



# CANADA PORK

# 2016

# ANNUAL

# REPORT

FOR MORE INFORMATION ABOUT CANADA PORK'S PROGRAMS CONTACT:

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NATIONAL PORK MARKETING PROCESSOR MEMBERS:



NATIONAL PORK MARKETING PROVINCIAL PRODUCER ORGANIZATIONS: BC PORK PRODUCERS, ALBERTA PORK, SASKATCHEWAN PORK DEVELOPMENT BOARD, MANITOBA PORK COUNCIL, ONTARIO PORK PRODUCERS MARKETING BOARD, PORC NB PORK, PORK NOVA SCOTIA, PEI HOG COMMODITY MARKETING BOARD.

PARTNERS IN SUCCESS: CANADIAN PORK COUNCIL, CANADIAN MEAT COUNCIL.





# CANADA PORK NATIONAL PORK MARKETING PROGRAM

CANADA PORK IS A NATIONAL ALLIANCE OF INNOVATIVE PORK PRODUCERS AND MEAT PROCESSORS COMMITTED TO SUPPORTING END-USER CUSTOMERS AND CONSUMERS IN THE RETAIL AND FOODSERVICE MARKETPLACE. CANADA PORK MARKET DEVELOPMENT SPECIALISTS FOCUS ON INCREASING DEMAND, MARKET SHARE, PROFIT POTENTIAL AND CATEGORY GROWTH FOR PREMIUM QUALITY CANADIAN PORK.

CANADA PORK IS A DIVISION OF CANADA PORK INTERNATIONAL (CPI). CPI IS THE MARKET DEVELOPMENT AND PROMOTION AGENCY FOR THE CANADIAN PORK INDUSTRY REPRESENTING CANADIAN PORK PRODUCERS AND PARTICIPATING MEAT PROCESSING COMPANIES.

**VISION:** Canadian pork is recognized as the highest quality and preferred protein choice in the domestic marketplace.

**MISSION:** Canada Pork national marketing programs will improve competitive position, market share and the prosperity of the Canadian pork industry.







## MESSAGE FROM THE CHAIR, DICKSON GOULD

Canada Pork is a coalition of producers and processors united in the belief that market development, brand awareness and consumer confidence are essential for the growth and prosperity of the Canadian pork industry. National pork marketing stakeholders understand that industry collaboration and investment are essential components of a sustainable national business model.

Industry investment leveraged against innovative programs and services has been the recipe for success used by Canada Pork International in the export marketplace for over twenty-five years.

The national pork marketing initiative was officially launched in the fall of 2014 and I am pleased to report that Canada Pork is now firmly established as Canada's national market development and promotion organization.

National pork marketing programs and services continue to evolve based on strategic alignment with stakeholders. The Verified

Canadian Pork™ brand and co-brands have been successfully launched and are well-received across Canada.

It is also encouraging that eight additional processors joined the national pork marketing initiative in 2016 bringing our total membership base to eight provincial producer organizations and thirteen processing plants, representing the vast majority of the pork processing industry in Canada. I can't think of a better testament to the value and impact the Canada Pork program and our team has been able to achieve in the first twenty-one months of operations.

I am honoured to have been selected to serve as Chairman and look forward to many more successes in the coming year. It's also important to note that Canada Pork's success would not be possible without a great team behind the scenes including CPI marketing specialists, support staff, national pork marketing committee and past chair leadership.

## CANADA PORK COMMITTEE MEMBERS

**MARY ANN BINNIE**  
*Manager, Nutrition & Food Industry Relations*  
Canadian Pork Council

**JACK DEWIT**  
*President, BC Pork Producers' Association*  
Board of Directors, Canadian Pork Council for British Columbia

**DICKSON GOULD**  
*President, The Progressive Group of Companies Inc.*  
Board of Directors, Canadian Pork Council for Saskatchewan

