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F2F Health Matters

F2F Health Matters: International development of innovative European healthy food, and sustainable bio-based techno-functional ingredients and solutions, and bio-solutions in new global markets

D1.8 Market intelligence reports for SMEs –Canada

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MARKET INTELLIGENCE REPORT

FOOD AND BEVERAGES CANADA 2022

Funded by the European Union

INTERNATIONAL

F2F HEALTH MATTERS

Content

EXECUTIVE SUMMARY

This document provides specific information on the Canadian market and the opportunities for the companies that have been selected as Champion SMEs in the healthy and functional food and beverages and food supplements.

It is intended to support the preparation of the international trade mission to the Canadian market. The information will be brief and concrete and adapted to the SMEs that will participate in this mission.

To this end, the report provides information on new products launched in the market (giving an insight into specific trends, consumer and regulatory issues) and information on how to do business in the country and relevant information not covered in the previous report on the Canadian market D1.2, with this deliverable serving as a complementary one.

These market readiness reports will be useful to reassure SMEs about the opportunities in the specific market, and to ensure that they are well informed and prepared for the mission.

Targeted SMEs divided by sectors and sub-sectors

SECTORS	SUB-SECTORS	COMPANIES
1. HEALTHY BEVERAGES	**SOFT DRINKS**	- Biogroupe (FR) - Divas drink (SK)
2. HEALTHY FOOD AND SNACKING	**DAIRY: CHEESE**	- Innolact (SP)
	SEAFOOD: CANNED	- Ramirez & Cª (PO)
	OLIVE OIL & OTHER PRODUCTS	- Danesti Alimentaçao (PO) - Equanto (PO) - Mieles Anta (SP)
	SNACKS	- Linatelle (BE) - Agogo (FR) - Happylife (SK)
3. NUTRACEUTICAL	**FOOD SUPPLEMENTS**	- Bella vie (BE) - Tilma (BE) - Vésale pharma (BE) - Archie (FR) - Healthinfoods (SP)
4. OTHER	**BREEDING AND FARMING PRODUCTS**	- Humac (SK)

Table 1. SMEs sectors and subsectors

The report will be divided into three parts according to the three groups of sectors in which SMEs are organised and which are shown in Table 1: (1) beverages, (2) gourmet and snacking, and (3) functional food and food supplements.

Subsequently, the information will be common to all sub-sectors as there are similarities.

1. FOOD & HEALTH IN CANADA

High inflation rates took centre stage in 2022. Many factors caused a spike in food prices plus the pandemic has played a major role in shaping food and beverage trends. COVID-19 had a significant effect on our approach to health and wellness – to both mind and body. Inflation, labour shortages and supply chain disruptions all played a role in our choices, expectations and desires going forward.

Product innovation, consumer trends and industry shifts have all contributed to food and beverage macro trends in 2022. Some of the top themes for this year are in the areas of convenience foods, flexible diets, and indulgence foods.

Pandemic caused a lasting impact on some consumers and their eating habits. These consumers are looking for convenient time-saving products and grab-and-go snacks. Some examples include quality ingredient and chef-inspired frozen meals, meal kits, home delivery meals, and refrigerated appetizers & entrees.

During the pandemic, consumers were looking to be more proactive with their health while remaining flexible in their diets. This has led to the trend of picking and choosing from different diets and customizing it to the consumer's personal need. Shoppers are no longer following strict diets, rather they are cherry-picking what best suits their bodies. For example, choosing to eat more of a flexitarian diet with less meat and more plants rather than committing to becoming a vegan or vegetarian.

When it comes to indulgence foods, three out of four consumers look for options that are both healthy and taste great, but very few (39%) are willing to sacrifice taste for a healthier option. [2] When choosing a snack to eat, "taste", "flavor" and "satisfying a craving" out-rank "health," in terms of importance.

[1] Mintel – Snacking Eating Habits – Canada 2020

[2] AC Nielsen Topline Report. Jan 2022 Canada National All Channels

Health as a constant

Last year further underlined the need for the food and beverage industry to see health as a major driver of innovation. Consumer demand was high for plant-based alternatives and nutrient-dense, immune-boosting products rich in antioxidants and with clean labels.

The 2022 Snacking Trends report by Mondelez also identifies sustainability, health, indulgence, and convenience of access throughout the day as leading habits for the contemporary snacker. Non-alcoholic beverages continue to gain traction.

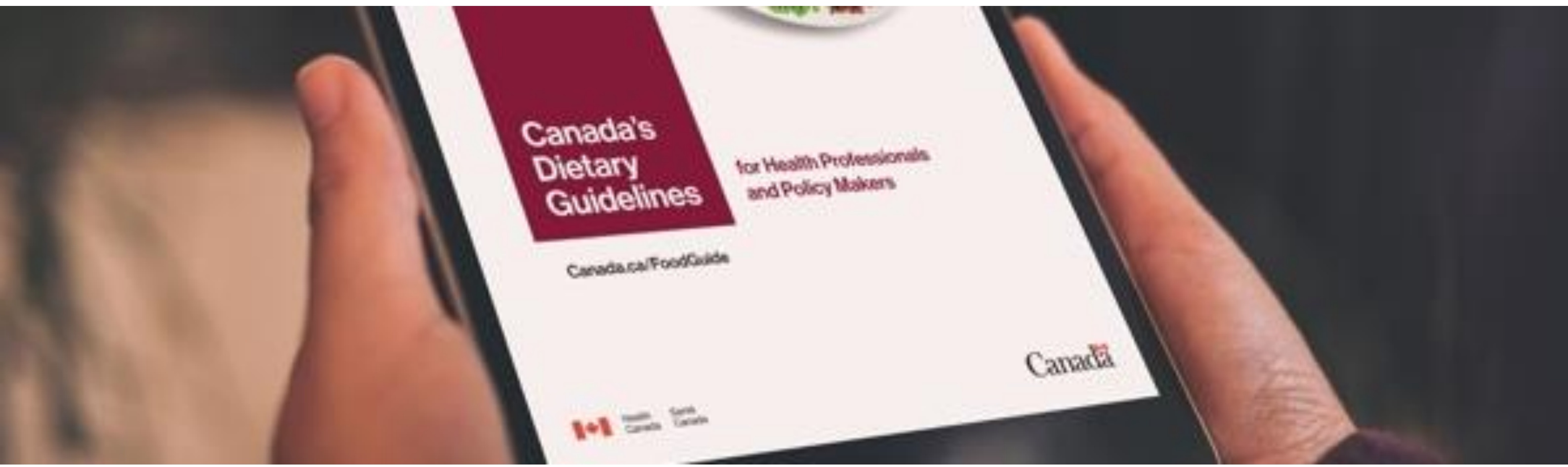
THE OUTLOOK

A broad sustainability ethic in food production and consumption is bringing together consumer caution, whether attention to price increases from food inflation, or personal and family health, and a sense of social awareness (about the pandemic, the environment and geopolitics).

Brands are launching upcycled product lines, declaring car- bon-neutral targets and goals in their operations and building partnerships and networks to make the work more feasible and collaborative. Consumers are expecting greater recyclability and less plastic waste. Food ingredients are coming from regenera- tive agriculture. National initiatives such as the Canada Action Plan for Zero Plastic Waste, and the Canada Plastics Pact were both announced in 2021.

Many top CPG companies have taken these up. New and emerging startups are receiving financing to accelerate their business models whether they are plant-based or cell, culture-based to bring meat, dairy, and seafood alternatives to the market.

[3] https://food-guide.canada.ca/en/guidelines/



2. SOFT DRINKS & FUNCTIONAL BEVERAGES

2.1 MARKET OVERVIEW

The domestic market of soft drinks, beer, wine, and spirits was significant in 2021, at $18.8 billion, up eight per cent from the previous year, and Canadians continued to purchase drinks from international sources, creating a trade balance of $–4.7 billion, five per cent greater than in 2020. The value added (GDP) of the beverages sector was $6.3 billion, up three per cent in 2021, while export intensity was 10 per cent of the sector, down by four per cent from the previous year. The domestic market share in 2021 was 67 per cent, only a two per cent increase over the 12-month period.

For importing beverages, 34 per cent of beverage products in this category came from the United States, 16 per cent from France (an increase of two per cent from the previous year), and 12 per cent from Italy (also an increase of one per cent), with 39 per cent coming from all other countries.

Significant M&A activity occurred in 2021 as large beverage CPG companies sought strategic acquisitions in a rapidly evolving marketplace amid health concerns by consumer. The most growing is the sports and performance beverage market, targeted at the physically active, can have a value of as high $14 billion by 2025, up from approximately $11 billion in 2020.

Last year got off to an impressive start in the healthy, artisanal water category for Canadian beverage manufacturers with major announcements, and a consistent theme of sustainability.

Table 2. Beverage Manufacturing: Breakdown of Canadian output and of imports and exports

SHIPMENTS (1)	CANADA	ONTARIO	QUEBEC	BC	ROC
2020	$13.7 BILLION	40%	25%	18%	17%
EXPORTS (2)	**WORLD**	**USA**	**JAPAN**	**IRELAND**	**ROW**
2021	$1.5 BILLION	90%	2%	1%	7%
IMPORTS (2)	**WORLD**	**USA**	**FRANCE**	**ITALY**	**ROW**
2021	$6.1 BILLION	34%	16%	12%	39%

Source: Statistics Canada, Principal statistics for manufacturing industries by NAICS (North American Industry Classification System)

The market segment Soft Drinks covers all types of water-based Non-Alcoholic Drinks with added sugar. This includes Carbonated Soft Drinks like cola and lemonade, Non-Carbonated Soft Drinks like fruit nectars, fruit juice drinks, flavored water and ready-to-drink (RTD) tea and coffee, and Energy & Sports Drinks. While Carbonated Soft Drinks have been on the wane for quite some time now as health-oriented consumers shift to low-sugar diets, smaller segments of Non-Carbonated Drinks like RTD tea and coffee especially have taken up some of this slack.

Highlights

•Revenue in the Soft Drinks segment amounts to US$14.08bn in 2022. The market is expected to grow annually by 6.69% (CAGR 2022-2026).

•In relation to total population figures, per person revenues of US$366.80 are generated in 2022.

•By 2026, 55% of spending and 18% of volume consumption in the Soft Drinks segment will be attributable to out-of-home consumption (e.g., in bars and restaurants).

•In the Soft Drinks segment, volume is expected to amount to 3,254.8ML by 2026. The Soft Drinks segment is expected to show a volume growth of 4.2% in 2023.

•The average volume per person in the Soft Drinks segment is expected to amount to 82.93 L in 2022.

Soft drinks are the biggest pillar on which the business of non-alcoholic drinks rests. The biggest players in the field – Coca Cola and PepsiCo – are, at their core, soft drink manufacturers. Business-wise, the segment is characterized by multinational brand players that mainly focus on product development and marketing and by regional bottlers that license their brands for distribution in selected areas. Strategically, the industry has witnessed both a trend towards streamlining operations as well as a hunt for novel products which could fill a niche.

