"UNDERSTANDING THE ETHNIC MARKET OPPORTUNITIES FOR ONTARIO VEAL"

OUTLINE
- Composition of the market
  - The current ethnic market
  - The future of the ethnic market
- The Demand for veal
  - Consumption trends
  - Purchasing decisions
- Opportunities and Challenges
  - Year-round demand
  - Growing ethnic population
  - Consumer retention
- Ontario Veal’s next steps
  - Where do we go from here?

COMPOSITION OF THE MARKET
THE CURRENT AND FUTURE STATE OF THE ETHNIC MARKET IN THE GTA

CANADIAN VEAL CONSUMPTION

FIGURE 1. Annual consumption by Canadians of beef, chicken and pork versus ethnic meats

THE CURRENT ETHNIC MARKET

THE FUTURE OF THE ETHNIC MARKET
- Predict that 63% of the GTA’s population will be “visible minorities” by 2031
  - A 43% increase from 2006
- The largest ethnic groups known as ‘Ethnic Big 3’ – Chinese, South Asian and Filipino are projected to make up 7.3 million of Canada’s total population in 2031
  - Up from 3.5 million today

Source: Ethnic Marketers Capitalize on GTA’s Shifting Demographics, Dakshana Bascaramurty, The Globe and Mail, Published Friday, Nov. 25, 2011, 7:28 PM EST

Source: Statistics Canada - Tables 002-0010 and 051-0001, Calculations done by AAFC - AID, Market Information Section

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THE FUTURE OF THE ETHNIC MARKET

TABLE 1. Projected ethnic population growth of GTA from 2011 to 2031

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
<th>2031</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caribbean and Bermuda</td>
<td>184,125</td>
<td>205,299</td>
<td>228,909</td>
<td>255,233</td>
<td>284,585</td>
</tr>
<tr>
<td>Eastern Asia</td>
<td>651,055</td>
<td>787,777</td>
<td>953,210</td>
<td>1,153,384</td>
<td>1,395,594</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>198,875</td>
<td>199,671</td>
<td>200,469</td>
<td>201,271</td>
<td>202,076</td>
</tr>
<tr>
<td>Middle Eastern</td>
<td>182,860</td>
<td>230,404</td>
<td>290,309</td>
<td>365,789</td>
<td>460,894</td>
</tr>
<tr>
<td>North America</td>
<td>76,945</td>
<td>77,253</td>
<td>77,562</td>
<td>77,872</td>
<td>78,184</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>127,785</td>
<td>138,511</td>
<td>159,784</td>
<td>192,775</td>
<td>230,795</td>
</tr>
<tr>
<td>South America</td>
<td>139,440</td>
<td>160,356</td>
<td>184,409</td>
<td>212,071</td>
<td>243,881</td>
</tr>
<tr>
<td>Western Europe</td>
<td>50,860</td>
<td>51,063</td>
<td>51,268</td>
<td>51,473</td>
<td>51,679</td>
</tr>
<tr>
<td>Oceania</td>
<td>7,040</td>
<td>7,068</td>
<td>7,096</td>
<td>7,125</td>
<td>7,153</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>498,295</td>
<td>553,107</td>
<td>613,949</td>
<td>681,484</td>
<td>756,447</td>
</tr>
<tr>
<td>Southern Europe</td>
<td>283,120</td>
<td>284,252</td>
<td>285,389</td>
<td>286,531</td>
<td>287,677</td>
</tr>
<tr>
<td>Africa</td>
<td>108,620</td>
<td>121,111</td>
<td>135,039</td>
<td>150,569</td>
<td>167,884</td>
</tr>
<tr>
<td>Total</td>
<td>5,959,000</td>
<td>6,276,512</td>
<td>6,650,070</td>
<td>7,090,983</td>
<td>7,612,981</td>
</tr>
</tbody>
</table>

*Projected ethnic population in the GTA ~4.2 million by 2031

SURVEYED GROUPS

Each of the ethnic groups were surveyed based on the following:

- Household demographics
  - Income, employment status, number in household, education level, marital status, halal preference
- Frequency of consumption
  - At home, restaurant, at family and friends
- Important factors in meat purchases and consumption
  - Price, trust, quality & freshness, etc.

