Vegetable Industry Focus Group - January 19, 2005

The goals of the vegetable industry focus group were
- to identify barriers and opportunities for growth, and
- to make recommendations for priority actions that will develop Alberta's vegetable industry.

The steering committee had representatives from Alberta Agriculture, Food & Rural Development (AAFRD), and Alberta Crop Industry Development Fund Ltd. (ACIDF).

Methodology
The focus group was held January 19, 2005 in Calgary. Twenty-one participants took part including growers, processors, foodservice and retail buyers, a chef and researchers. For this session the vegetable industry was defined as including fresh, processed and greenhouse vegetables. The processed potato industry was not included. Comprehensive perspective and quality discussion were established by dividing participants into three discussion groups. The focus group process was developed and lead by a professional facilitator.

Three stakeholders provided written feedback, as they were not able to attend due to road closure and weather advisories in the northern area of the province.

The participants were challenged with three questions:
1. What does a successful Alberta Vegetable Industry in 2015 look like?
2. What are Alberta vegetable industry barriers & bottlenecks?
3. What are Alberta vegetable industry opportunities?

Through a selection process, participants determined the priority opportunities for developing the Alberta vegetable industry.

To verify the findings, this report has been circulated to, and validated by, the participants.

The Alberta Vegetable Industry Opportunities Prioritized

The focus group participants ranked the following 10 opportunities in order of importance.

The priority opportunities focused on expanding and developing market opportunities, noting that production and research would follow if viable markets were developed.

1. Market research and feasibility assessments are needed to determine what buyers and consumers want. A process to get this information to the grower and other key stakeholders in the value chain needs to be established along with developing and implementing consumer education campaigns to explain the benefits of Alberta vegetables (e.g. health and wellness benefits).

2. Identified processing opportunities are realized through new investment. It is important that the barriers to new investment be investigated and overcome. This can be done through researching and investigating models (e.g. investment assessment capabilities and investment alliances) that are working. Explain innovative strategies that are used to access capital.

3. Increased communication and knowledge management between growers and processors/retailers (e.g. directory of all names & who does what, website with an industry development focus).

4. Bio-product opportunities: what are the opportunities and the feasibility? (Examples given: corn for fuel, lycopene in tomatoes, vegetable fibre for specialty paper)

5. Develop North American alliances with Mexico and USA in order to keep pricing consistent (avoid dumping) and to make use of complementary growing seasons to ensure consistent supply.

6. Working with distributors and retailers, identify new market access opportunities such as branded products, niche markets and specialty markets.

7. Investigate processing and production opportunities for the use of seconds and other by-products (e.g. vegetable-based extracts and powders).

8. A lack of seasonal labour is restricting the growth of the vegetable industry. Establish a task team to examine foreign labour programs and how industry co-operation can better use existing programs (Example given: honey and vegetable industry collaborate in using workers and charter a plane to bring workers to Alberta).

9. Research and development to increase efficiencies in production and processing in order to be price competitive.

10. Harmonization of
    a. food safety, quality and traceability programs in Alberta (reduction in number and cost of audits), and
    b. regulations between Canada and countries importing into Canada

A Successful Alberta Vegetable Industry In 2015
. . . What Does It Look Like?

Focus group participants represented diverse interests; all were enthusiastic about the potential for the growth and development of the Alberta vegetable industry.

- In 2015 the Alberta vegetable acreage is doubled with a 30% increase in the number of growers resulting in more dynamic industry with food traceability from farm to consumer.

- The full utilization of processing facilities to allow for year-round processing in order to maximize efficiencies and economies of scale.

- Healthy ready-in-minutes vegetable products, grown, processed/packaged and marketed in/from Alberta.

- Consistent high quality, sweet and tasty Alberta grown vegetables available to the consumer at a competitive price

- Meeting consumer needs for
    a. convenience: portion size, pan ready
    b. safety: all industry segment “HACCP” approved/compliant
    c. health: vegetables as a functional food/health solution

- New products developed for niche (organic, ethnic and seniors, etc.) markets.

- A more effective market determination system is developed, so that the product grown is what is desired and demanded by the consumer.

- The market season for Alberta grown vegetables is longer due to innovations in storage and packaging.

- Value-added products (meat and vegetable combinations, along with new vegetable juices).

- New vegetable varieties through research that benefit the grower, processor and consumer.

- Ongoing consumer and market research and marketing/education campaigns.

- Partnerships and alliances within the industry, across industries and across the continent - have industry groups’ work in unison, rather than always in competition.

- Alberta public knows that the growers manage land and water resources sustainability.

- The industry is operating profitably and continues to employ many rural Albertans.

Summary of Alberta Vegetable Industry’s Barriers & Bottlenecks

- Production investment is high (e.g. high energy costs, machinery costs). It is estimated to take $1.5 million to establish the operation for each crop produced.

- Seen as a high-risk industry by some lenders, this limits access to adequate term and operating capital. As a result of specialized assets, owners can be required to provide 40-50% equity in a financing situation. Lenders have incurred considerable losses when selling off specialized facilities and equipment following an agribusiness failure. Some financial institutions are not willing to advance operating funds against growing crops – greenhouses. More flexible financing options are needed.