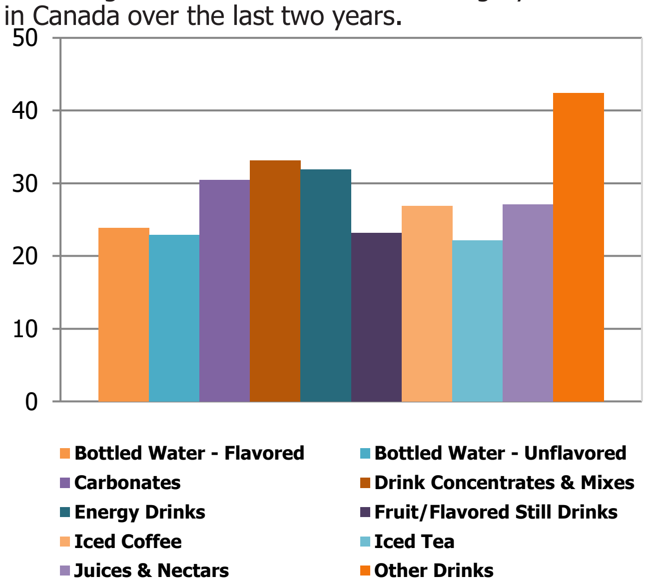
[4] 2022 Canadian Food Industry Report. Food in Canada Magazine. 2022

[5] Soft Drinks - Canada | Statista Market Forecast. 2022

2.2. MARKET TRENDS, COMPETITIVE OTLOOK, NEW PRODUCT DEVELOPMENT AND INNOVATION

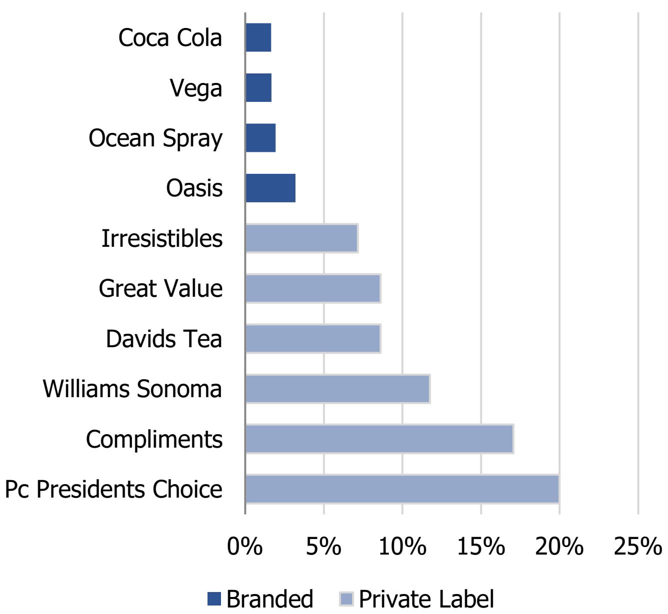
Development of soft drinks category launches in Canada, by sub-category

Drink concentrates & Mixes, Energy Drinks, Carbonates, juices and fruit still drinks are the leading sub-categories of overall soft drinks category launches in Canada over the last two years.



Graph 1. % Penetration (of product launches) of subcategories of sot drinks in Canada (2022). Source: Innova database Innova Market Insights.

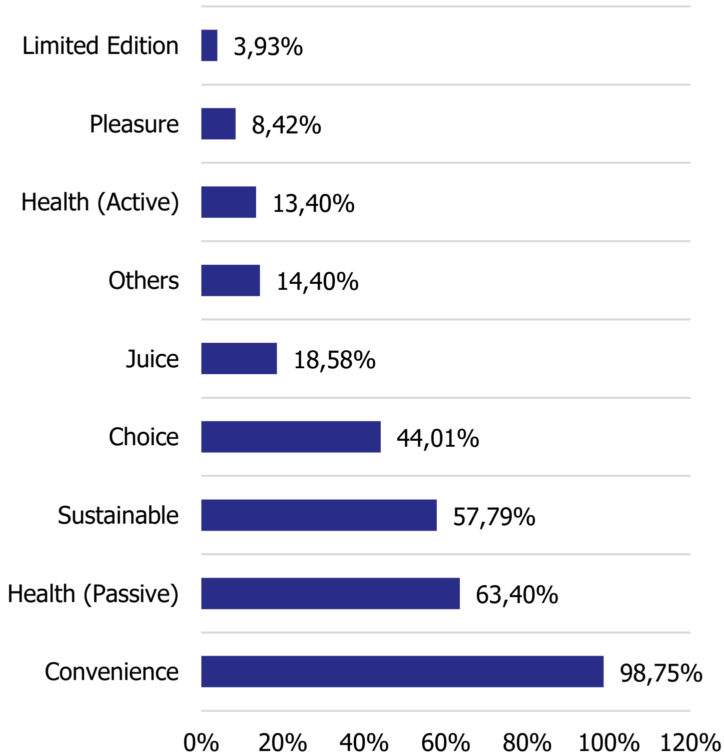
The leading branded trademark is Oasis in 2022 in Canada in NPD in 2022. Meanwhile is noticed the predominance of private labels as Pc **President's Choice** , Compliments and Williams Sonoma.



Graph 2. % Penetration (of product launches) of brands of sot drinks in Canada (2022). Source: Innova database Innova Market Insights.

President's Choice Sparkling Cold Brew Coffee new product launched in 2022

Convenience is the top positioning for the soft drinks category in Canada. No additives / preservatives is the leading claim in the health (pasive) positioning for soft drinks in Canada. Meanwhile ethical – sustainable exhibited a steep increase in share in 2022.



Graph 3. % Penetration (of product launches) of positioning categories of sot drinks in Canada (2022). Source: Innova database Innova Market Insights.

The importance of sustainability ramps up

The past year continued to see sustainability-related innovations in the beverage sector. US-based Keurig Dr Pepper made headlines in 2022 with their intention to become net water positive by mid-century, which will involve some R&D to produce a recyclable, paper bottle by the end of the year. This is part of their "Drink Well, Do Good" campaign.

Growth of non- alcoholic and cannabis beverages

Alcohol-free alternative beverages continued to find consumer demand in 2021, as healthy and 'better-for-you' options hogged a significant share of all food categories.

In April 2021, Truss beverages, launched a series of made-in-Canada CBD and THC cannabis drinks. Truss has a unique portfolio, including their Mollo, Little Victory and House of Terpenes lines, each catering to a different demographic or occasion segment with flavour profiles from beer-like to citrus-infused seltzers.

In May 2021, further investment into the non-alcoholic, cannabis beverage segment was announced by the Boston Beer Company with plans for a research and development hub in Canada. The new initiative builds on the legalized national cannabis regulatory platform in Canada.

In the first few months of 2022, non-alcoholic craft beer maker Hoplark, based out of the US, introduced a calorie-, sugar-, carb- and gluten-free beverage entitled 0.0 Citra as an industry first.

Little Victory Celtzer Lime Flavored Thc And Cbd Drink

Canada, Sep 2022 VIEW DETAILS

Description: Lime flavored THC and CBD drink, in a 355ml aluminum can.

Claims: Contains 2.5mg THC and 2.5mg CBD. When the sun comes out on your day off, celebrate "a little" with this lime flavored Celtzer. Potency: 1:1 Low. No sugar, no calories. No artificial flavors.

Health choices in flavoured waters

Early in 2021, Canadian-owned beverage company, Viveau, success- fully launched three flavours into the market—blueberry, cherry, and apple cider. The beverages combine juices from fruits grown in Canada and sparkling mineral water from Nova Scotia. Viveau has a particularly attractive profile with natural flavouring and being free of added sugar, colours or preservatives.

Another naturally flavoured sparkling water brand, Sweden-based Good Idea (a subsidiary of Aventure AB), is expected to launch a beverage with the ability balance blood sugars in North America.

Viveau Cidre De Pommes Fraichement Pressees Eau Minerale Petillante: Sparkling Mineral Water With Fresh Pressed Apple Cider

Canada, Mar 2021 VIEW DETAILS

Description: Sparkling mineral water with fresh pressed apple cider, in a 235ml glass bottle.

Claims: 100% Canadian. Recyclable packaging.

Innovation in energy and health beverages

New beverage business strategies and innovation came from many different sub-sectors of the category in 2021. According to research from IRI, in 2021, energy drinks grew 14 per cent, particularly in convenience outlets. Monster and Red Bull were the top sellers. Newer brands, such as BodyArmor, Zoa, and Alani Nu, round out some of the up-and-coming drinks.

Many of them contain plant-based ingredients offering unique selling points, and largely aimed at health-conscious consumers.

[3] 2022 Canadian Food Industry Report. Food in Canada Magazine. 2022

In this line. RISE has developed a sparkling tea that's filled with adaptogens. With the slogan *Live Well. Adapt Better* These are plants & mushrooms that are known to help the body adapt to everyday stressors.

Rise Botanicals Boost Cocoa Chai Sparkling Adaptogenic Beverage

Canada Feb 2022 VIEW DETAILS

Description: Cocoa chai sparkling adaptogenic beverage with cocoa beans, ginger, ashwagandha, holy basil and cinnamon.

Functional beverages are in developing, with active health positioning in the focus. An example is Oasis supplementing juices with active ingredients highlighting the health effect on the label.

THE OUTLOOK

Last year was characterized by innovation in the beverages

sector, both in Canada and globally. Non-alcoholic beverages garnered a lot of attention, particularly with Millennials and Gen Z, who want to socialize without experiencing negative effects of alcohol.

Cannabis drinks partially met the demand for non-alcoholic beverages. Given the Canadian advantage of federal legaliza- tion, cannabis beverage innovation has had some competi- tive benefits domestically. Frontrunners like Truss beverages are already planning expansion into US markets where cannabis is recreationally legal. If onset and offset effects of cannabis beverages can be improved (such as with infusions of CBD, CBN, or THC), there will likely be continued growth in the category.

Health and sustainability also drew consistent and note- worthy attention with beverage brands. Conscious consum- er-driven purchasing is a lasting market driver, and whether it is the reduction of sugar and sodium, the integration of functional, nutritional benefits, or the explicit use and aware- ness of bottling waste or reuse, these themes where high on the agenda for the sector over the past year.

Oasis Health Break Collagen Grapefruit, Hibiscus And Blackberry Juice Blend From Concentrate

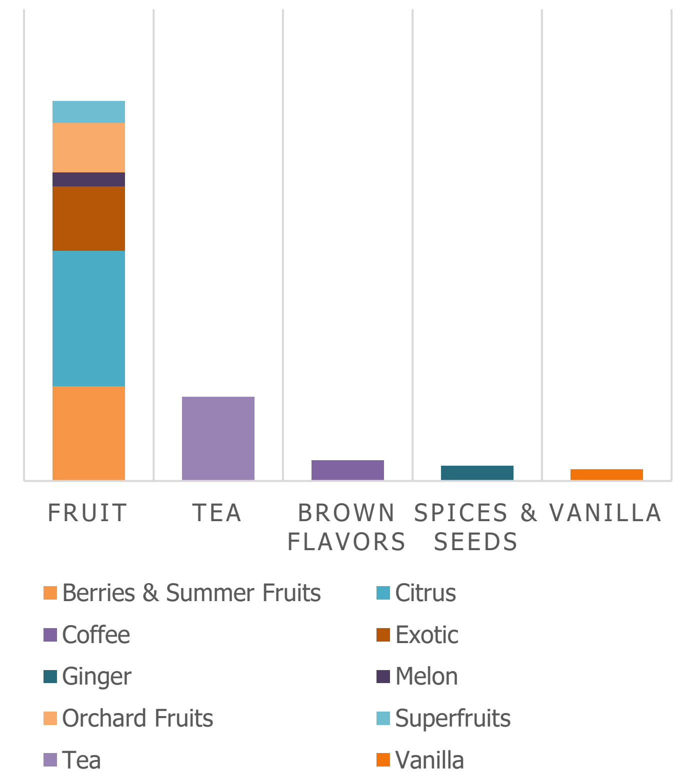
Canada, Oct 2021 VIEW DETAILS

Description: Grapefruit, hibiscus and blackberry juice blend from concentrate with collagen, hibiscus, natural flavor and vitamin C, in a 1.65L brik liquid carton.