THE DEMAND FOR VEAL

CONSUMPTION TRENDS AND PURCHASING DECISIONS

Two main findings:

- Habitually choose veal due to cultural factors
  - Not because of the benefits it offers compared to alternative proteins
- Do not perceive it as offering good value for the money
  - Lacking a long-term value proposition to consumers

TABLE 2. Yearly veal consumption (kg/person) by surveyed ethnic group

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Veal kg/person</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>8.9</td>
</tr>
<tr>
<td>Caribbean</td>
<td>6.4</td>
</tr>
<tr>
<td>European</td>
<td>6.0</td>
</tr>
<tr>
<td>Middle Eastern</td>
<td>4.4</td>
</tr>
<tr>
<td>South Asian</td>
<td>4.4</td>
</tr>
<tr>
<td>Canadian</td>
<td>1.96</td>
</tr>
</tbody>
</table>

Source: Ontario Veal Market Study Report
THE DEMAND FOR VEAL
CONSUMPTION TRENDS

Consumption Trends
- Consumption frequency
  - Holidays and special occasions
  - Year-round demand
    - At home
    - At a restaurant
    - With family and friends

Holidays and Special Occasions
<table>
<thead>
<tr>
<th>Holidays</th>
<th>Special Occasions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eid-al-Fitr</td>
<td>Weddings</td>
</tr>
<tr>
<td>38% African and Middle Eastern</td>
<td>75% Caribbean</td>
</tr>
<tr>
<td>24% South Asian</td>
<td>66% European</td>
</tr>
<tr>
<td>Eid-al-Adha</td>
<td>Anniversaries</td>
</tr>
<tr>
<td>84% African and Middle Eastern</td>
<td>45% Caribbean</td>
</tr>
<tr>
<td>58% South Asian</td>
<td>37% European</td>
</tr>
</tbody>
</table>

TABLE 3. Percentage of ethnic meat (goat, veal, lamb & rabbit) consumed on holidays and occasions

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Eid-al-Fitr</th>
<th>Christmas</th>
<th>New Year</th>
<th>Eid-al-Adha</th>
<th>Ramadan</th>
<th>Passover</th>
<th>Easter</th>
<th>Other Holidays</th>
</tr>
</thead>
<tbody>
<tr>
<td>African</td>
<td>15</td>
<td>10</td>
<td>13</td>
<td>20</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Caribbean</td>
<td>5</td>
<td>3</td>
<td>4</td>
<td>20</td>
<td>6</td>
<td>2</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>European</td>
<td>1</td>
<td>17</td>
<td>27</td>
<td>2</td>
<td>6</td>
<td>3</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Middle Eastern</td>
<td>25</td>
<td>5</td>
<td>37</td>
<td>16</td>
<td>54</td>
<td>3</td>
<td>20</td>
<td>28</td>
</tr>
<tr>
<td>South Asian</td>
<td>14</td>
<td>1</td>
<td>5</td>
<td>12</td>
<td>6</td>
<td>4</td>
<td>17</td>
<td>3</td>
</tr>
<tr>
<td>Indo-East Asian</td>
<td>1</td>
<td>6</td>
<td>10</td>
<td>6</td>
<td>9</td>
<td>5</td>
<td>14</td>
<td>4</td>
</tr>
</tbody>
</table>

FIGURE 2. Veal consumption frequency by surveyed groups (combined)

Consumption Trends – Summary
- Veal was the most frequently consumed meat by the surveyed groups
  - Middle Eastern, African and Caribbean ate the most
- General consensus was that all groups enjoyed veal
  - Many consuming once or even multiple times in a week
- It was always available in grocery stores
  - Easy to find
  - Marketed alongside the beef, chicken and pork

Purchasing Decisions
- Leading factors amongst ethnic groups when making veal purchases
  - Price
  - Quality and Freshness
  - Trust
Consumers do not perceive veal as offering good value for money

- Lacking long-term value proposition for consumers

This revealed...

1. Price sensitivity
2. High substitution rate for other meats

**FIGURE 3.** Loyalty of different ethnic consumer groups in response to increases in veal price

**FIGURE 4.** Increased purchase (%) of beef, chicken, and pork with 10 to 40% increase in veal price
Income can be associated with price sensitivity

Ethnic consumers can be categorized into two groups:
1. New immigrants (less than 10 years in Canada)
   - Generally lower average income, younger, price sensitive
2. Established immigrants (more than 10 years in Canada)
   - Higher income households, older, spouse and children, not as price sensitive – seek convenience and healthier options

After 10 years they are mostly settled
- Starting to shop for quality and value rather than the lowest price

Quality and Freshness
- Freshness and quality continually ranked among the top factors in veal purchases

| TABLE 4. Important qualities for Veal (%) of preferred store |
|-----------------|-----------------|--------------|----------------|-----------------|
|                 | Africans        | Middle Eastern | South Asian | South East Asian |
| Freshness       | 80              | 79            | 87           | 86              | 76              | 71              |
| Best quality, better cuts | 34              | 33            | 35           | 32              | 24              | 20              |
| Good price      | 27              | 23            | 35           | 22              | 22              | 20              |
| Trusted store   | 52              | 43            | 45           | 49              | 29              | 27              |
| Fresh & organized | 42              | 37            | 32           | 38              | 27              | 31              |
| In-store butcher | 37              | 32            | 33           | 30              | 14              | 16              |

The availability of fresh meat was number one factor cited by all ethnic groups, when choosing where to purchase
- Meat is a primary source of protein for most families, thus the ability to enjoy meat that is desirable in smell and colour are key determinants

