

meat pesticide residue standards), foods with environmentally conscious packaging. Specialty foods such as salad dressings and sauces are also examples of growing markets.

Distribution is one of the most critical elements of the value-added food segment. In addition to changing consumer preferences, food exporters should also be aware of changing trends in this segment of the industry. Trends in the food distribution sector in the United States include.

- The introduction of new outlets in the form of super-stores (retail and wholesale) owned by the large chains and warehouse clubs that are nonunion operated. Traditional food store operators, the independents and "Mom & Pop" retailers are losing market share to these warehouse stores which work on the basis of rebates, cash discounts, membership fees and no advertising budgets. They are making a major impact as they cherry-pick the best selling lines and sizes.
- Food retailers are moving toward larger frozen convenience food sections including boxed prepared meat and seafood dishes which offer greater margins than dry groceries.
- Greater use of the electronic check-out system is giving retailers more control over inventory and better definition of market demographics.
- There is a growing trend towards grocery chains offering an increasing array of private label value added foods (a trend pioneered in Canada).

These evolutions in food distribution in the United States will offer opportunities to Canadian food processors prepared to make bulk sales for a lower profit margin.

Market leaders and trend setters are most common in the highly competitive major cities in California, New York (Tri-States), Illinois, Texas etc., while the followers will be found in the rural areas, smaller cities and mid-West.

Another related but separate market for value-added food products in the United States is the hotel, restaurants and institutions (HRI), or foodservices trade. This sector tolerates greater seasonal variation in the availability of supplies, but the food service sector is very sensitive to general economic conditions. In periods of economic growth when the general public and business community have discretionary funds available it does very well and declines rapidly in economic downturns. This has a direct effect on the food and beverage processing sector. The institutional segment of this sector, schools, hospitals and the military, is a much more stable, constant market.

The HRI trade does not require the same elaborate labelling and packaging as retail, however it is as competitive. An important selling point in this market is portion-control and