Claims: Contains 2g bovine collagen per 250 ml. Excellent source of vitamin C. No sugar added. Recyclable.

Innovation, colours and flavours

Fruity flavors lead the launch of new products. Among which citrus and berries stand out.



Graph 4. % Penetration (of product launches) of different flavours of soft drinks in Canada (2022). Source: Innova database Innova Market Insights.

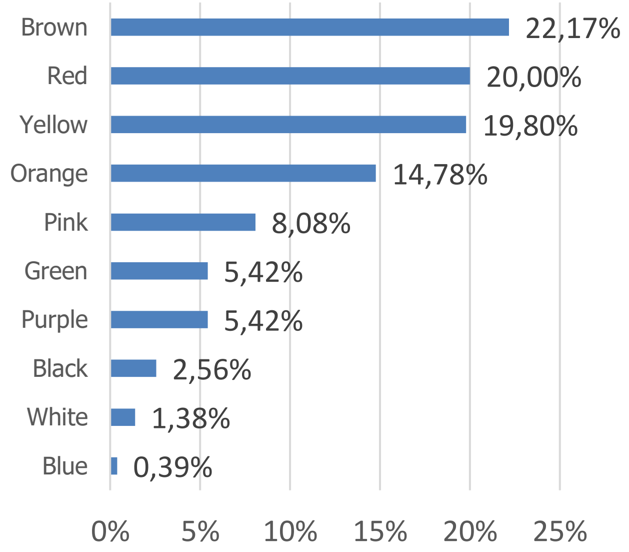
Sanpellegrino Momenti Pomegranate And Blackcurrant Carbonated Fruit Beverage

Canada, Jul 2022 VIEW DETAILS

Description: Pomegranate and blackcurrant flavored carbonated fruit beverage.

Claims: Low in calories. With real fruit juice. With 3% pomegranate and 3% blackcurrant juices from concentrate. Italian sparkling drinks. Contains 35 calories per can.

The colors associated with the differentiation of new predominant products in the last year are brown, red, yellow and orange, which are present in most of the launches.



Graph 5. % Penetration (of product launches) of different colours of soft drinks in Canada (2022). Source: Innova database Innova Market Insights.

Virgils Vanilla Cream Soda

Canada, Mar 2022 VIEW DETAILS

Description: Four 355ml glass bottles of vanilla flavored cream soda, in a carton board sleeve.

Claims: With cane sugar. Handcrafted. Naturally bold taste. Contains no artificial flavors, caffeine, and GMOs. It's all about the vanilla bean. Extravagant and luscious yet light on the tongue and refreshing.

CASE STUDY: SPARKLING TREE WATER WITH ANTIOXIDANTS FOR IMMUNE HEALTH

'Sapsucker,' the Woman-founded, Canadian sparkling tree water brand, has unveiled 'The Peach One,' a new addition to its collection of organic, naturally-sweetened drinks. The Peach One is the sixth flavor offering from Sapsucker, with the others being orange, lemon, lime, grapefruit, and original. Each of these beverages are organic, plant-based, and sustainably made in Ontario, Canada.

Sapsucker The Peach One Organic Sparkling Tree Water

Canada, Apr 2022 VIEW DETAILS

[6] Soft Drinks in North America. Analysis of Soft Drinks category NPD in Canada. Innova market Insigths 2022

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The Peach One contains 46 beneficial minerals, vitamins, and antioxidants, making it an excellent better-for-you sparkling beverage to enjoy either on its own or as part of a mixed cocktail. While Sapsucker beverages are sweetened, they are not sweetened by sugar or artificial sweeteners. Instead of these processed flavor enhancers, Sapsucker uses naturally-sourced maple water tapped from trees right at home in Ontario.

Naturally hydrating and sustainably harvested from Canadian maple trees. Tree water is naturally sweetened and supports **immune health with 46 nutrients, minerals and antioxidants.** Packaged in a 355ml aluminum can. Sapsucker marketing for its beverage line includes:

- "Refreshing by nature"
- A mixer for cocktails
- "Not just another pretty can"
- "Sapsucker pairs well with life"

Free from/ environmental claims:

- Organic
- No added sugar
- Sustainable harvested

The Peach One joins five existing flavors:

- The Original One
- The Lemon One
- The Lime One
- The Orange One
- The Grapefruit One

Only three ingredients:

- Maple water
- Organic natural flavor
- Citric acid

[5] https://sipsapsucker.com/

3. SNACKS & OTHER FOODS

3.1 MARKET OVERVIEW

The other foods products (OFP) sector includes several sub-sectors. Snack foods, Seasonings and dressings, including sauces and spreads and others

The domestic market was $18.08 billion, an increase of six per cent in 2021. The domestic market share in 2021 was 64 per cent of the total, a modest two per cent increase from the previous year. The value added (GDP) of the sector was $4.4 billion in 2021, a five per cent increase. When comparing processor prices to 2020 as an index at 100, in 2021, prices went up slightly to 102.4, a three per cent increase from the previous year.

International trade in the sector increased in both exports and imports to $3.4 billion in total exports (from $3.1 billion in 2020), and $5.9 billion (from $5.7 billion in 2020) in imports.

The Snack Food segment includes sweet, savory and salty snacks such as potato chips, cookies, and crackers as well as chips and flips.

•Revenue in the Snack Food segment amounts to US$10.68bn in 2022. The market is expected to grow annually by 4.70% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$278.20 are generated in 2022.

•In the Snack Food segment, volume is expected to amount to 926.0mkg by 2027. The Snack Food segment is expected to show a volume growth of 1.7% in 2023.

•The average volume per person in the Snack Food segment is expected to amount to 21.3kg in 2022.

The Sauces & Condiments segment covers sauces, spices and culinary herbs, additional ingredients in the food preparation process.

•Revenue in the Sauces & Condiments segment amounts to US$4.74bn in 2022. The market is expected to grow annually by 5.82% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$123.40 are generated in 2022.

•In the Sauces & Condiments segment, volume is expected to amount to 819.0mkg by 2027. The Sauces & Condiments segment is expected to show a volume growth of 2.2% in 2023.

•The average volume per person in the Sauces & Condiments segment is expected to amount to 18.1kg in 2022.

The Spreads & Sweeteners segment covers marmelade, chocolate spreads, peanut butter, honey, sugar and artificial sweeteners.

•Revenue in the Spreads & Sweeteners segment amounts to US$2.66bn in 2022. The market is expected to grow annually by 6.76% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$69.25 are generated in 2022.

•In the Spreads & Sweeteners segment, volume is expected to amount to 725.2mkg by 2027. The Spreads & Sweeteners segment is expected to show a volume growth of 12.5% in 2023.

•The average volume per person in the Spreads & Sweeteners segment is expected to amount to 14.4kg in 2022.

The competition in the snack food market is high, mostly in markets as the Canadian, where a large number of snack food manufacturing companies are operating. Some of the major players in the snack food market are PepsiCo Inc., Kellogg Company, Nestle SA, and General Mills Inc., among others. The prominent players are focusing on new product developments, expansions, partnerships, and mergers and acquisitions as strategies to cater to the increasing demand from consumers, thereby gaining a competitive advantage in the market. In order to strengthen their hold in the market, these companies are innovating their flavors, expanding their market, and strengthening their distribution channels.

THE OUTLOOK

Canadian snack, condiment and specialty foods brands have kept pace with themes around health, nutrition, and sustainability, including ingredients that provide alternatives to animal-based sources. The Canadian sector remain at the forefront of mind from applying an optic of AI and product development science, as expressed through the example of Kraft Heinz's CrowdSauced campaign, Mondelez' SnackFutures, and the flavour formulation lab at McCormick. Snacking convenience and major alterations to employment formats amid rising health awareness are changing eating occasions, and Canadian food brands need to respond appropriately in the various sub-categories.

[7] Other Foods - Canada | Statista Market Forecast. 2022

3.2. MARKET TRENDS, COMPETITIVE OTLOOK, NEW PRODUCT DEVELOPMENT AND INNOVATION

Changing perceptions of snacking

Mondelez International conducts an annual global survey to gain insights into the continually changing role of snacks for the modern consumer. Key highlights of the Canadian result in 2021 are: The perception of snacking is changing. The lasting influence of the pandemic has made work-life balance, and work from home part of a new normal. Over 60 per cent of respondents now claim to prefer smaller meals throughout the day compared to a few large ones (up 13 per cent from 2019), while over half are replacing at least one meal with a snack. More than 85 per cent of respondents also want to have greater control over their snacking choices, such as convenience, portion sizes, satiety, and ingredients. Since 2019, two big jumps in drivers of snacking include:

'it's filling' – up 12 per cent from 2019 to 93 per cent in 2021; and 'it's fun to eat' – also up 12 per cent from 2019 to 87 per cent in 2021. At least two-thirds of the respondents stated that their physical, mental and emotional health are very important to them (85 per cent imagine seeking snacks with special ingredient or health qualities to them, and three-quarters stated they typically read the labels on the snacks they buy), and the same majority are seeking snacks to improve those elements of their lives. A majority also see snacks as an opportunity to improve the quality of their social lives. The survey revealed an interesting phenomenon, that generally, people seek snacks for sustenance in the early to mid-part of the day, while seeking snacks for indulgence increasingly as the day moves into evening and after dinner. The creative timeliness and occasions and messaging of snacks seems more important than ever. Amidst the stresses of daily life, it was interesting to find that 91 per cent of respondents see 'some snacks should be just for enjoyment or satisfaction without worrying too much about nutrition'. However, nine in 10 agree flavour should not be sacrificed.

Canadian consumers increasingly want and expect transaction convenience when purchasing snacks, whenever they want (80 per cent). Over 90 per cent of consumers also expect to have a wide variety of snacks to choose from.

Consumers claim to be increasingly motivated by values (*e.g.* related to environmental and social issues, or animal welfare) in their buying decisions. They also want reduce packaging waste and support fair labour practices.

Clean label on top of consumer demands

Naturalness & real ingredients is a key calim to attract consumers, related to the transparency and authenticity of the messages.

Wolfe Miel Peace River: Honey Peace River

Canada, Apr 2022 VIEW DETAILS

Description: Pure unpasteurized liquid honey in a 500g glass jar.

Claims: Non GMO project verified. Certified kosher. From just one source. This pure food philosophy is at the heart of Peace River Honey. Every delectable drop is made at our family run apiary in Canada's pristine Peace River region.

