

Number of Product Launches in Top 10 Categories By Region with Environmentally Friendly Packaging – Jan 2009 to Dec 2010



Source: Mintel GNPD, 2010.

More environmentally friendly packaged products were introduced in Europe in the prepared meals category, while a relatively even number of products in the non-alcoholic beverages category were introduced into Europe, North America and the Asia Pacific. Europe seems to be the leader in many product categories, but it is important to note that there are a number of countries in Europe and that one single product may be introduced into multiple countries, thus skewing the numbers.

► CARBON FOOTPRINT

Products that have a carbon footprint label or carbon neutral label are a recent introduction to the packaged food and beverage market. These products are not yet as common as fair trade, organic or even those with eco-packaging. Although the use of these labels allows consumers to see how their purchase can affect greenhouse gas emissions, many critics argue that it adds too much value to emissions and disregards other issues of sustainability such as biodiversity, poverty, and equity. Even with these concerns, many consumers see that products that are organic, carbon neutral, fair trade or use eco-packaging are more favourable than products without any such claims. Although not all consumers care for sustainable products, some individuals prefer to feel like they are promoting sustainability with their product choices. A particular example of carbon labelling is shown on the bottom right, which is used by Coop retailers in Switzerland. Tesco in the U.K. is also developing a universally accepted and commonly understood measure for carbon footprinting. Companies such as Coca Cola, Cadbury, Walkers, Kimberly Clark and Boots are also testing carbon footprint/neutral labelling.

There are a few ways for small and medium organizations to be carbon neutral or track their carbon footprint. Some of the ways are through carbon offsetting (which compensates for the emissions from a particular endeavor by funding an equivalent carbon dioxide savings somewhere else), carbon reduction, carbon tracking and carbon management. These terms are fully explained at the following website: <http://www.carbonfootprint.com/>.

Carbon neutral, carbon negative and reduced carbon footprint products are also often locally sourced, as it takes less energy to transport the product to its destination from its area of production.



Source: <http://www.climatop.ch>

*More information on carbon footprint labeling initiatives can be found in Agriculture and Agri-Food Canada's report titled "Changes to E.U Labelling Regulations and New Eco-Labels in France," released September 10, 2010.

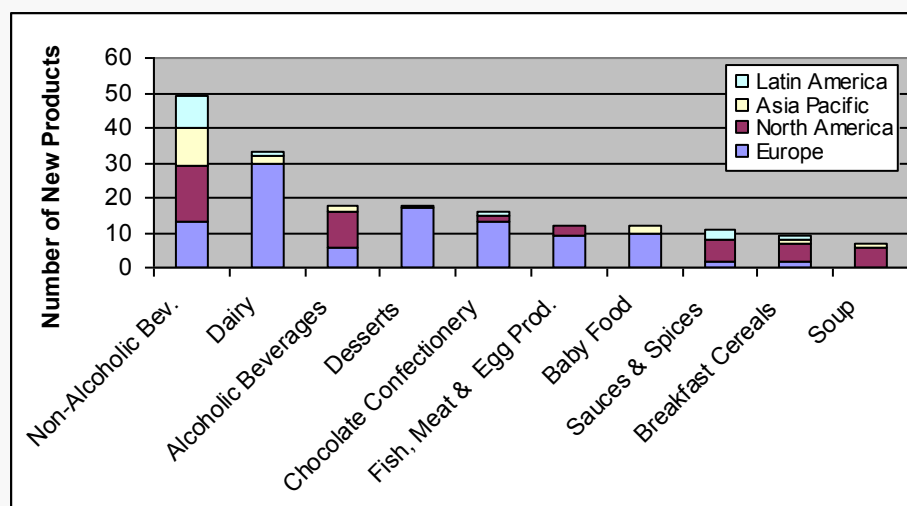
► **CARBON FOOTPRINT (CONTINUED)**



An example of a product that is carbon negative is Fiji water, which is also recyclable and uses reduced packaging. The company also gives 1% of its profits to environmental causes, gives to communities in need, practices sustainable production through fuel efficient logistics, has production plants close to a source water spring, and has low-energy use in their bottling plant.

As shown in the graph below, Europe dominates the market for new carbon-neutral product introductions in the dairy, desserts (including ice cream), chocolate confectionery, baby food, and fish, meat and egg products category. Non-alcoholic beverages are the most frequently used category for carbon neutral claims. Again, due to the number of European countries and the ability for a certain product to be launched in many European countries at once, these numbers will be skewed.

**Number of Carbon Neutral Product Launches in Top 10 Categories
By Region – Jan 2009 to Dec 2010**



Source: Mintel GNPD, 2010.

Product Example

The following is a limited edition product introduced in Japan by Lawson CVS. This product shows that the production of a particular product may not be carbon neutral or have a low carbon footprint, but the proceeds can go towards limiting carbon dioxide emissions.