**JEAN-LUC HAMELIN**  
*Sales Manager, Fresh Pork Olymel, S.E.C./L.P.*

**SYLVIE HAUTCOEUR**  
*Sales Director, Business Development, North America*  
Les Aliments Lucyporc inc.

**ALLAN LEUNG**  
*CEO*  
Donald's Fine Foods

**TREVOR LIZOTTE**  
*Vice President, Domestic & International Sales*  
Hylife Foods LP

**SCOTT PETERS**  
*Owner, Herbsigwil Ltd.*  
Executive Member  
Manitoba Pork Council  
Board of Directors, Canadian Pork Council for Manitoba

**SUSAN RIESE**  
*Manager, Public Relations and Consumer Marketing Programs*  
Manitoba Pork Council

**DAVID THOMPSON**  
*Vice President, Sales and Business Development*  
Conestoga Meat Packers Ltd.

**DAVE TYPER**  
*Director, Product Management*  
Maple Leaf Foods Inc.

**TERESA VAN RAAY**  
*Pork producer and Board Director at Ontario Pork*  
Board of Directors, Canadian Pork Council for Ontario





# THE YEAR IN REVIEW PROGRAMS AND SERVICES

## CANADIAN PORK NATIONAL BRANDING STRATEGY | VERIFIED CANADIAN PORK™

### OBJECTIVES:

1. Increase customer and consumer confidence and awareness.
2. Differentiate from commodities, competitors and other protein choices.
3. Provide a credible national platform for generic and premium brand building in the domestic and export marketplace.
4. Support National Pork Marketing processor partners and provincial organizations in all markets.

The Verified Canadian Pork™ brand (VCP) has been developed and successfully launched in the marketplace. The VCP brand represents a farm-to-table quality assurance proposition for end-user customers and consumers based on CQA, PigTrace, responsible animal care and a world-renowned meat inspection system.



VCP supply partners and end-user customers are required to sign a licensing agreement and to comply with approved graphic standards to protect the integrity of the brand. The licensing agreement also ensures the correct use of the brand and co-brand applications utilizing Canada Pork funded marketing programs.

Canada Pork has developed and implemented partner funded programs to support five categories of marketing opportunities to promote the VCP brand across a wide range of sectors.

## CATEGORY ONE: VERIFIED CANADIAN PORK™

Programs in this category are considered stand-alone VCP programs and may be supplied by single or multiple national pork marketing processor partners. Processor names or brands are not part of the program. The program may be linked to a province, region and/or part of the generic Canadian pork program that a retail or foodservice operator is offering.

## CATEGORY TWO: VERIFIED CANADIAN PORK™ CO-BRAND

VCP programs in this category are partnered with new or existing premium brands owned and supplied by national pork marketing processor partners. Co-brand programs utilize the VCP value proposition as a platform to add additional attributes to strengthen the brand promise with an exclusive product line. Additional attributes may include selected specifications for marbling, meat colour, texture, ageing or emotional attributes such as free-from claims, heritage breeds or open space farming practices. Category Two VCP co-brand program support is also available to participating hog-producing provincial organizations to fortify regional or provincial branding opportunities.

## CATEGORY THREE: VERIFIED CANADIAN PORK™ PARTNER CO-BRAND

VCP programs in this category are partnered with new or existing premium brands owned by processors that are not national pork marketing processors but exclusively use 100% VCP from national pork marketing suppliers. Partner co-brand programs utilize the VCP value proposition as a platform to add additional attributes to strengthen the brand promise with an exclusive product line. Additional attributes may include selected specifications for marbling, meat colour, texture, ageing or emotional attributes such as free-from claims, heritage breeds or open space farming practices.

## CATEGORY FOUR: VERIFIED CANADIAN PORK™ CO-BRAND FURTHER PROCESSED PRODUCTS

VCP programs in this category represent co-branded further processed product lines owned and produced by national pork marketing processor partners using 100% VCP to manufacture. Co-brand programs utilize the VCP value proposition as a platform to extend consumer awareness of VCP attributes into a new product category or by line extensions. VCP co-brand further processed programs require a modified VCP logo and may include products from the following categories:

Fresh seasoned or marinated, fresh sausage, cooked sausage, cooked and smoked sausage, dry cured specialties, whole or restructured muscle (ham, shoulder, belly, etc.), fully cooked ready meals (fresh frozen).