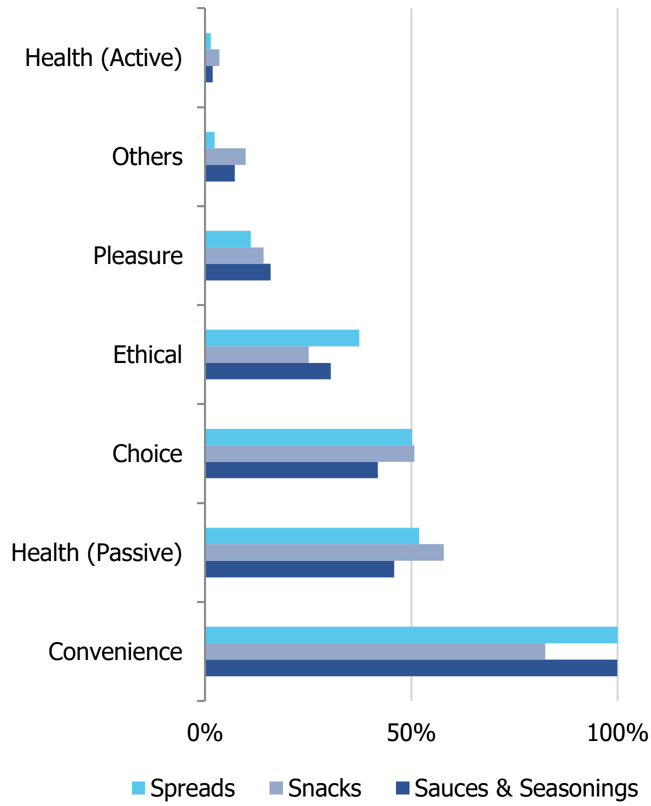
The demand for convenient and healthy on-the-go snacks is increasing consumption

Globally, the demand for convenience foods is growing faster due to changes in social and economic patterns, as well as increased expenditure on food and beverage, awareness about healthy foods, changes in meal patterns and existing food habits, and the desire to taste new products.

On-the-go snacking is becoming extremely popular, especially among the working population, teenage children, people living in hostels, and bachelors, due to their hectic lifestyles. Moreover, the on-the-go snacking concept is closely associated with health.

[3] 2022 Canadian Food Industry Report. Food in Canada Magazine. 2022

Snack food emerge as an alternative to full-fledged meals with a paradigm shift in consumer behavior patterns. Snacks are evolving to cater to changing demand as empowered consumers increasingly seek tasty, nutritional, and sustainable foods to fuel their on-the-go lifestyles. Snacking is on the rise as the demand for convenience fuels consumption, with premiumization spurring innovation and variety in fresh, better-for-you, and functional snacks. So new products are positioned as health and convenient:



Graph 6. % Penetration (of product launches) of the positioning category of snacks and other foods in Canada (2022). Source: Innova database Innova Market Insights.

The importance of passive health, associated with declarations "free", with the association of the natural origin of local ingredients, is highlighted in new products in the three subcategories

Smartfood Delice White Cheddar Blanc Saveur: Delight White Cheddar Blanc Flavour Seasoned Popcorn

Canada, Mar 2022 VIEW DETAILS

Description: Popcorn seasoned with white cheddar flavor. Comes in a 156g flat plastic pouch.

Claims: No artificial flavors, colors or preservatives. Gluten free. 100% wholegrain. Zero trans fat. High source of fiber. 50 calories per cup. Air popped.

Fody Spicy Marinara Arrabbiata Pasta Sauce

Canada, Sep 2022 VIEW DETAILS

Description: Spicy marinara arrabbiata pasta sauce in 550g glass jar. With real ingredients like vine ripened California tomatoes, crushed red pepper and extra virgin olive oil, make delicious sauces worry free.

Claims: Certified gluten free. Certified vegan. Bloat free. No added sugar. Non GMO Project Verified. Certified B Corporation. Monash University low fodmap certified. Easy to digest. Easy to love. Removed triggering ingredients that can cause digestive discomfort.

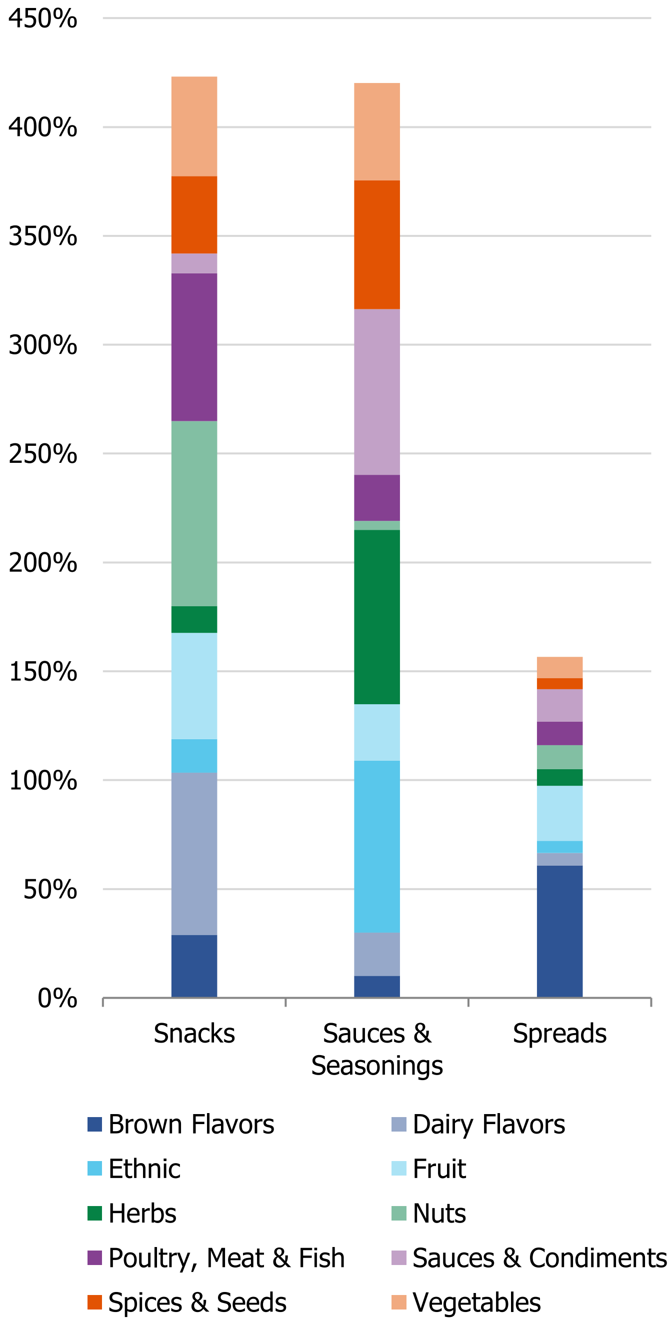
Innovation in formulas and flavours

In 2022, *Canadian Grocer* announced leading product categories in grocer retail, and one of the notable mentions was the 'Crowdsauced' line of sauces from the Kraft Heinz company. The line includes Tarchup (tartar sauce and ketchup), Hanch (hot sauce and ranch), and Wasabioli (wasabi and garlic aioli). The products were uniquely created by using taste profile data from consumers.

In 2018, the establishment of SnackFutures by the innovation arm of Mondelez, has brought consumers new brands such as Dirt Kitchen Snacks, CaPao, Millie Gram, NoCoe, and Ruckus and Co, while also investing in other emerging snack brands. SnackFutures remains one of the most snack innovation labs where consumer behaviour and values get articulated into new format and flavour creations that tend to resonate with a new generation of eating habits.

Also, in early 2022, California-based Mill It launched what is claimed as the first vegan buttermilk salad dressing line, using ancient grains such as sorghum and millet.

The diversity of flavors in the three subcategories shows the innovative activity of new products launched in the Canadian market.



Graph 7. % Penetration (of product launches) of the flavours categories of snacks and other foods in Canada (2022). Source: Innova database Innova Market Insights.

4. EDIBLE OILS

4.1 MARKET OVERVIEW AND CONSUMER TRENDS

The other foods products (OFP) sector includes the segment Edible Oils include such as olive, sunflower, palm, soybean, coconut, and other edible oils.

•Revenue in the Edible Oils segment amounts to US$0.81bn in 2022. The market is expected to grow annually by 7.75% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$21.20 are generated in 2022.

•In the Edible Oils segment, volume is expected to amount to 293.7ML by 2027. The Edible Oils segment is expected to show a volume growth of 6.0% in 2023.

•The average volume per person in the Edible Oils segment is expected to amount to 5.83 L in 2022.

Consumption of edible oils and fats (Canadians spent $800 million on edible oils and fats in 2019) had been on the rise as consumers sought to eat more salads and fewer fries. Salad oil consumption rose by 2.9 per cent annually over the past decade to reach 11.5 kg in 2019 and then rose 15 per cent in the first year of the pandemic. Margarine continued to lose share to butter with butter consumption per capita rising by one per cent annually to 3.69 kg in 2020 and margarine losing six per cent annually to reach 2.43 kg.

Bertolli Organic Extra Virgin Olive Oil

Canada, Mar 2022 VIEW DETAILS

Description: Organic extra virgin olive oil in a 750ml glass bottle.

Claims: Rich taste. Cold extracted. Canada organic. Non GMO project verified. Certified organic by: Ecogrupo Italy.

The majority of consumers in Canada use domestically produced canola oil and other vegetable oils, including sunflower, soya and palm oil. However, olive oil has started to surge in popularity due to a turn by consumers to healthier eating patterns.

As a result, Canadians are beginning to develop a taste for the Mediterranean diet and the health benefits it boasts, which are also advocated by the country's media. Over the last decade, there has been a 26-percent per capita increase in demand for olive oil in Canada at the expense of canola oil, the report said.

Italy dominates the country's market with a share of around 40 percent, whereas Greece has fallen behind Tunisia, which has become the third larger exporter of olive oil to Canada behind Spain.

In 2020, Canadian imports of virgin olive oil (including extra virgin) increased by 17 percent in value compared with the previous year, while an increase of almost 35 percent in the quantity of imported olive oil was recorded over the same period. The country consumed roughly 60,000 tons of olive oil (including olive pomace oil) in the same year.

The COVID-19 pandemic also has made consumers in the vast North American country turn to food products with a clean label, meaning they contain no preservatives or artificial colors. Canadian consumers are also increasingly searching out functional foods rich in protein, vitamins and antioxidants.

[8] Edible Olils - Canada | Statista Market Forecast. 2022

5. DAIRY PRODUCTS: CHEESE

5.1 MARKET OVERVIEW

The dairy sector includes three subsectors Fluid milk manufacturing products accounted for 39 per cent; butter, cheese, yogurt and other dairy products for 56 per cent; and ice cream and similar frozen desserts for five per cent. The dairy sector is controlled by supply management, which protects the domestic market from foreign competition. As a result, imports captured just seven per cent of the domestic market in 2021, but a significant share of the variety cheese market. Imports, however, have been growing at four to 12 per cent annually since 2017 until 1.2$ billion in 2021. The higher prices made possible through restrictions on imports make Canadian dairy products relatively uncompetitive in export markets.

Dairy domestic market worhts 16,3$ billion with an 1 % increase in 2021. menawhile Processor Prices (4) Index, 2020=100 104.4 with 3% annual incrase.

International Trade

The easing of import restrictions negotiated in the Canada-Europe Free Trade Agreement (CETA) of 2017 and the first full year of the Canada, US, Mexico Free Trade Agreement (CUSMA) allowed imports to rise by nine per cent ($100 million) in 2021 to $1.2 billion following a four per cent ($50 million) rise in 2020. Butter, cheese, and other dairy products accounted for 74 per cent of the increases. The value of exports was unchanged from the previous year at $900 million as Canada's trade deficit in dairy products rose 43 per cent ($100 million) to $300 million.

Higligths

•Revenue in the Dairy Products segment amounts to US$18.54bn in 2022. The market is expected to grow annually by 5.65% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$482.80 are generated in 2022.

•In the Dairy Products segment, volume is expected to amount to 5,552.4mkg by 2027. The Dairy Products segment is expected to show a volume growth of 2.2% in 2023.