Kinmugi (STOP! Global Warming Can)
Company: Suntory
2-1-40 Dojimahama, Kita-ku, Osaka-fu, 531-8203, Japan
Country: Japan
Date Published: Aug 2009
Pack Size: 350 ml
Alcohol By Volume: 5%



Product Description

The company has introduced a beer-type liqueur drink called Kinmugi in a limited-edition can. The product was developed in collaboration with Lawson CVS and is available only at CVS outlets. A purchase of a unit offsets 1kg of Japanese CO2 emissions. For further interactivity, the consumer can also access the company's website via a cell-phone readable barcode printed on the pack, offsetting a further 100g of CO2. Launched on July 21st 2009 in 350ml and 500ml cans (141 and 197 yen each).

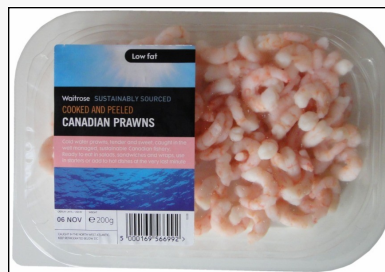
Source: Mintel GNPD, 2010.



► OTHER SUSTAINABLE PRODUCTS

Sustainably Sourced

Cooked and Peeled Canadian Prawns
Brand: Waitrose Sustainably Sourced(Private Label)
Country: UK
Store Name: Waitrose
Store Type: Supermarket
Store Address: London SW1X 8GG
Date Published: Nov 2010
Pack Size: 200 g
Price in local currency: £2.99
Major Currencies: US\$4.72
Storage: Chilled



Product Description

Waitrose Sustainably Sourced Cooked and Peeled Canadian Prawns consist of cold water prawns, caught in a well-managed, sustainable Canadian fishery. These low-fat chilled prawns are ready to eat in salads, sandwiches and wraps, or to be used in starters or added to hot dishes.

Animal Friendly

The following two products claim to be sourced from an animal friendly environment. Other types of products with such a claim include eggs that were produced from free-range chickens.

Company: Woolworths
Brand: Woolworths Organic (Private Label)
Country: South Africa
Date Published: Dec 2009
Pack Size: 1 litre
Price in local currency: ZAR8.95
Major Currencies: US\$1.22
Storage: Shelf stable

Product Description

Woolworths Organic Long Life Full Cream Milk has been repackaged in a new 100% recyclable 1L bottle. This kosher and halal certified product is UHT processed, hormone free, high in calcium, and is said to be produced from cows that roam freely and graze in organic pastures.

Source: Mintel GNPD, 2010.



Company: Tropical Canning -Thailand
Brand: Coto (Private Label)
Country: Argentina
Date Published: Oct 2009
Pack Size: 165 g
Price in local currency: ARS6.39
Major Currencies: US\$1.67

Product Description

The product is retailed in a 165g easy-to-open can that features the "Dolphin Safe" logo.

► CONCLUSION

Datamonitor completed a survey in June 2010 about how much sustainability labels influence product purchasing. According to the survey done in 15 different countries, consumers said that labels that show a particular product is produced in their own country have the greatest influence. Other labels such as free range (e.g. eggs and chicken), non-genetically modified, organic, and recyclable packaging have a medium or high amount of influence on more than 65% of the consumers surveyed. Fairtrade, sustainably sourced, carbon footprint and food mile labels had a medium or high influence on 63% to 49% of consumers.

In the end, according to multiple surveys conducted by Datamonitor, the consumer cares more for the taste and flavour of a particular product, than whether or not it is created sustainability or follows ethical standards. However, if taste, price and aesthetics are equal when comparing two products, the average consumer will choose the product that is sustainable or ethical.

► CONCLUSION (CONTINUED)

If a company chooses to become truly sustainable, it must evaluate its entire business from the production of a product, to the processing, packaging, distribution and final disposal. Although sometimes companies choose particular parts of the product lifecycle to use as label claims and promote through other means, consumers may expect more. Some companies have realized this and are currently providing consumers with labels including multiple sustainability claims, such as both organic, carbon neutral and locally sourced, or eco-packaging with fair trade.



► ANNEX: SUSTAINABLE LABELS

Below are some examples of sustainable product labels used by retailers, companies, and select countries. As you can see, there are many sustainable logos, certifications and labels available worldwide, with many overlapping issues. It is sometimes difficult for consumers to process this amount of information, especially if more than one logo is shown on a product package. Companies should aim to use the most well-known certifications, and be selective and strategic about which certifications to use, so as to eliminate packaging clutter.

Organic certification labels:



United States



European Union



Canada



Japan



China



India



New Zealand

Carbon Footprint/Neutral labels:



Australia, Brazil, Canada and the U.S.



France, Germany, Netherlands, Spain, Switzerland and the U.S.



U.S., Korea, some of the E.U., Australia, Canada, Israel

Sustainable source labels:



Rainforest Alliance: independent third party seal for products that meet ecological, social and economic considerations



Marine Stewardship Council: For seafood that has come from sustainable sources

Other labels:



Dolphin Safe: Global label used for tuna products



Global certification label for products directly linked to conservation actions.



Global sustainability certification by third party. Also certifies for GE-free, natural, organic, climate-friendly

Fair Trade certification labels:



International



Canada and U.S.



▶ KEY RESOURCES

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Mintel (Jul 2009), "Mintel GNPD Live Trends Webinar– Sustainability." Retrieved on Dec. 9, 2010 from www.mintel.com

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The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

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