



STEP – Agri-Value

**Biofach 2019 & Outreach to the UK
February 11-20, 2019
Nuremberg, Germany & London, UK**

TRIP REPORT





CONNECTING SASKATCHEWAN BUSINESS WITH THE WORLD

Overview/Mission Description

BioFach is the world's largest organic trade show, taking place each February in Nuremberg, Germany. STEP Exhibited as part of the Canadian Pavilion which featured companies from across Canada. STEP's space in the pavilion gave STEP members with certified organic agriculture products the chance to reach the international organic marketplace. With the Canada-EU free trade agreement recently coming into force, this has led to increased interest for Saskatchewan products in one of the largest organic consumer markets in the world.

During Biofach, STEP and participating members attended a networking event hosted by the Canadian Organic Trade Association (COTA). STEP and participating members took part in meetings with Trade Commissioners from different countries in the EU. STEP also contributed to a networking reception held in the pavilion attended by exhibitors and international buyers. A targeted list of companies to visit at the show was also provided to members in an effort to make the most of their efforts at Biofach.

In addition to attending Biofach, STEP also organized an optional visit to the UK. This visit took place following the conclusion of the show. With the help of a consultant, STEP organized a two-day program. The program consisted of group meetings with potential buyers of organic ingredients and a market briefing. The UK is a major point of entry into the EU and is a growing market for organic products. This also provided a great opportunity to get an update on the Brexit situation.

Summarized Agenda

Biofach ran over a four day period from Wednesday to Saturday at the Nuremberg Messe Convention Centre. Saskatchewan companies were given the opportunity to exhibit in the Canadian Pavilion with STEP or to walk the show on their own. Each day had set exhibiting hours from 9:00 – 6:00 Wednesday to Friday, and 9:00 to 5:00 on Saturday. Members also had the opportunity to attend any number of educational sessions on topics related to the organic agriculture industry. The dates, times and topics of these sessions were outlined in the briefing book agenda.

Activities outside of the show hours included the COTA networking event on Tuesday, the Canadian Pavilion reception on Thursday and a group dinner for Saskatchewan companies on Friday. All events were optional, but well attended by the Saskatchewan companies participating in the mission.

The visit to the UK consisted of two days of meetings across the country. The meetings were with organic importers and food/feed manufacturers.

Market Information

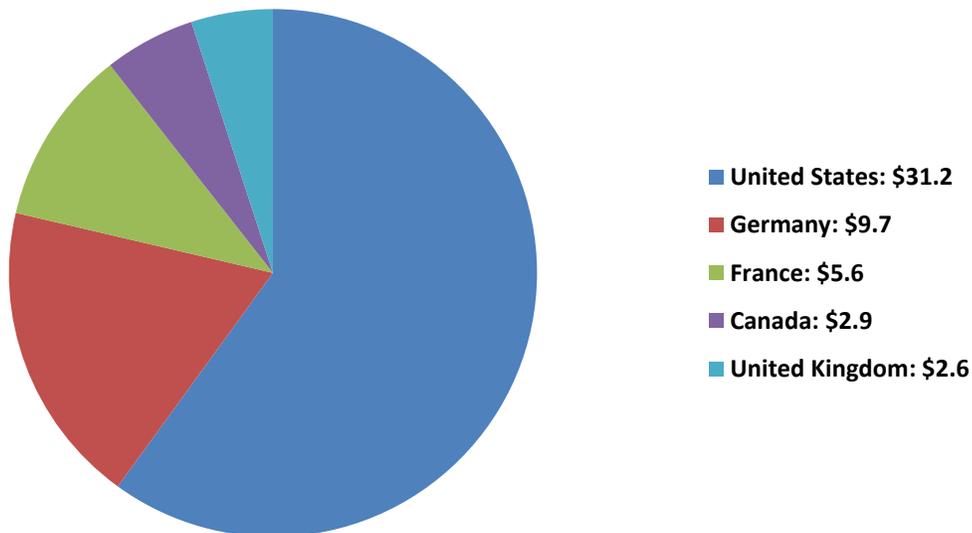
European Union

The European Union (EU) is made up of 28 countries and when considered as a single economic unit, represents the third most populous area in the world, behind China and India, and the second largest economy in the world, behind the United States. The EU has a nominal GDP of \$16.27 trillion (2016) and is currently importing over \$2.25 trillion dollars worth of goods from across the world. Saskatchewan exported over \$1.1 billion dollars worth of goods to the EU in 2016. These numbers are expected to increase following the signing of CETA. Many countries from the EU were represented in their own pavilions at Biofach 2019.