•The average volume per person in the Dairy Products segment is expected to amount to 122.2kg in 2022.

[3] 2022 Canadian Food Industry Report. Food in Canada Magazine. 2022
[9] Dairy - Canada | Statista Market Forecast. 2022

THE OUTLOOK

A strong recovery in foodservice will revive growth in coffee cream and ice cream. The gains for egg consumption at food- service especially from breakfast-oriented restaurants should more than compensate for any losses at retail.

This fall the reforms to the TRQs for dairy products from our CUSMA trading partners may disrupt pricing patterns in dairy generally, and cheese specifically, as distributors and importers gain a share of the quota allocation.

Farm Credit Canada Economics projects dairy sales to rise 3.5 per cent for 2022, driven by foodservice re-openings, inflation, and continued demand for value-added dairy products. The strongest growth is expected in the second half.

5.2. CHEESE. MARKET OVERVIEW AND COMPETITIVE LANDSCAPE

Highlights

•Revenue in the Cheese segment amounts to US$6.83bn in 2022. The market is expected to grow annually by 5.42% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$177.90 are generated in 2022.

•In the Cheese segment, volume is expected to amount to 801.4mkg by 2027. The Cheese segment is expected to show a volume growth of 2.2% in 2023.

•The average volume per person in the Cheese segment is expected to amount to 17.7kg in 2022.

Canada's love affair with cheese shows no sign of waning. Over a 10-year period (2010 to 2020), consumption increased by 15% with the average Canadian enjoying 12.5 kilograms per year—with gains in the last couple of years, according to Statista. Its data shows Canada sits in the fifth spot among cheese-nibbling nations. In 2022, unprocessed cheese sales in Canada are expected to hit US $3,38 million, and processed cheese sales will earn another US $801 million, with several factors driving market growth.

Funded by the European Union

Plant-based innovation

The plant-based cheese market may be small, but it is mighty and growing. As health-conscious consumers embrace newer trends like flexitarianism (a diet that focuses on plant-based foods and moderate meat consumption), suppliers and grocers continue to add more products that taste and perform like their dairy-based counterparts.

Daiya was the first to market plant-based cheeses in Canada back in 2008. Its latest formulations for its cheese blocks have amped up their creaminess factor, thanks to the introduction of ingredients like oats and chickpeas. A variety of SKUs, including Medium Cheddar, Jalapeño Havarti and Monterey Jack, dressed in their new packaging, have found their place alongside regular dairy choices. Daiya has also added a spreadable Garlic & Herb Cream Cheeze made with coconut cream to its roster.

Daiya Deliciously Dairy Free A Base De Plantes Ciboulette Et Oignon Tartinade Onctueuse: Plant Based Chive And Onion Creamy Spread

Canada, Jan 2022 VIEW DETAILS

Description: Plant based chive and onion creamy spread comes in a 227g plastic tub.

Claims: New. Deliciously dairy free. Certified plant based. Non GMO. Free from dairy, soy, gluten, peanuts, tree nuts (except coconut). No eggs, fish, shellfish. Certified kosher. Extra spreadable. Smoothest, creamiest, most spreadable plant based cream cheese ever, made with real chives and onion. Tangy and savory, with just a hint of sour.

Snacks and cooking kits

Snacking and a preference for home cooking continue to keep the cheese category ripe. "Cheese snacks were growing pre-pandemic," says Sabrina Zollo, vice president, marketing—cheese & tablespreads at Lactalis Canada. "They accelerated throughout the pandemic and continue to be strong today." Launched in 2021, Black Diamond Cheestrings Probiotic caters to little snackers. The company says it's the first kids' cheese snack with one billion active probiotics per serving.

Black Diamond Cheestrings Ficello Probiotic Marble Cheese

Canada, Oct 2021 VIEW DETAILS

Description: Black Diamond Cheestrings Ficello Probiotic Marble has delicious marble taste with the benefit of 1 billion active probiotics. Twelve individually wrapped comes in a plastic flat pouch.

Claims: Source of calcium. High in protein. No artificial colors and flavors. 1,000,000,000 probiotics. 100% real cheese. Dairy farmers of Canada quality milk.

Meanwhile, the cooking-at-home trend is fuelling growth of large and value-add formats, as well as new products,. Cracker Barrel Cheese Sauce Kits is a first-to-market, 100% natural cheese sauce kit with a unique blend of Cracker Barrel shredded cheeses and special seasoning. It takes less than 15 minutes to make and is available in 4 Cheese Italiano, Mexiqueso and Creamy Alfredo varieties. More cooking and snacking innovations from Cracker Barrel, Black Diamond and P'tit Quebec are due to retailers in August, according to the company.

New & notable cheeses

Whole Foods Market continues to expand its selection of cheeses, with new entries like a feta from Kourellas made from sheep and goat's milk. In line with the popularity of grass-fed, organic, local, artisan-made cheeses. Cheeses with other types of milk, like sheep, buffalo and goat, are trending. Data from Aritzon estimates a year-over-year growth of 8% in goat milk products, including cheeses.

Riviera Spreadable Goat Cheese: Basil And Chives

Canada, Apr 2022 VIEW DETAILS

Description: Spreadable goat cheese with basil and chives, in a 125g glass jar in a carton board sleeve.

Claims: Lactose free. Food from Quebec. Source of vitamin A. 3g protein.

New and notable cheeses are a focus at Metro, too. Hard grana-style cheeses, such as Reggiano and Reserve Grana Padano and Canadian cheddar have consistently shown growth. The grocer curates its cheese selection based on country of origin, production style and milk type. Metro has also found success with its Locally Sourced program, highlighting makers such as Mountain Oak, St-Albert and Stonetown Artisan Cheese. It is also working with European partners to bring in new seasonal offerings to complete an assortment and seasonal cheeses and attractive pricing on everyday cheeses.

At Lactalis Canada, the Balderson and Galbani brands are introducing new products this year, which appeal to those seeking fresh offerings in fine cheeses.

With rising prices and inflation utmost on the minds of shoppers, grocers will need to maintain the momentum in cheese sales by offering exciting selections, promotional pricing and a cheese-savvy staff. A recent Statistics Canada report saw fresh milk prices rise at the fastest month-over-month rate of 5.8% since1994. Cheese indexes were up 3% in February alone and some estimates say dairy, including cheese, may see a 15% price jump. Grocers and suppliers will need to collaborate closely to keep cheese sales on an upward trajectory.

[10] *Canadian Grocer's Magazine May 2022 issue*

Texture as innovation driver

Mintel's Global Food & Drink Trend [11], New Sensations describes how texture can be used as a way to provide consumers with excitement and new experiences.

When asked what proves important when choosing cheese, Canadians rank texture fourth on the list of considerations provided, consistent across gender, age and region. While the importance of texture is inherent in cheese itself, new and different formats and bold new flavors represent an opportunity for further category expansion.

Philadelphia Whipped Frosting Cream Cheese

Canada, Mar 2022 VIEW DETAILS

Description: Whipped cream cheese frosting comes in a 280g plastic tub.

Claims: No artificial flavors or colors. Ready to use. Philadelphia Whipped Frosting Cream Cheese product transforms the creamy goodness of Philly into a light, fluffy and ready to use cake frosting. Philadelphia Cream Cheese traces its roots back to 1872, and it has been the standard of high quality cream cheese ever since. Today, it still sets the bar high for what cream cheese should be and is perfect for adding creaminess to anything.

6. SEAFOOD

6.1 MARKET OVERVIEW

The Canadian seafood processing and packaging sector are wild and farmed, shellfish and finfish sub-categories. Fisheries and Oceans Fast Facts 2021 reports that the Canadian fishing and seafood sector produced $9.4 billion in outputs in 2020, of which $5.9 billion from seafood product preparation and packaging. Of the $2.5 billion in landings in 2020, shellfish (e.g. lobster, shrimp and crab) accounted for $2 billion, groundfish (e.g. cod, haddock and pollock) for $300 million and pelagic (e.g. salmon, mackerel and tuna) for $150 million. Of the $1 billion in aquaculture production, salmon accounted for $800 million. The next three species were trout, oysters, and mussels.

The domestic market is $3.8Billion with a decrease internaual of -7% and processor prices 95.2 index 2020=100 with a decrease of -2%.

According to Farm Credit Canada's 2022 Annual Food Report, segments of the Canadian seafood sector performed differently. In terms of sales, in 2021, there was a renewed emphasis with consumers on fresh seafood. In contrast to initial COVID-19 pandemic responses with canned seafood, bottom performing sea food categories in 2021 included canned tuna and salmon, with sales down eight and 14 per cent respectively YoY.

INTERNATIONAL TRADE

The Canadian seafood industry is strongly export focused with $6.1 billion heading to foreign markets in 2021, up from $4.4 billion in the previous year. Canada imported $3.6 billion worth of seafood products in 2021, an increase from $3.3 billion in the previous year

[3] 2022 Canadian Food Industry Report. Food in Canada Magazine. 2022

[12] https://seafoodfromcanada.ca/

[13] Seafood - Canada | Statista Market Forecast. 2022

Highlights

•The Processed Fish and Seafood segment includes all types of canned, dried, or smoked fish and seafood products (except fish and seafood-based, ready-to-eat meals contained within the Convenience Food segment).

•Revenue in the Processed Fish & Seafood segment amounts to US$0.75bn in 2022. The market is expected to grow annually by 5.38% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$19.65 are generated in 2022.

•In the Processed Fish & Seafood segment, volume is expected to amount to 49.2mkg by 2027. The Processed Fish & Seafood segment is expected to show a volume growth of 8.9% in 2023.

•The average volume per person in the Processed Fish & Seafood segment is expected to amount to 1.1kg in 2022.

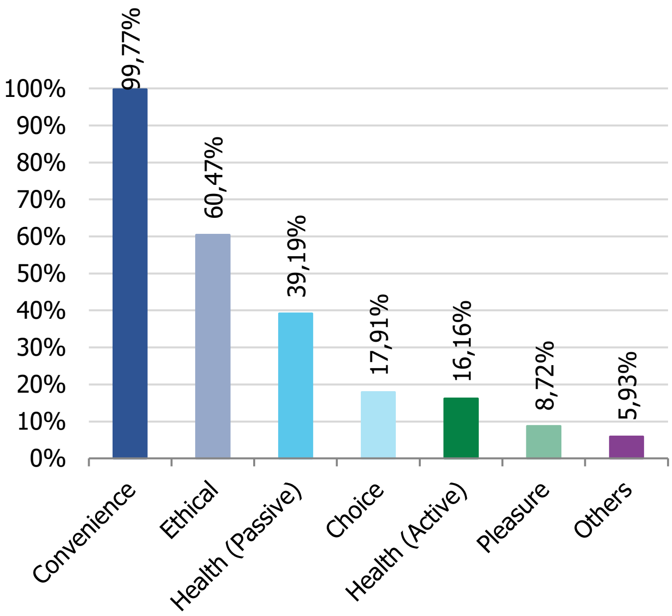
THE OUTLOOK

The current convergence of growing awareness about marine ecosystems, sustainability regulations, better management of wild fisheries, and a quality aquaculture industry in Canada is meeting the demand challenge.

In 2021, the Canadian Aquaculture Industry Alliance noted aquaculture accounts for close to a third of total seafood value and has the likelihood for strong growth in the future. Whether it is domestic demand for nutritious seafood, or Canadian export markets, consumers continue to seek premium products such as salmon, shellfish and increasingly, seaweed, to compliment other proteins in their diet.

