



BANFF PORK
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news release

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Market and consumer analysis unveils bright spots for Canadian pork

Banff, Alta., Jan. 22, 2010: A more competitive Canadian pork industry can emerge to regain a leadership position by refocusing on the key strengths that grew the industry in the first place, and aggressively investigating fresh looks at promotion to link product qualities with consumer preferences.

That was the message delivered by two top industry market analysts and a leading consumer researcher in a session on new business models at the Banff Pork Seminar.

The heady days of a vibrant North American pork industry fuelled primarily by a long history of low priced grains, overall favorable economics and an extended period of increasing specialization and consolidation, are well in the past, say market analysts Steve Meyer of Paragon Economics and Kevin Grier of the George Morris Centre.

Today's big drivers further reshaping the playing field, particularly for the Canadian industry, include biofuels, which have raised feedgrain prices worldwide, constraints surrounding country of origin labeling (COOL) legislation in the U.S., and a sustained trend of a high Canadian dollar combined with weakening U.S. currency.

These challenges are unlikely to change anytime soon. "We can't 'unring' the bell with ethanol – plants are in place and somebody's going to use them," says Meyer, speaking during a week that saw a major U.S. packing plant closure. "And all the forecasts point to continued weakening of the U.S. dollar."

On both sides of the border, many mid-scale producers will continue to exit the industry and some additional vertical integration is likely as packers look to secure supply, say both analysts. Some price recovery is expected but it will be a long climb to sustained profitability. In Canada, domestic market share has declined as the U.S. has made inroads.

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Banff Pork Seminar, continued...

Still there are reasons for cautious optimism ranging from selected market price bright spots and continuing growth potential in export markets such as China, says Grier. The best way forward for the Canadian industry is to refocus on fundamental strengths that, while weakened in the short term, remain in place.

“I think it’s important to remind ourselves of the positives we have in Canada, that got us to be a world leader in pork production and exports and one of the most competitive industries in the world,” he says. “We still have those strengths. They will help us remain a relatively large industry after the dust settles.”

These advantages include strong animal health, a favorable climate, low animal density relative to human population, favorable market access, and still relatively competitively priced feedgrains compared to many pork production regions of the world. The feedgrains “advantage,” while substantially weakened, can regain world class status “once we cure ourselves of ethanol,” says Grier. When policies that distort the market are removed, “it’s still hard to beat Canada.”

One key area where the industry can place more focus and achieve greater success is through more effective advertising and product promotion, says Ellen Goddard of the University of Alberta. “It’s a matter of keeping current. As consumer interest in food products changes, the types of advertising and promotion that are likely to result in increased sales also need to adjust.”

Reaching the consumer is becoming more complex and that’s where more study of consumer preferences can help, she says. To this end, Goddard is part of a University of Alberta team supported by Alberta Pork that is delivering new research on a number of key fronts, including a new project integrating genomics, meat science and economics to add value to the hog sector.

Results from her program show key differences in regional and household preferences, revealing promising opportunities to improve marketing and promotion. “One signal is a greater focus on youth is needed,” she says. “Branding related to ‘traditionally raised’ and ‘Canadian’ also has opportunity. The new Canadian pork label is an example of progress in this direction.”

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More information

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