

CANADA

Canada has the seventh largest economy and the second highest standard of living in the world. According to the Central Intelligence Agency's World Factbook, per capita income in 1993 was estimated at \$28,638, second only to the United States. Consumer spending power continues to grow. Between 1990 and 1994, the average weekly earnings of persons in the labour force increased by approximately 13.5 percent. What is more, Canada's economic growth is expected to be among the strongest of all the industrial countries in the coming five years.

Canadian (and U.S.) households spend an average of about 12 percent of their disposable family income on food. Though this proportion is the lowest in the industrialized world, the fact that incomes in the country are high translates into a large absolute market for food and beverage products. In 1994, Canada's retail food market (supermarket and grocery) was estimated at \$49.6 billion and was growing at an average rate of approximately 4 percent annually following the 1991 recession period.

Healthy spending on food products reflects the fact that Canadians tend to be early adopters of new consumer products. They are well aware of international brand names and are familiar with the same product brands that lead in sales in the U.S. market. This makes Canada a good base from which to launch an entry into the other markets of North America.

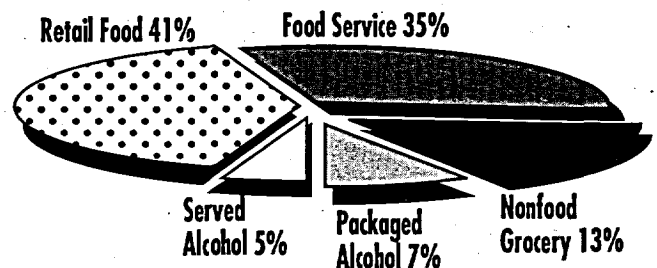
UNITED STATES

In 1994, U.S. consumers purchased an estimated \$400 billion in processed food and beverage products, including packaged alcoholic beverages through retail establishments. Food service expenditures accounted for an additional estimated \$275 billion, including alcoholic beverages served

in restaurants and other food service establishments. See Figure 9 for a sectoral breakdown of the U.S. food and beverage market.

The U.S. market is important to Canadian food and beverage products not only because of its size but also because it is easily accessible from all major processing and manufacturing centres in Canada. Roughly 90 percent of the Canadian population and most of Canada's major manufacturing centres lie within 200 kilometres of the Canada-U.S. border. And the highly integrated North American transportation system means that major U.S. markets can be quickly and efficiently reached from Canada by truck, rail, air and both inland water and marine transport. For example, more than 110 million U.S. consumers can be reached within a single day by a truck travelling from southern Ontario. Canada's Atlantic provinces and Quebec have ready access to the New England market. New York City is a single day's truck journey from either southern Ontario or from Nova Scotia and New Brunswick. And the affluent California market is a two-day journey by truck from southern Alberta and British Columbia.

Figure 9.
U.S. Food and Beverage Market, 1994*



Source: USDA, Food Marketing Review.

*estimate