## CATEGORY FIVE: VERIFIED CANADIAN PORK™ PARTNER CO-BRAND FURTHER PROCESSED PRODUCTS

VCP programs in this category represent co-branded further processed product lines owned and produced by processors that are not national pork marketing processors but exclusively use 100% VCP from national pork marketing suppliers to manufacture. Partner co-brand programs utilize the VCP value proposition as a platform to extend consumer awareness of VCP attributes into a new product category or line extensions. VCP co-brand further processed programs require a modified VCP logo and may include products from the following categories:

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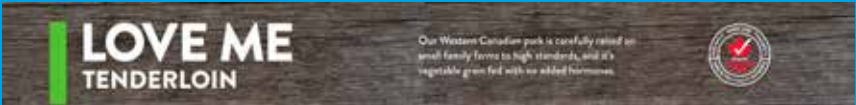
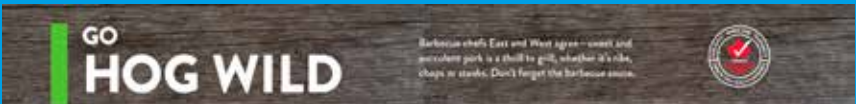
# CANADA PORK HAS LAUNCHED 22 VCP BRANDED PROGRAMS WITH END-USER PARTNERS INTO THE CANADIAN MARKETPLACE

CATEGORY 1 Retail Programs	5
CATEGORY 2 Co-brand Programs	9
CATEGORY 2 Co-brand Programs with National Pork Marketing Producer Organizations	5
CATEGORY 3 Co-brand Programs	1
CATEGORY 4 Co-brand Programs	1
Other	1



# CANADA PORK HAS LICENSED 29 VCP PARTNERS

National Pork Marketing Processor Suppliers	12
National Pork Marketing Producer Organizations	8
Further Processors	1
Purveyor/Distributors	1
Retail End-users	5
Foodservice Distributors	1
Other	1



# VERIFIED CANADIAN PORK™ NATIONAL ADVERTISING SUPPORT

The Verified Canadian Pork™ brand and value proposition were prominently featured in two industry publications over a four-month period. The ads were placed in two issues of *Canadian Grocer* magazine and *Foodservice and Hospitality*. These national publications are the most-read trade magazines for their respective industries with an estimated 75,000-plus readers per issue.

The publications recognized industry interest in Canadian pork and both magazines included additional information related to Canadian pork and the VCP brand with separate articles and quotes.





# MARKET INTELLIGENCE

## NATIONAL RETAIL MEAT CASE STUDY

**CANADA PORK PARTNERED WITH THE CANADIAN CATTLEMEN'S ASSOCIATION AND THE ALBERTA LIVESTOCK AND MEAT AGENCY (ALMA) TO COMPLETE A COMPREHENSIVE NATIONAL RETAIL MEAT CASE STUDY ACROSS ALL TOP TIER RETAIL PARTNERS REPRESENTING OVER 90% OF RETAIL FOOD SALES.**

The study looked at over 70,000 packages of meat products across the country resulting in a wide-ranging snapshot of the retail meat case by region, operator, banner and product assortment. This benchmark provides Canada Pork with a detailed profile of every major retail partner in terms of products being featured and how they compared to each other and to national averages.

The study also documented the use of functional and emotional claims on packaging or at point-of-sale to differentiate brands in the meat case. Claims included free-from programs, certified humane, country of origin, ageing and marbling attributes.

Opportunity gaps will be identified to enhance the value proposition that we bring to each retail partner in the coming year to grow market share and promote new cuts and to expand traditional product assortments. The study also provides a benchmark to measure the impact of our merchandising programs against historical SKU's in the marketplace.