6.2 POSITIONING STRATEGIES

In 2022, new product launches in the seafood category were positioned in convenience, being also important claims related with Sustainability and Health.



Graph 8. % Penetration (of product launches) of the positioning category of seafood in Canada (2022). Source: Innova database Innova Market Insights.

Gluten free, GMO free, and DHA are among fast growing claims

Clover Leaf Solid White Tuna Low Sodium Albacore In Water

Canada, Jan 2022 [VIEW DETAILS]

Description: Clover Leaf's white (albacore) tuna is creamy white with a slight pink hue and has a mild flavor. It is packed in water resulting in fewer calories and natural goodness. In a 170g aluminum can.

Claims: Certified kosher. Low in fat. Low in saturated fat. Free of trans fat. Source of omega-3 polyunsaturates. Low in sodium. Excellent source of protein. Responsibly sourced. Line caught. Low sodium solid white tuna in water has no preservatives or additives and contains all natural ingredients. It is available in BPA free cans.

Convenience is the key consumption driver in the category

Clover Leaf Classic / Spicy Thai Chili Tuna Salad Snacks

Canada, Jul 2022 [VIEW DETAILS]

Description: Spicy Thai chili tuna snacks with six crackers, spoon and a napkin. Comes in a 90g aluminum can held in a carton folded box.

Claims: Source of energy. Free of trans fat. Good source of protein. Source of omega-3. Source of iron. Excellent source of selenium. Source of vitamin D. Clover leaf has redesigned the kit to a tuna snacks in an environmentally friendly, recyclable and eye-catching box. The tuna snacks contains a can of your delicious spicy. The lid of the can is an easy peel pull tab, making it easy for anyone to open the can. This 90g kit is a source of omega-3, iron and vitamin D and is less than 220 calories per kit. Nutritious, delicious, convenient and portable.

Spices & Seeds Herb Smoke & Roasted Vegetables Fruit Ethnic Brown Flavors are popular flavors

Compliments Thon Pale Emiette Saveur De Citron Et De Poivre: Flaked Light Tuna Lemon And Pepper Flavour

Canada, Aug 2022 [VIEW DETAILS]

Description: Flaked light tuna lemon and pepper flavor. Comes in an 85g aluminum can.

7. ORGANIC MARKET IN CANADA

Canada accounts for about 4% of annual revenues in global organic trade, making it an important but relatively small player when compared with the United States at 47% and European Union at 37%. Nonetheless, the market is growing, and Canada has considerable potential in a broad range of product categories to increase its global market share over time.

In 2020, annualized sales in Canada's organic trade are expected to approximate $7 billion. Organic food sales are expected to increase globally over time as people become more health-conscious, incomes rise, organic producers scale up, and retail distribution expands.

Provincially, Ontario has the largest organic market, British Columbia has the highest organic sales per capita. Canadian organic imports were valued at $789 million in 2019 and were more concentrated by country. Nearly half of Canadian organic food imports were horticultural products from the U.S. The next four countries accounted for about one-third of total Canadian organic food imports—primarily coffee, bananas, and olive oil.

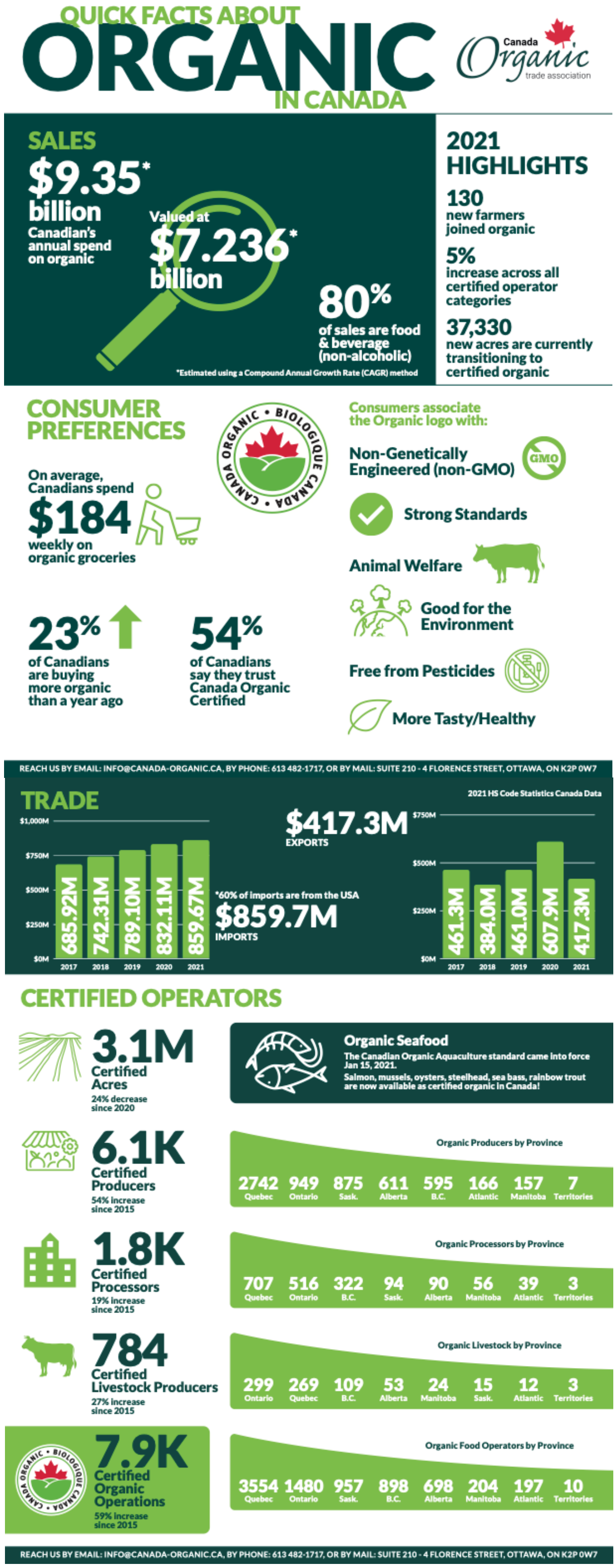
Demand for organics in Canada is growing quickly at a rate of more than 8% annually for the past four years. However, domestic supply is having trouble keeping pace; in some cases, Canadian organic food processors are relying on imports, and are having difficulty finding reliable sources of ingredients.

The Canada Organic Regime (COR) requires mandatory certification to the Canadian Organic Standards for organic products if the product has an organic claim on the label and is sold between provinces or territories or imported; or displays the Canada Organic Logo on the label.

Under the COR, producers, processors, handlers, and manufacturers need to be certified. In some cases, other types of operations (e.g., retailers) are required to have certification within provincial standards.

Organic products imported from countries with whom Canada has established an equivalency arrangement must be certified by a certification body accredited by that foreign country and recognized by Canada. Certification bodies recognized under an equivalency include the European Union.

Certification to the Canadian Organic Standards is carried out by a certification body (CB). CBs are accredited by Conformity Verification Bodies, to assess, recommend for accreditation, and monitor CBs.



Graph 14. 2022 Organic Quick Facts Data 2022, Canada Organic Trade Association

[14] The organic food market in Canada and its global influence EDC Economics Research Analysis Department. 2020

8. FUNCTIONAL FOOD AND FOOD SUPPLEMENTS

8.1. FUNCTIONAL FOOD AND FOOD SUPPLEMENTS IN CANADA

Nutraceuticals are products derived from food sources that are purported to provide extra health benefits, in addition to the basic nutritional value found in foods. Depending on the jurisdiction, products may claim to prevent chronic diseases, improve health, delay the aging process, increase life expectancy, or support the structure or function of the body.

Under Canadian law, a nutraceutical can either be marketed as a food or as a drug; the terms "nutraceutical" and "functional food" have no legal distinction,[5] referring to "a product isolated or purified from foods that is generally sold in medicinal forms not usually associated with food [and] is demonstrated to have a physiological benefit or provide protection against chronic disease." Includes Two categories:

- Functional foods are fortified or enriched during processing and then marketed as providing some benefit to consumers. Sometimes, additional complementary nutrients are added, such as vitamin D to milk. Health Canada defines functional foods as "ordinary food that has components or ingredients added to give it a specific medical or physiological benefit, other than a purely nutritional effect."[12
- The food supplements includes the following subcategories:
    - Vitamins / minerals: Includes all vitamin / mineral supplements.
    - Botanical / herbal supplements: Includes all botanical / herbal supplements.
    - Probiotics: Includes all probiotic or lactic acid bacteria (LAB) and symbiotics.
    - Essential fatty acids: Includes all essential fatty acids supplements.

[15] Agriculture and Agri-Food Canada, Functional Foods and Nutraceuticals, 2022

Regarding Canada laws, a food supplement (or natural health product) is defined as "a homeopathic medicine or a traditional medicine that is manufactured, sold, or represented for use in the diagnosis, treatment, mitigation, or prevention of a disease, disorder, or abnormal physical state or its symptoms in humans; restoring or correcting organic functions in humans; or modifying organic functions in humans, such as modifying those functions in a manner that maintains or promotes health." This is according to the Food and Drugs Act and its Natural Health Product Regulations.

Natural health products may consist of vitamins and minerals, herbal remedies, homeopathic medicines, traditional medicines, probiotics, or other products like amino acids and essential fatty acids. The products are considered a class of drugs and require evidence of safety and efficacy prior to sale. After approval, they do not require a prescription to be sold.

But before the products can be legally sold in Canada, they require pre-market approval from Health Canada. This requires a site and product license, including a submission of a product license application to the Natural Health Products Directorate. The exact type of application depends on the type of claims used for the product. The application must include information to allow the authorities to evaluate the safety, quality, and efficacy of the natural health product when used according to the recommended conditions of use.

For imported products, additional documentation is required, namely a health certificate, a power of attorney from the owner to the importer, and other regional or country-specific documents. The submission and review of product and site license applications are without costs. However, the Natural Health Products Directorate is currently discussing possible billing systems to recover costs made for reviews and consultations.

8.2. MARKET OVERVIEW

The Canadian nutraceuticals market is expected to witness a CAGR of 5.62% during the forecast period (2022-2027).

Nutraceuticals are products that provide nutrition, along with other health benefits. It has many physiological benefits, protecting the human body against chronic diseases. Canada's Nutraceuticals Market is segmented by type and distribution channel. By type, the market is segmented as functional food, functional beverages, and dietary supplements.

The COVID-19 pandemic hit many industries but had a very temporary negative effect on the nutraceutical industry in Canada. People were taking different supplements during the pandemic to build their immunity in order to fight the virus. For instance, according to Statistics Canada, vitamin and supplement sales in Canada increased from 742.27 million Canadian dollars in the last quarter of 2019 to 798.17 million Canadian dollars in the first quarter of 2020. This surge in demand for different supplements led to an upsurge in demand for nutraceuticals in the Canadian market.

The rising demand for nutraceuticals with medical benefits is one of the major factors driving the nutraceuticals market growth. They contain antioxidants, probiotics, and polyunsaturated fatty acids, which help in managing health issues like obesity, cardiovascular disease, cancer, cholesterol, arthritis, and diabetes. The growing preference for personalized nutrition is one of the key nutraceuticals market trends, which may further stimulate market growth.

The trend of personalized nutrition is growing, particularly among individuals with gut-related medical conditions, where generic treatment is not effective. The biggest issue faced by nutraceutical companies operating in Canada is complying with the stringent health regulations in Canada. Unlike many countries throughout the world, Canada has very stringent regulations governing the sale of dietary supplements.