Germany

Germany is the second largest organic market in the world, rivaled only by the United States. Germany is an appropriate location for the world's largest organic food trade show considering many of the other top organic markets are also members of the EU.

Organic Food Markets (CAD Billions)



Since 2000, sales of organic foods in Germany have more than tripled while domestic production has failed to keep pace. This makes Germany an ideal export market for Saskatchewan organic agriculture suppliers.

United Kingdom

The United Kingdom's 2019 population is 66.96 million according to the most recent UN estimates. The UK food & grocery market size £190bn in 2018, with forecast growth of 14.8% between 2018-2023. Mergers and acquisitions (Sainsbury's/Asda) throughout 2017 and 2018 are consolidating the market, leading to challenges for suppliers – particularly with Brexit uncertainty mounting. Online continues to grow at pace, reaching 8.3% penetration in 2018.

The UK grocery sector is one of the most sophisticated in the world. The four leading supermarket chains (Tesco, Sainsbury's, Asda/Walmart, Morrisons) compete fiercely for customers with an ever growing popularity of the discount chains, Lidl and Aldi. The discounters control 13.2% of the market, and (coupled with the rise of online specialists) threaten to further erode market share of the Big Four in the future. The convenience channel is forecast to return to a stronger growth trend in 2019 eg Tesco Metro, Sainsbury's local. Online will remain the fastest growing channel. New players will provide more choice to shoppers eg Amazon Fresh

The UK organic market is now worth £2.33 billion with a 5.3% growth in 2018. This is the highest ever value placed on the organic market, following a seventh year of consecutive growth. Almost £45 million is spent on organic each week in the UK. A rise in online organic shopping is a trend that shows no sign of slowing down. Driven by convenience, an ever broader range of choice, and by younger generations entering the market Home delivery already accounts for almost 13% of the organic market and the expectation is that this could reach as much as 25% in the near future

Results

Eleven STEP Members participated at the show. Four exhibited in the STEP Booth and the remaining Seven walked the show. In addition to the participating members, an additional two members were represented by STEP and had their products displayed in the booth.

Participating members reported 192 qualified trade leads, 17 deals and an expected 5.3 million CAD in sales over the next 12 months.

Recommendations

The mission was highly successful. Biofach is the ideal show to attend for companies interested in EU Organic Market. It provides the opportunity to meet with buyers from around Europe and the world. Attendance at the show seemed to be up this year. The location of the STEP booth continues to be ideal. Additional halls will be opening next year that should increase traffic past the booth. Additional promotion could be done to drive more traffic to the booth. The networking



CONNECTING SASKATCHEWAN BUSINESS WITH THE WORLD

event at the pavilion is a nice touch and puts us on the same level as many of the other pavilions. This event should continue in future years if budget permits. Emphasis should be placed on recruiting buyers to attend the event.

The additional market visits proved to be very valuable as well. The STEP members that participated were happy with the results. It was unfortunate that the Trade Commissioner Service was not able to assist with the program. The consultant hired did an excellent job. I would recommend using them in the future if the situation warrants it. STEP will look to continue this format in a different market during future shows. STEP members in attendance were informally surveyed about their preference for future market visits. The Italy, France and Spain came back as the top choices.

STEP plans on returning to next year's show and will secure similar space in the Canadian Pavilion. Biofach 2020 takes place in Nuremburg again and the pavilion will be in a similar location. STEP will also look to organize a visit to a new market.

STEP Contact for Further Information

For further information, please contact:

Jeff Cooper

Director Agri-Value

306-933-6512

jcooper@sasktrade.sk.ca

Pictures





Notice to Recipient: The attached information is provided by STEP on the express condition that the recipient of such information waives any and all claims of any nature whatsoever (including any claim based in negligence) that it may now or in the future have against STEP or its officers, directors, employees and agents resulting from or in any way connected with its use or reliance on such information.