## NATIONAL RETAIL MEAT CASE STUDY KEY FINDINGS

- Pork occupied 32% of self serve counter space vs. beef 29% and poultry 28%.
- Average number of pork SKUs was 21.5 vs. 22 for beef.
- 90% of stores visited had ground pork; 80% offered lean ground pork.
- 51% of stores visited had Canadian beef signage vs. 17% Canadian pork.
- 84% of stores visited had one or more leaking packages.
- 10% of stores visited offered recipes for beef vs. 7% pork and 4% chicken.
- 96% of stores visited were rated 7 or higher out of 10 for overall appearance.
- Top three pork products: loin chops/steak 100%, tenderloin 97%, ribs 67%.
- Pork roasts were found in 96% of stores visited.
- Convenience pork items were underdeveloped in all regions: stir-fry strips 14%, leg strips 11%, fondue 4%.





# DEMAND BUILDING

# LEADERSHIP

## NATIONAL PORK QUALITY GRADING SYSTEM STRATEGY SESSION

The Pork Value Chain Roundtable has made the development and implementation of a national pork grading system a priority for the Canadian pork industry. Industry leaders came together in Calgary on January 28 to build a common understanding of the components, benefits and challenges of a grading system based on meat quality for the Canadian pork industry. The session was organized by Canada Pork International (CPI) and Canada Pork and well attended by over 45 stakeholders representing a dynamic cross section of producer organizations, processors, research scientists and genetics companies.

Guest speakers included Michael Young, Vice President Technical Programs and Marketing Services; Cindy Delaloye, General Manager Canadian Beef Grading Agency; and Brian Sullivan, CEO, Canadian Centre for Swine Improvement.

Presentations were followed by facilitated breakout discussions to explore the benefits, key issues and concerns of stakeholders to move this initiative forward.

The breakout sessions captured a wide range of ideas and thoughtful discussion around the value and challenges of a national grading system and its benefit to producers, end-users and consumers.

It was a productive session with the vast majority of participants agreeing that industry should move forward with this initiative. CPI and Canada Pork will organize the next session where a small working group of processors will meet for further discussion. The goal will be to work through some of the challenges, details and logistics identified by the stakeholders and explore options for a pilot program.

## BUILDING CONSUMPTION FOR RED AND PREPARED MEATS CAMPAIGN

### BACKGROUND

In October 2015, the International Agency for Research on Cancer (IARC), part of the World Health Organization (WHO), conducted a week-long review of scientific research surrounding an association between red and processed meat and cancer. Reviewing agents for their carcinogenicity is part of the IARC mandate.

At the conclusion of the meeting, IARC panel members voted to rank the “hazard” level posed by red and processed meats. Red meat was ranked as a 2A, probably carcinogenic to humans (74 agents in this category); and processed meat was ranked as Group 1, carcinogenic to humans (117 other agents in this category). An abstract summarizing the classifications was sent to the British medical journal *Lancet Oncology* and made public October 26.

### APPROACH

While IARC has heightened the negativity towards red and processed meat, it has also reinforced the need for industry-wide and company-specific actions to maintain the place of meat in a balanced diet. It is imperative that strategies build trust through transparency, credibility and education. To effectively manage this complex issue an industry-wide collaborative effort at a national and international level has been established (led by industry associations such as CMC, CPI, NAMI, NCBA, CPC, Canada Beef and International Meat Secretariat and supported by individual companies).

Canada Pork took a leadership role in supporting this campaign both financially and to champion an application to Alberta Meat and Livestock Agency (ALMA) to provide additional funding for phase one of this project.

### TARGET AUDIENCES

- Consumers
- Health professionals and influencers
- Policy makers
- Customers

### CAMPAIGN GOALS

1. Meat is recognized as an important high-quality protein, a nutrient-dense food that is an important part of Canadian diets.
2. Prepared meat is seen as a good source of protein and other nutrients.
3. Maintain processed meat as part of the Meat and Alternatives food group in Canada’s Food Guide, versus a discretionary food.
4. Achieve positive share voice in media about benefits of meats versus negative coverage.

### OVERALL OBJECTIVES

1. Drive awareness that protein, especially meat protein, is an important part of a balanced diet and provides a range of important nutrients.
2. Provide balanced information that allows consumers to place risk in perspective and make informed choices.
3. Showcase the benefits of deli-style prepared meats on a platform of taste, convenience, price and nutrition.