Further, on the basis of distribution channels, the market is segmented as specialty stores, supermarkets/ hypermarkets, convenience stores, drug stores/ pharmacies, online retail stores, and other distribution channels.

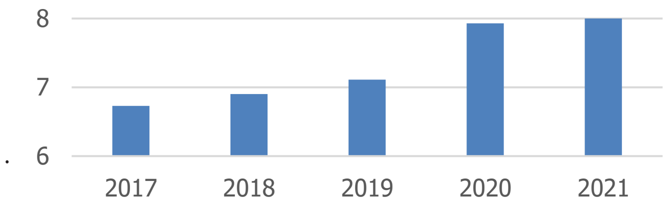
Graph 9. % Canada Nutraceuticals Market Share (%) by Distribution Channel 2021. Source: Mordor Intelligence

Key Market Trends

Increasing Expenditure on Health and Wellness

The rising concern about healthy lifestyles has led the population in the region to cater to nutritional products. The increasing expenditure on health and wellness has led to an increase in market demand for nutraceuticals. The nutritional food and supplement market space is exploding with growing consumer interest in foods containing bioactive compounds, which aid in preventing many diseases. Additionally, increasing concerns about preventive healthcare are driving the market growth.

According to Statistics Canada, the retail sales of different drugs and supplements increased from 35.2 million Canadian dollars in 2019 to 44.21 million Canadian dollars in 2020. This growth is in accordance with the increased expenditure on health and wellness products. The population in the country is more interested in investing in nutraceuticals because of their preventive benefits for chronic diseases. Alongside, nutraceuticals also help in adding essential nutrition to the daily diet, which in turn helps in leading a healthy lifestyle.



Graph 10. % Canada Nutraceuticals market Per capita Health expenditure in k CAD 2017-2021. Source: Mordor Intelligence / Canadian Institute for Health Information.

Competitive Landscape

The market is highly competitive, with the presence of many global players. The most active companies in the nutraceuticals market in Canada are General Mills Inc., The Kellogg Company, Nestle SA, HerbaLife International of America Inc., and PepsiCo Inc.

Companies in the nutraceuticals market are expanding their product portfolios in order to strengthen their consumer bases and increase their brand visibility in the market. Innovations or new launches occupy the major share in the market, followed by the expansion strategy. The major players are focusing on introducing new products to cater to the interests of consumers. Rising health awareness among consumers has resulted in companies including various natural health ingredients in their products. The inclusion of plant extracts is one of the strategies adopted by the key manufacturers in the function beverage and dietary supplement markets.

[16] Mordor Canada nutraceuticals market - growth, trends, and forecasts (2022 - 2027)

8.3. Innovation and NPD in the Food Supplements category in Canada

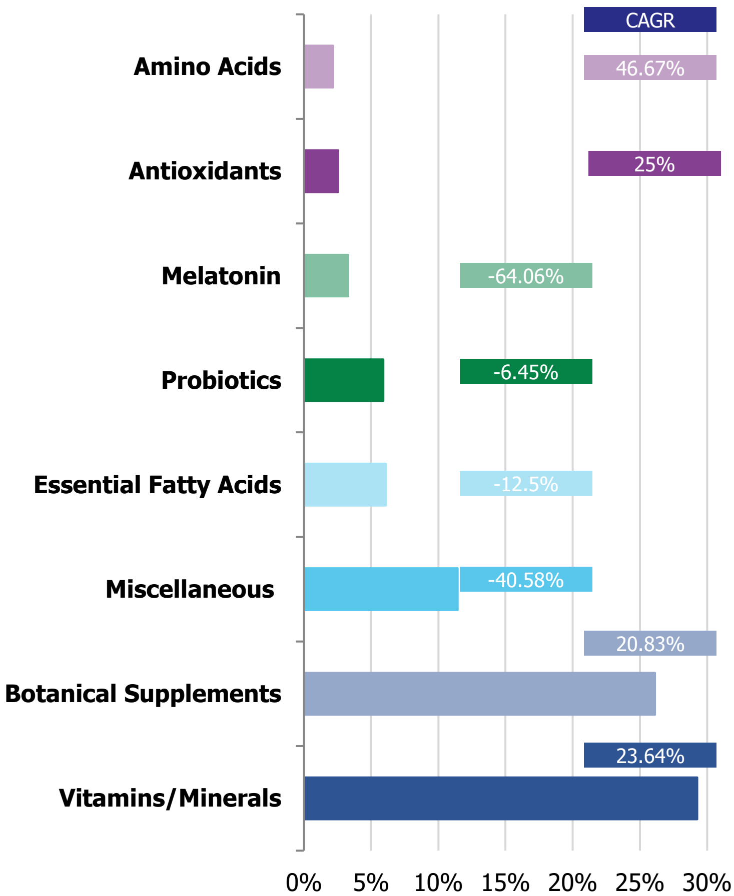
The Vitamins and Minerals segment is the most important, comprises over-the-counter natural and synthetic food supplements like multivitamin preparations, minerals, vitamins, tonics and cod liver oil. Vitamins and minerals include preparations in the form of capsules, dragees, pills, granulate, ampoules, solutions, powders, syrups for oral use.

Among the top-selling vitamin and mineral products are Vitasprint, Orthomol, magnesium granulate, Curazink, Centrum. It includes both products which are exclusively sold in pharmacies and products which can be purchased elsewhere.

•Revenue in the Vitamins & Minerals segment amounts to US$1.05bn in 2022. The market is expected to grow annually by 6.38% (CAGR 2022-2027).

•In relation to total population figures, per person revenues of US$27.38 are generated in 2022.

Vitamins and minerals is also the most innovative category representing most of New Products Development and with a positive CAGR (23,64%)



Botanical/herbal supplements' NPD shows a positive CAGR at 20.83% during 2021 to 2022

•Growing awareness towards preventive healthcare, launches containing digestion aiding ingredients (rhubarb root, ginger), stress-relieving vegan capsules, Ayurvedic dietary supplements, and detoxifying capsules using plant roots (burdock and beet root) are spurring the NPD.

•Eclecticherb is the key player for botanical/herbal supplements NPD tracked in North America from Apr 21 to Mar 22, closely followed by Nutraceutical.

Essential fatty acids' NPD is an important category thus records a negative growth during 2021 – 2022

•Vegan omega-3 gummies, bone-strengthening formats crafted with super seed oil, algae-based DHA powder improving mental acuity, keto-friendly dietary options, krill-oil softgels boosting cardiovascular health, and citrus-flavored supplements are fueling the NPD.

•Deva Nutrition is in the lead for essential fatty acids NPD in North America, driven by its vegan wellness capsules.

Probiotics' NPD growth registers a slow negative performance from 2018 - 2022

•Launches with superfood-based prebiotic fibers, veggie capsules focusing on gastrointestinal health, prebiotic kombucha, softgels offering defense against gum problems, postbiotic capsules, and decadent flavors (milk chocolate, tutti frutti) are stoking the NPD.

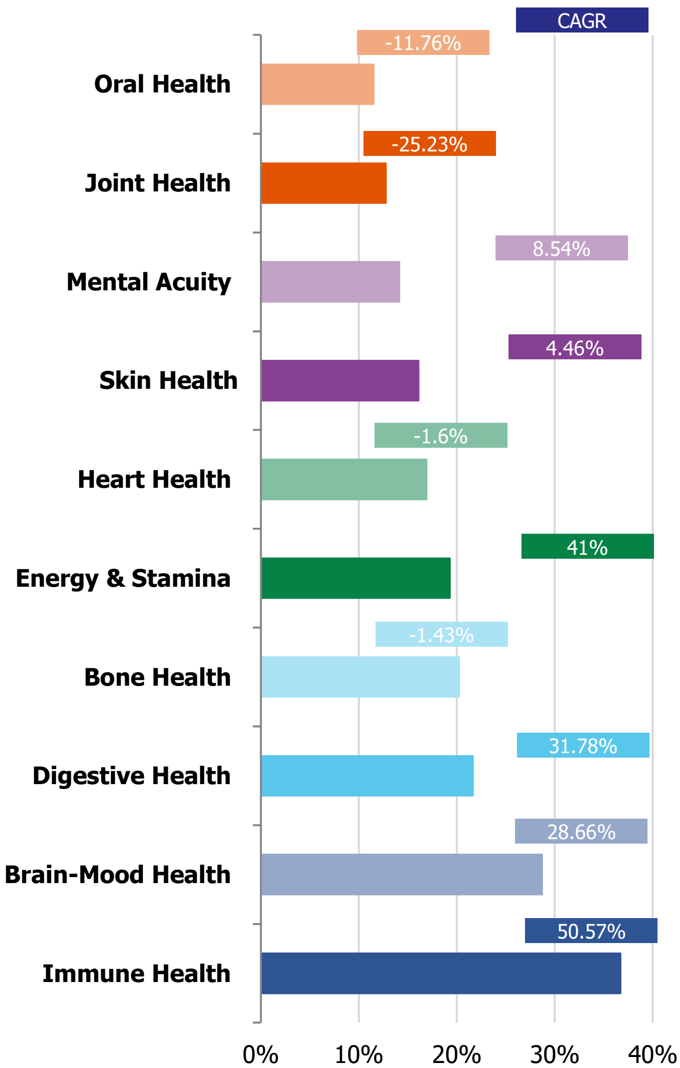
•During, Renew Life Formulas is the top player for probiotics launches in North America, powered by its immunity and digestion/liver support formulas.

[17] Supplements - Canada | Statista Market Forecast. 2022

Graph 11. % Penetration (of product launches) and CAGR (2020-2021) of the subcategories of supplements in Canada (2020-2022). Source: Innova database Innova Market Insights.

Inmune, Brain-mood and digestive health claims lead the supplements category

The analysis of positioning subcategory claims related with health active positioning show the different product development strategies.



Graph 12. % Penetration (of product launches) and CAGR (2020-2021) of the subcategories of health positioning supplements in Canada (2020-2022). Source: Innova database Innova Market Insights.

Immune health is the top claim for NPD during 2021 –2022

Well Told Health Stir Your Immunity Dietary Supplement

Canada, Mar 2022 VIEW DETAILS

Description: Dietary supplement **helps to support your immunity** during cold and flu season. Comes in powder form of 73.5 gram in a plastic standing pouch.

Brain health is the second top claim with a significative positive CAGR

Aquaomega Omega 3 Dietary Supplement: Orange Flavor, 60 Gummies

Canada, Mar 2022 VIEW DETAILS

Description: Omega 3 dietary supplement is high in EPA and DHA are especially important for children, as they play a key role in growth and development Omega 3 high in DHA **support brain health**. Support eye health in children. Support better sleep. 260 mg of omega 3 per serving.

Related with brain health, mental activity with support of the cognitive function withs claims as enhacing mental acuity, alerteneess, perforamnce and focus and reducing stress is a new relevant positioning in Canada

Doseology Think Dietary Supplement

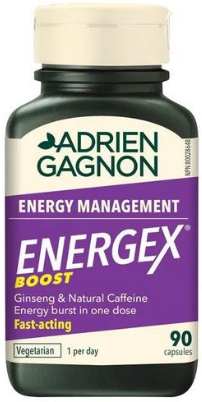
Canada, Apr 2022 VIEW DETAILS

Description: Dietary supplement with super shroom cognitive complex was formulated to give your brain the building blocks it needs to support optimized **cognitive function** and to improve clarity and focus. Comes in powder form of 60 grams.