- Investment opportunity in major processing facilities is not understood or supported by the public, government or lenders.
- Transportation: high freight rates, shipping, availability and cost of containers and infrastructure.
- Relatively low margins on food products.
- A marketing mentality that is set on volume rather than value-addition.
- Free Trade: harmonization of regulations between Canada and countries importing into Canada.
- Labour: cost; availability-competition with other industries such as oil and gas; visa requirements for foreign workers.
- Transparency of food products, standardization of food safety regulations and environmental regulations.
- Lack of consumer research.
- Lack of marketing and education campaigns.
- Maintaining high quality consistently - consumer expects high quality consistently all year round.
- Consumer confidence regarding safety.
- Lack of extension, information transfer and diagnostics.
- Lack of R & D capacity in Alberta.
- Lack of research. Examples given: improving crop quality, technology for increasing shelf life and adopting existing research.
- Lack of commercial growers and few new commercial growers.
- The short growing season, only one season per year.
- Water management issues and access to irrigation.
- Outdated policies and practices e.g. grading and packaging.
- Lack of industry cooperation regarding storage and processing facilities and other issues such as accessing new markets, accessing research dollars.
- Taking too long to act on opportunities and reducing risks.
- Lack of awareness and adoption for packing and technology innovation (e.g. extending shelf life).

- Innovation and support limited for new products and markets.
- Federal and provincial growers support programs.
- Intense competition on cost/value – need consistent high quality.
- Lack of a broad industry organization, value chain and/or network.
- Need a greater industry vision – a win/win approach.
- Small population base – negative trade balance; net importer of vegetables; 85% of vegetables consumed by Albertans are imported.
- The unknowns and consumer fads e.g. low carb diets.
- As North American industry consolidates, sellers of products need to be big enough to be in the market (e.g. big enough to sell to Wal-Mart).

Summary of Alberta Vegetable Industry's Opportunities

- Develop international market research that provides accurate and timely information on what consumers (foodservice and retail) want to consume and why they want to consume it.
- Develop complementary marketing strategies (e.g. home meal replacements, ready meal components).
- Develop new markets not only for the end product but also for the by-products. Spin off industries-what are the opportunities.
- Bio-product opportunities.
- Increased communication between growers and processors/retailers e.g. directory of all names and who does what.
- Develop a specific business planning industry website (consider BC Hot House model) to enhance the entrepreneurs ability to use feasibility analysis in strategic business planning for a primary or value added vegetable business. Spreadsheets should be developed to allow quick completion of sensitivity analysis for financial projections. This website could also be used to post pertinent market intelligence. For example, an international market situation or weather event that could possibly impact management decisions. Consideration should also be given to posting the governments price projections for gas and electricity which would be used in the financial planning process.
- Good consumer base to test.
- Branded products, niche markets and specialty markets.

- Identified processing opportunities are taken up (new investment). What are the barriers, overcome them; look at models that are working/ innovation in accessing capital.

- Reach self sufficiency – import replacement.

- Mutual cooperation between retailers and growers.

- Develop North American alliances with Mexico and USA.

- Diversify profit centers - the fractions – components and processes for using the "waste".

- Address labour concerns.

- Provide infrastructure dollars for new facilities.

- Build the business case to increase our research capacity.

- Increase applied research and thus adoption of existing research on existing problems, new opportunities (functional foods), storage technologies and shelf life.

- Alberta has raw product from which to value-add.

- Alberta has land base to expand.

Participants

A special thanks to those that invested their time and knowledge in this endeavor:

Steering Committee: Lynn Stegman (AAFRD), Christine Murray (AAFRD), Doug Walkey (ACIDF). Meeting facilitated by: Barb Vanden Bosch (AAFRD)

Participants:
Buyers:
Chris Waldmann (Eau Claire Retirement Residence and
Canadian Association of Food Service Professionals)
John Bragg (Carewest, Colonel Belcher and
Canadian Association of Food Service Professionals)
Keith Ball (Associate Grocers)

Processors:
Frank Gatto (Agristar Foods)
Ron Lemiski (Fresh Direct Foods Ltd)
Kevin Andreson (Lucerne Foods/Lethbridge Frozen Food Division)

Distributors:
Angela Santiago (The Little Potato Company)

Growers:
Gerda Van Giessen (Van Giessen Growers)
Young Soo Jung (Soyang Market Gardens)
Robert Boschman (Popular Bluff Farm)
Pat Shimbashi (Shimbashi Farms)
Lyle Aleman (Red Hat Co-op)
Dave Jensen (Triple D Produce)
Robert Van Dam (Greenhouse Vegetable Grower)

Associations:
Rob Oudman (Alberta Vegetable Growers (Processing)
Blaine Staples (Alberta Association of Direct Marketers/Innisfail Growers)

Research:
Freda Molenkamp (Alberta Agriculture Research Institute)
Connie Phillips (Alberta Agriculture Research Institute)
Bonnie Spragg (Alberta Crop Industry Development Fund Ltd)

Processing and Development Centre:
Darcy Driedger (Food Scientist/Program Manager AAFRD)

Other Stakeholders:
Jim Cooper (AFSC Commercial)
Len Fullen (Marketing Council AAFRD)
Tom Shindrik (Ag and Food Council)
Vince Casavant (AFSC Commercial)