# EDUCATION



## VIDEO PRODUCTIONS

Canada Pork developed and launched a series of six recipe videos promoting Verified Canadian Pork™ and underutilized cuts. The recipe videos feature professional chef Jonathan Collins and are available on YouTube. Each video begins with Chef Collins discussing the VCP brand attributes followed by step-by-step instructions for each recipe. The videos were made available to national pork marketing members resulting in eight co-branded sets of videos for use on their own websites and social media to educate end-user customers and consumers.

- BRAISED PORK RAGU WITH FRESH PASTA
- CRISPY PORK BELLY WITH CARAMELIZED CIPOLLINI ONIONS
- GINGER AND BLACK VINEGAR HOG TROTTERS
- GRILLED CHOPS WITH LEEK AND WHITE BEAN EN COCOTTE
- PORK JOWL CHAR SIU WITH CRISPY SPROUTS AND BROWN BUTTER MASH
- SZECHUAN HONEY SPARE RIBS

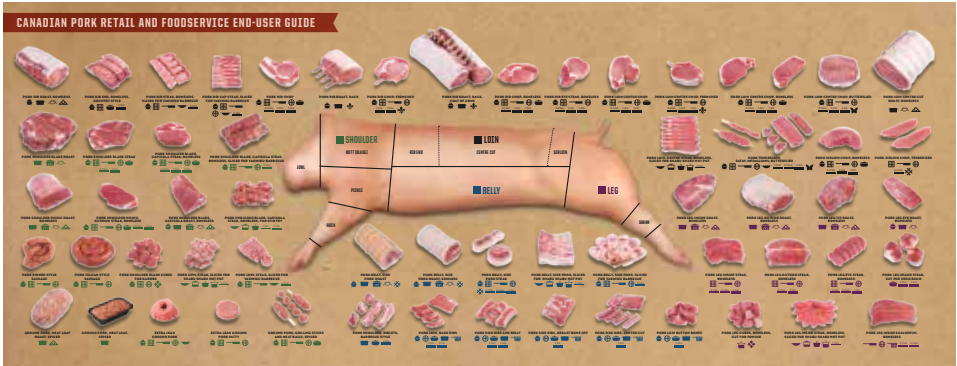
Verified Canadian Pork Channel on YouTube



## DISTRIBUTOR EDUCATION PROGRAMS (DEP)

The Canada Pork team has modified the CPI DEP program for domestic applications and presented two seminars for end-user customers over the last year. Interest is growing and we anticipate many more events will be conducted this coming year.

DEP seminars focus on Canadian pork quality, on-farm and in-plant food safety and quality assurance systems and carcass utilization. These events can include a pig carcass cutting demonstration to illustrate Canadian Pork specifications and merchandising styles to promote new cuts.



## TECHNICAL MARKETING TOOLS

The Canada Pork team produces and distributes technical marketing materials to support end-user customer needs and educational events:

- CANADIAN PORK BUYERS GUIDE; RETAIL AND FOODSERVICE (BROCHURES AND WALL CHARTS)
- CANADIAN PORK QUALITY STANDARDS
- CPI CANADIAN PORK HANDBOOKS
- VCP RETAIL AND FOODSERVICE PROGRAM