Claims: Supplement with super shroom cognitive complex was formulated to give your brain the building blocks it needs to support optimized cognitive function and to improve clarity and focus. Source of fungal polysaccharides with immunomodulating properties. Helps to enhance cognitive performance. Helps support cognitive function such as mental focus and mental stamina. Source of antioxidants that help fight against the oxidative cell damage caused by free radicals. Helps to temporarily relieve symptoms of stress. Helps to promote alertness and wakefulness. Free from gluten, no added sugar, cruelty. Vegan friendly. Purity tested.

Energy & Stamina

New products that claim to have a performance-enhancing effect associated with energy have shown a spectacular growth rate in the last two years at a percentage similar to that of immune health.



Adrien Gagnon Energex Boost Dietary Supplement, 90 Capsules

Canada, May 2022 VIEW DETAILS

Description: Energex boost dietary supplement with ginseng and natural caffeine specifically targets intellectual performance and mental capacities, with a bonus effect against physical fatigue.

Claims: Energy burst in one dose. Brings an energizing effect thanks to its caffeine content. Fights mental fatigue, lack of energy, and overwork. Improves cognitive functions like memory despite stress. Supports physical performances. 100% natural.

Digestive/liver health claims retain a major role

Optimi Longevity Dietary Supplement, 60 Vegan Capsules

Canada, Mar 2022 VIEW DETAILS

Description: Dietary supplement with reishi that supports to increase resistance to stress and experience the mood boosting benefits of longevity. **Support the liver**, boost the immune system, nourish the heart, increase energy, improve mood and treat insomnia.

All in one effects on health is an interesting strategy

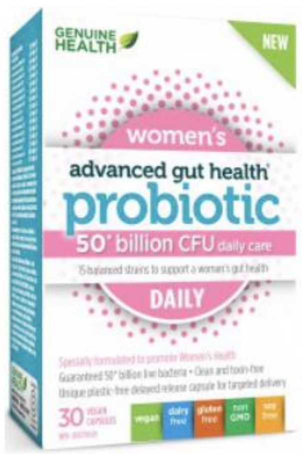
Kidstar All In One Plant Based Protein, Fiber Plus DHA Dietary Supplement: Cosmic Cocoa Flavor

Canada, Oct 2022 VIEW DETAILS

Description: All-in-one helps to meet protein needs for growing and developing children.

Claims: All-in-one plant-based mix is packed with protein, vitamins and minerals, prebiotic fiber, DHA and organic fruits and vegetables. Protein is an essential macronutrient and an important building block for muscles, tissue, organs, bones, skin, and nails. Pumpkin seeds are high in fiber, which can help reduce the risk of type 2 diabetes, heart disease and improve gut health. Polyphenols can help to reduce inflammation in the body and protect heart, vascular, and brain health. Contains 23 food-based vitamins and minerals. Contains no sugar, soy, gluten, artificial color, glyphosate. Non-GMO.

Products aimed at a specific population segment gain prominence as soon as they respond with formulations adapted to different populations according to their age and sex. In this way the consumer gives it a greater value as it is a more individualized solution.



Genuine Health Womens Daily Advanced Gut Health Probiotic Dietary Supplement, 30 Vegan Capsules

Canada, Sep 2022 VIEW DETAILS

Description: Women's daily advanced gut health probiotic dietary supplement with 15 balanced strains to support your gut, skin and vaginal health, including L. fermentum, L. acidophilus, L. gasseri and Lactococcus lactis.

Claims: 50 billion CFU daily care. 15 balanced strains to support a woman's gut health. Specially formulated to promote women's health. Guaranteed 50 billion live bacteria. Clean and toxin-free. Supports the immune system health.

Nutra Champs Multi Perfect Men's Multivitamin Dietary Supplement: Natural Raspberry Flavor, 120 Gummies

Canada, Mar 2022 VIEW DETAILS

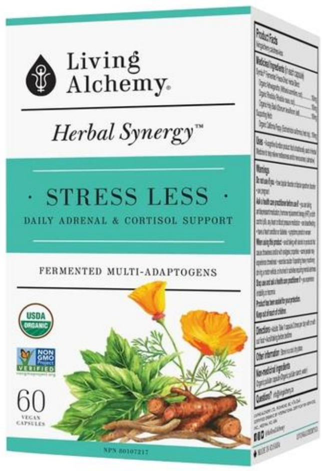
Description: Mens multi gummies containing a powerful blend of essential vitamins and minerals to boost overall mens health and help fill nutritional gaps in your diet. Comes in 120 gummies with natural raspberry flavor in a plastic bottle.

Claims: Mens multi gummies features a blend of foundational vitamins and minerals that support a wide variety of daily health functions. With a premium formula of vitamins, zinc and more, this formula is the perfect daily nutritional support you need to boost all areas of men's health. Mens multi is fortified with vitamins and minerals to help all areas of stamina, manage weight, support vision and digestive health, strengthen the nervous and immune systems, and promote heart health and healthy aging.

Source: Innova Database

Adaptogens are also emerging in dietary supplements

Adaptogens or adaptogenic substances are used in herbal medicine for the claimed stabilization of physiological processes and promotion of homeostasis.



Living Alchemy Stress Less Dietary Supplement, 60 Vegan Capsules

Canada, Aug 2022 VIEW DETAILS

Stress less a one-of-a-kind formula that includes **multiple fermented activated adaptogens** targeted to support the adrenal system to respond to stress.

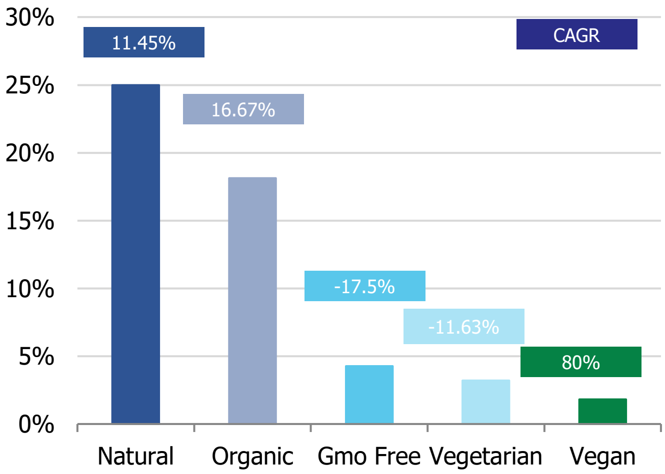
Well Told Health Brain Power Adaptogen Blend

Canada, Jul 2022 VIEW DETAILS

An organic brain health supplement, which contains a blend of **chaga mushroom, lion's mane mushroom and Rhodiola rosea.**

Source: Innova Database

In new products natural, organic and vegan claims associated to the source of the ingredients are the most fast-growing in the last two years.



Graph 13. % Penetration (of product launches) and CAGR (2020-2021) of the claims in supplements in Canada (2020-2022). Source: Innova database Innova Market Insights.

9. RECOMMENDATIONS

Canada is one of the most attractive markets in America, due to the purchasing power of its population and its economic and political stability, so it is not surprising that lots of companies choose to export or have decided to establish plants and operations in the Canadian market.

Canada is a price-driven market where the world's most competitive exporters are present. Canadian buyers are very demanding when it comes to meeting delivery deadlines, and they appreciate the ability to deliver and the quality of after-sales service. Therefore, the most important thing is to make a good, positive, honest, and reliable first impression before trying to sell a product or service.

Before contacting Canadian executives, the region should be considered. The business culture in Canada varies from region to region and most Canadians identify strongly with their province. The business environment is formal in big cities such as Toronto and Quebec, and more relaxed in the western part of the country such as Vancouver.

When doing business with Canadian businesspeople, it is preferable to make an appointment for a first meeting. This can be done by telephone or by e-mail. If the person is really interested, he or she will quickly arrange a meeting.

Punctuality is highly valued in Canada. It is recommended to arrive 5 to 10 minutes before the meeting. Due to the formality of business meetings in Canada, it is expected the meeting time to adhere strictly to the schedule, both in start and duration. A delay of 15 minutes is considered rude. It is recommended to prepare a schedule and stick to it. In case of delay, a phone call must be made. A delay of more than 20 minutes may result in the meeting being postponed. It is advisable to prepare an agenda with the items to be discussed and stick to it. If the meeting lasts longer than two hours, a drink and a snack may be offered. If the meeting takes place at lunchtime, a meal may be offered at the company, or it may be proposed to continue the meeting in a restaurant.

According to business material, it is advised that promotional documentation should be in English and French. It is common to appeal to a powerpoint presentation or any other technological support. On the other hand, business cards are used in Canada. They are usually written in a different language on each side (English and French). They are commonly exchanged at the beginning of the meeting.

The key to initiate a good relationship is a solid, honest and courteous handshake, looking into the eyes and without arrogance. It is necessary to shake hands and introduce yourself and the company you represent, thank for the appointment granted and make sure that the interlocutor is the right person in case he/she does not say his/her name.

In business conversations, people usually get straight to the point. Canadians listen to the interlocutor without interruption.

The negotiation should be based on data and empirical facts. In this sense, it is advisable for the exporter to prepare for the meeting and show relevant and timely information about his product. Likewise, failure to provide requested information may be interpreted as suspicious or evasive. It is important to mention that they usually pay special attention to the opinions of all those present at the negotiation, regardless of their hierarchical level within the company.

Decision-making power is decentralized, so that middle management can decide in accordance with the company's general policy.

Finally, agreements are often closed with a handshake and a written order, which must then be confirmed by letter, stating the agreed terms and conditions. A formal contract is always well received.

10. STATISTICS AND TRADE INFORMATION ABOUT CANADA

•**Canada Border Services Agency**: www.cbsa-asfc.gc.ca (information on tariffs and market entry procedures)

•**Agriculture and Agri-Food Canada**: www.agr.gc.ca (information on agriculture and agro- industry, regulations, and requirements)

•**Canadian Food Inspection Agency**: www.inspection.gc.ca (information on import requirements for food and agricultural products)

•**Canadian Food Inspection Agency:** www.inspection.gc.ca/airs (database of entry requirements into Canada and specific Canadian provinces)

•**Justice Canada**: www.laws-lois.justice.gc.ca (information on regulations related to market entry)

•**Health Canada**: www.hc-sc.gc.ca (information on claims related to health, safety, and security for various products, e.g., flammability of clothing)

•**Global Affairs Canada**: www.international.gc.ca (information on trade agreements and import restrictions)

•**Statistics Canada**: www.statcan.gc.ca (statistical information related to demographics and socioeconomic factors, economic indicators, and trade data through the Canadian International Merchandise Trade (CIMT) database)

•**Trade Data Online:** www.ic.gc.ca/tdo (import and export statistics for Canada, the United States, and more than 200 other countries)

•**Competition Bureau of Canada:** www.competitionbureau.gc.ca (import requirements for non-food products)

•**Canadian Association of Wholesale Sales:** www.caws.ca (trade association for independent sales representatives)

•**Trade Facilitation Office Canada**: www.tfocanada.ca (trade information, market studies, market research tools, and other trade-related matters for Indonesian exporters interested in the Canadian market)

•**Canadian Importers Database**: www.ic.gc.ca/cid (list of major importers in Canada by product and Canadian city/province)

MARKET INTELLIGENCE REPORT

FOOD AND BEVERAGES CANADA 2022

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F2F HEALTH MATTERS