Quality associated with income and education
- Typically groups with higher education tend to earn more than those who are less educated
- Study found that ethnic population in GTA are largely settled and well educated
- Consumers may place greater importance on quality characteristics, production processes, and Canadian quality standards

Trust
- Trust was consistently ranked high when making purchasing decisions
- Several factors indicated the importance of trust when selecting meat:
  - Religious requirements
  - Sanitation and regulatory agencies in homeland

Trust is mainly a concern for those of the Muslim faith who eat halal
- Significant Muslim purchasing power in Ontario – half of which reside in the GTA (212,000)
- Current halal meat market in GTA worth $350 million
- Study reinforced the importance of halal to the majority of Africans, Middle Eastern and South Asians.
  - Prefer halal not only for religious reasons
  - Find colour, appearance, and taste superior
- Large portion of these individuals would only consume halal products – guiding their choice in:
  - Shopping venues
  - Restaurants
  - Meat preferences

FIGURE 5. Adherence (%) of Halal Meat Teachings
THE DEMAND FOR VEAL
PURCHASING DECISIONS

Purchasing Decisions - Summary

- **Price**
  - Veal is relatively sensitive to price increases amongst all ethnic groups
  - Found that it is regularly substituted with other meats
  - Lack of value for price noted by ethnic groups
  - After 10 years, mostly settled and found to be less price sensitive

- **Quality and Freshness**
  - Freshness ranked first for all ethnic groups when choosing which store to purchase at

- **Trust**
  - The Muslim faith make up a large portion of the ethnic meat market in Ontario
  - Trust that meat is halal and meats religious requirements is paramount for this group

ONTARIO VEAL’S NEXT STEPS
OPPORTUNITIES AND CHALLENGES

ONTARIO VEAL’S NEXT STEPS
OPPORTUNITIES AND CHALLENGES

Year-round demand

- A booming market exists in the GTA and can be established into a mainstream meat market
  - Everyday consumption
  - Results from study suggest ethnic groups high demand for veal and is being consumed frequently (up to several times per week)
  - Enhanced demand for holidays and special occasions
  - Price is less of a factor during these times, but emphasis is on quality, freshness and trust
  - Imperative to have a full understanding of the demand during these holiday times

ONTARIO VEAL’S NEXT STEPS
OPPORTUNITIES AND CHALLENGES

Continued population growth

- Will lead to greater overall demand for veal

- Two emerging markets that must be targeted:
  - New immigrants
    - Accustomed to eating veal regularly (at home and in restaurants)
    - Established demand for veal and willingness to pay
  - Second and third generation ethnic Canadians
    - More adept to western cultures/palates – less likely to consider purchasing veal
    - Familiar with consuming veal, but less knowledgeable of and, willing to prepare

ONTARIO VEAL’S NEXT STEPS
OPPORTUNITIES AND CHALLENGES

Next Steps...

- Market to the next wave of veal consumers
  - Encourage the consumption of Ontario veal
  - Target the benefits of veal as an alternative protein to beef
  - Promoting quality and freshness
  - Further produce literature on veal preparation
  - Include recipes for different ethnicities, occasions, etc.
  - “Bring tradition home, to Ontario”
  - “Celebrate with fresh Ontario veal”

ONTARIO VEAL’S NEXT STEPS
OPPORTUNITIES AND CHALLENGES

Next Steps...

- Continue to develop exposure of veal in stores
  - Target those situated in highly dense ethnic areas of the GTA
  - Market towards the ‘settled’ shopper (convenience, health, quality, trust)
  - Ensure that halal meat be properly labelled and appropriately situated in stores

- Develop 5 year Producer Planner for ethnic holidays
  - Calendar of ethnic holidays when veal is often consumed
  - Include the favoured specifications for specific holidays and religions

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  - “Bring tradition home, to Ontario”
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Retention of ethnic customers

Two main challenges for this consumer group:
1. Habitually choose veal due to cultural factors
   - Not because of the benefits it offers compared to alternative proteins
2. Do not perceive veal as offering good value for the money
   - Observe significant price sensitivity among all surveyed groups
3. Lacking long-term value from consumers’ perspective

ONTARIO VEAL’S NEXT STEPS
OPPORTUNITIES AND CHALLENGES

Next Steps...

Add value to benefits of purchasing veal
- Continue to develop the ‘Ontario Veal Health Appeal’ platform
  - Promote as healthy alternative to beef
  - Further develop healthy recipes with veal
  - Work with in-store grocery chain dietitians to feature veal (ex. Zehr’s dietitian pick of the week)
- Create long-term value for consumers
  - Work with grocers in densely populated ethnic areas of the GTA to feature veal
  - Help to develop promotions for everyday and special occasion consumption

This study was conducted by:
Integrity Intellectual Property Inc. (and Associates)

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Ontario Rabbit
Ontario Sheep Marketing Agency

THANK YOU.