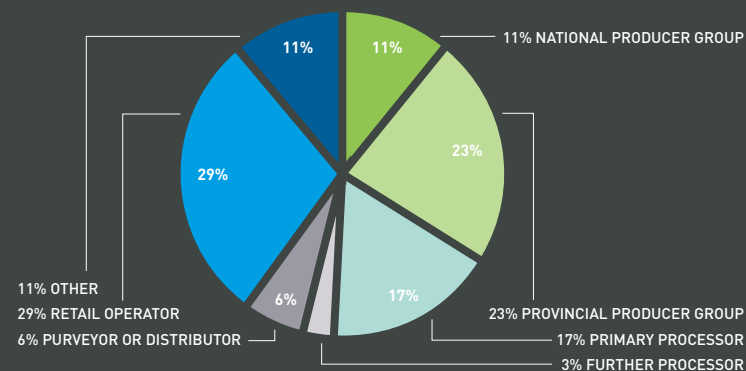




# EVALUATION CANADA PORK SATISFACTION SURVEY 2016

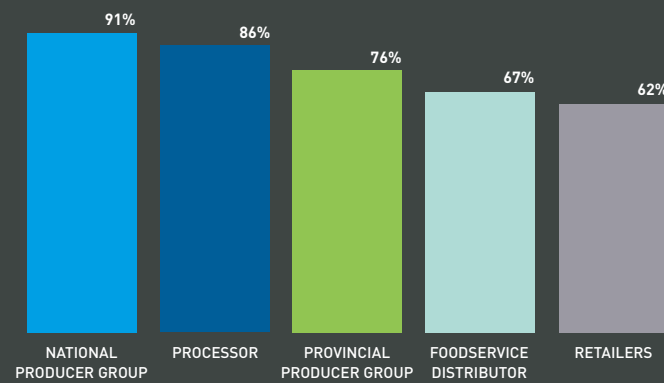
**EACH YEAR CANADA PORK CONDUCTS AN ANNUAL ON-LINE SATISFACTION SURVEY ONLINE WITH STAKEHOLDERS AND END-USER PARTNERS TO EVALUATE THE PROGRAMS AND SERVICES OFFERED BY THE NATIONAL PORK MARKETING (NPM) PROGRAM.**

The survey consists of five key questions representing a cross section of strategic priorities and activities based on the annual marketing plan. Respondents are asked to rank each area based on a scale of 1–10 with 10 being the highest rating. The results provide a satisfaction index percentage for each program and service area by stakeholder and end-user group. Satisfaction index scores are key performance measures and provide Canada Pork staff and NPM committee with valuable insights and direct feedback for improvements. In addition, stakeholders are asked to evaluate the impact of the VCP brand, which is shown in a separate graph.



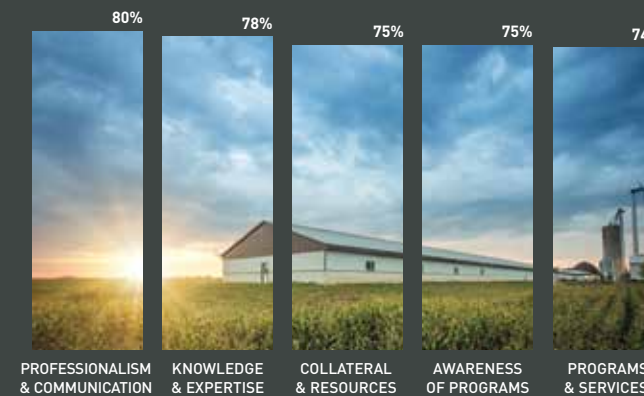
## RESPONSE BY SEGMENT

74 stakeholders across 8 industry segments were sent the online survey. 36 stakeholders in 7 categories responded, netting a 49% response rate.



## APPROVAL RATING BY INDUSTRY SEGMENT

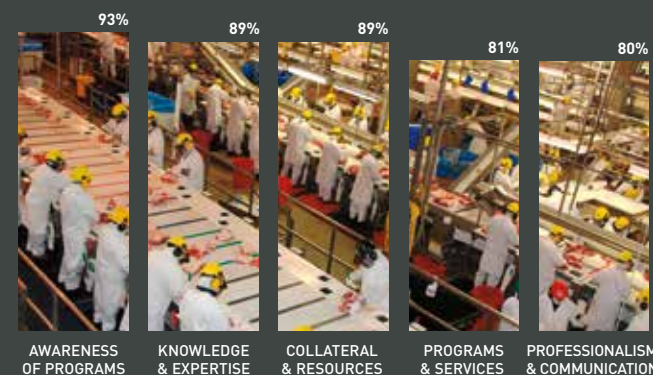
Combining five strategic categories provides an aggregate score by industry segment: Awareness of Canada Pork | Evaluation of technical expertise and knowledge | Evaluation of programs and services | Evaluation of presentations and communication | Evaluation of promotional materials and resources



## PROVINCIAL PRODUCER GROUPS

TOP THREE PROGRAMS OF INTEREST TO PROVINCIAL PRODUCER GROUPS

1. Activities/resources focused on end-user
2. Activities/resources focused on responsible animal care.
3. Activities /resources focused on meat quality.



