2018-2019 Strategic Issues Survey of Food and Beverage Processors (Wave II)

Executive Summary

Prepared for Agriculture and Agri-food Canada

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February 2019

This public opinion research report presents the results of a telephone survey of 400 food and beverage processors conducted November 19 to December 18, 2018.

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Executive Summary

Phoenix Strategic Perspectives (Phoenix SPI) was commissioned by the Department of Agriculture and Agri-food Canada (AAFC) to conduct quantitative research with representatives of the food and beverage processing industry in Canada.

1. Background

The food and beverage processing industry is the second largest manufacturing industry in Canada and is one of AAFC's key stakeholder groups. Overall, this sector accounts for 2% of the national Gross Domestic Product (GDP), providing employment to almost 250,000 Canadians.

AAFC has been conducting the Strategic Issues Survey, a survey of producers, since 2007 to gain critical insights on the opinions, issues and challenges facing agricultural producers in Canada. In its last iteration in 2017, the scope was broadened to capture the views of food and beverage processors in Canada. Given the different methodological challenges reaching these two audiences, the *Survey of Food and Beverage Processors* was conducted separately from the producer survey as of 2016-2017.

This iteration was the second wave of AAFC's *Survey of Food and Beverage Processors*. It was designed to build on the data collected in the previous wave and to gain feedback on new and emerging issues. The findings will be used to support the development of policies, programs and initiatives, to improve communications with the industry, and to better serve clients.

2. Objectives

The purpose of the quantitative research was to collect data that would provide AAFC with critical insights on the opinions, issues, and challenges facing the food processing sector in Canada, including the impact of trade agreements and evolving consumer preferences. Specific objectives of the survey included:

- Views on trade agreements;
- Perceived benefits and challenges of trade agreements;
- Awareness of AAFC initiatives;
- Public trust;
- Emergency management; and
- Communication preferences.

In addition to providing AAFC with current insights from the sector, this survey allows for the tracking of opinions and issues over time. In particular, this year's research was designed to establish benchmarks for the department's new multi-year agricultural policy framework—the Canadian Agricultural Partnership—that can be tracked over the next five years.

3. Methodology

A telephone survey was conducted with 400 representatives of food and beverage processors headquartered in Canada. The sample was purchased from Dun & Bradstreet Canada, and the survey averaged 18.5 minutes. Based on a sample of this size, the overall results can be considered accurate to within ±4.9%, 19 times out of 20. The fieldwork was conducted from November 19 to December 18, 2018, and the results were weighted to reflect the actual distribution of businesses operating in this sector in Canada. More information on the methodology can be found in the Technical Specifications of Research appendix in the report.

4. Key Findings

International Trade

Fewer food and beverage processors surveyed are exporting this year: 28% versus 34% in 2017.

- Companies that currently export were most likely to export to the United States (77%; down from 93% in Wave I).
- Nearly two-thirds of companies that export to countries other than the United States expect that the volume of exports to such countries will increase somewhat (43%) or significantly (20%) over the next two years.
- More than half (57%) the exporting companies surveyed have no plans to expand into the European market. In contrast, 24% have made changes in order to expand into this market and 19% are planning to make such changes.

Representatives of exporting companies were most likely to be aware of the Canada-United States-Mexico Agreement (CUSMA) (89%).

- Comparatively fewer were aware of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) (60%) and the Comprehensive Economic and Trade Agreement (CETA) (51%).
- The perceived impact of these trade agreements was mixed. In each case, the largest single proportion anticipated benefits to emerge: 38% in the case of CUSMA and 43% in the case of CETA and CPTPP.

AAFC Initiatives

Among food and beverage processors surveyed, there was fairly low awareness of AAFC initiatives.

- One-quarter (26%) said they had seen, heard or read something about the Canadian Agricultural Partnership (the Partnership).
    - Those aware of the Partnership were most likely to have learned of it through the Internet/a website banner (22%), followed by word-of-mouth (19%), and television or newspapers (17% each).
    - Two-thirds of respondents agreed that the Partnership will help the sector to grow trade and expand markets (67%) and to advance science and innovation (66%).
    - Compared to non-exporters, those planning to or currently exporting were more likely to be familiar with the Partnership programs and services. In addition, the likelihood of being familiar with these programs and services was higher among

companies headquartered in the Prairies than those based in Quebec and British Columbia.

- Few (13%) had seen, heard or read anything about the Economic Strategy Table of Agri-food.
  - Half (51%) of those aware of it pointed to a labour force with the skills and experiences required for sector growth as a top priority.

Public Trust

A greater proportion of food and beverage processors have taken actions to manage public trust compared to 2017.

- More than nine in 10 respondents (96%) said their company has implemented better labour practices to manage public trust.
- Following this, three-quarters (75%) have introduced enhanced nutritional content or healthy ingredients, and approximately two-thirds (64%) have implemented changes to their animal welfare practices.

This year, more food and beverage processors attributed importance to the various reasons why a company might implement measures designed to enhance public trust.

- Topping the list of reasons was “because it’s the right thing to do” (93%), to respond to consumer demands/public pressure (88%), to maintain market access (88%), and to respond to demands from businesses (87%).

Emergency Management

The type of emergency respondents were most likely to identify as a concern to them in terms of impacting their business was food safety breakdowns (44%).

- This was followed at a distance by animal/plant disease outbreaks and natural catastrophes (22% each).
- Three in 10 companies (31%) have taken no actions to manage emergency risks.
  - Companies that have taken action mentioned implementing a traceability system (10%), environmental and sustainability measures (8%), and a food safety protocol (7%).
- Just over half the respondents (52%) said that there is an emergency management plan in place for their company.

Communications Preferences

Facebook led the way when it came to social media used for business purposes.

- Facebook was identified by two-thirds of respondents (65%). This was followed by LinkedIn (31%) and Twitter (29%).
- Just over one-quarter (26%) said they do not use social media for business purposes.

Nine in 10 would prefer to be informed about the latest agricultural news and developments from AAFC by email.

- Just over two-thirds (68%) preferred Agri-info, AAFC's quarterly newsletter, and over half said through AAFC's website (61%)
- Fewer than half, but a substantial minority nonetheless (42%), expressed a preference for receiving updates from AAFC via social media.

5. Notes to Reader

- All results in the report are expressed as a percentage, unless otherwise noted.
- Throughout the report, percentages may not always add to 100 due to rounding and/or multiple responses being offered by respondents.
- The number of respondents changes throughout the report because questions were asked of sub-samples of survey respondents. Readers should be aware of this and exercise caution when interpreting results based on smaller numbers of respondents.
- Unless otherwise noted, the response options, "don't know" and "no response", have been removed from the frequencies presented in the graphs.
- Only subgroup differences that are statistically significant at the 95% confidence level and pertain to a subgroup of at least n=20 are described in the report. Results were analyzed by location of headquarters, company size, length of time operating, and exporting status. Responses from the Territories are grouped with responses from British Columbia.
- Tracking data are presented where available. In Wave I (2017), companies with headquarters outside of Canada were included in the survey sample. In Wave II (2018), only companies with headquarters in Canada were eligible to complete the survey. To ensure the results are comparable, the 2017 results only include companies headquartered in Canada for tracking over time.
- The survey questionnaire is appended to the report.
- A full set of tabulated data is available under separate cover.

The contract value was $82,630.12 (including HST).

I hereby certify as a Senior Officer of Phoenix Strategic Perspectives that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Policy on Communications and Federal Identity of the Government of Canada and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not contain any reference to electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leader.

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