

MARKET PROSPECTS

The markets that hold the most potential for Canadian value-added products on an aggregate level are outlined below.

USA

The United States is Canada's most important trading partner. Given the 4000 kilometres of common border, similar culture and similar language, it is tempting to think of the U. S. as an extension of the domestic market. However, the U.S. is a foreign country and its market is not identical to Canada's. In fact, the U.S. is not so much one national market, but several regional ones, each having its own requirements.

The food and beverage sector is the second largest manufacturing sector in the United States. The total value of food and beverage shipments in 1992 were estimated at \$365 billion.

U.S. imports of food products are concentrated in certain specific sub-sectors; such as prepared entrées, bakery goods, alcoholic beverages and gourmet fruit and vegetable products.

The market for processed foods in the United States is expanding and changing. Some general trends are listed below:

- The size of the American population is relatively stable, but the percentage of consumers entering the 35 to 54-year age bracket is increasing by over three percent per year. Consumers in this age category are normally at the peak of their earning power and have higher disposable incomes. They are often more willing to try new products than other consumers and tend to purchase higher priced, value-added products;
- The increasing number of dual-income households means that convenience foods are in demand because of the limited time available in the household for food preparation;
- The American consumer is buying smaller portioned food products as the population ages and as consumers trend toward "grazing" (traditional sit-down meals replaced by frequent snacking);
- The consumer is interested in products that are healthful and convenient and in a greater variety of foods including ethnic and gourmet foods.

These trends present opportunities for ready to eat (microwaveable) foods, more fresh and chilled value-added food products, fully prepared take-out foods, portion controlled foods, frozen convenience foods, foods that meet nutritional needs and food safety concerns (no additives,