## PROCESSORS

TOP THREE PROGRAMS OF INTEREST TO PROCESSORS

1. Activities/resources focusing on meat quality.
2. Activities/resources focusing on responsible animal care.
3. Activities/resources focusing on on-farm safety.



## EVALUATION OF VCP™ BRAND IN THE MARKETPLACE



## NATIONAL PRODUCER GROUPS

TOP THREE PROGRAMS OF INTEREST TO NATIONAL PRODUCER GROUPS

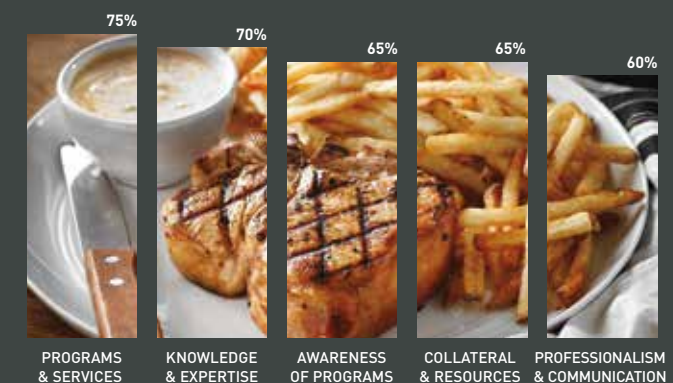
1. Activities/resources focused on end-user
2. Verified Canadian Pork Partner Programs
3. Verified Canadian Pork branded programs



## RETAILERS

TOP THREE PROGRAMS OF INTEREST TO RETAILERS

1. Development of a national grading system.
2. Activities/resources focusing on end-users.
3. Activities/resources focusing on responsible animal care.



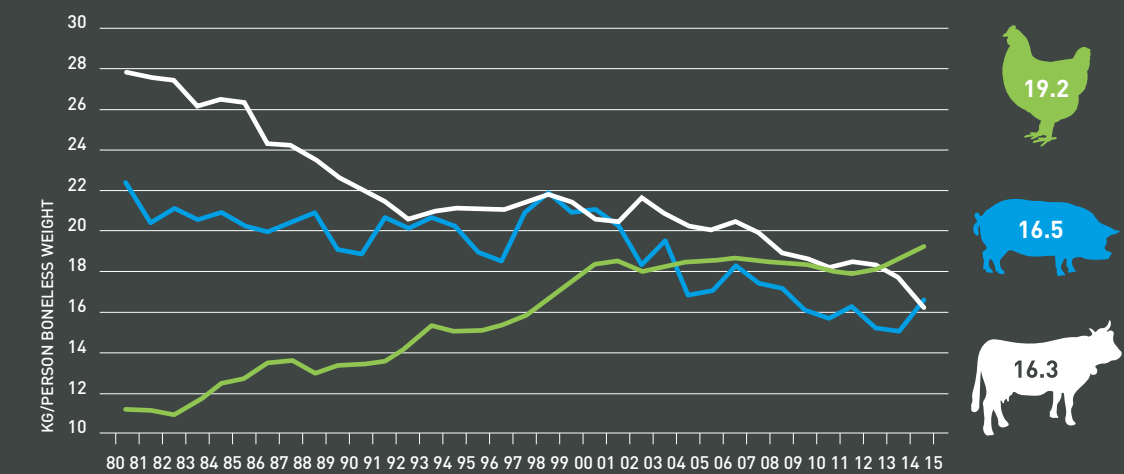
## FOODSERVICE DISTRIBUTORS

TOP THREE PROGRAMS OF INTEREST TO FOODSERVICE DISTRIBUTORS

1. Development of a national grading system.
2. Activities/resources focusing on meat quality.
3. Verified Canadian Pork point of sale materials.



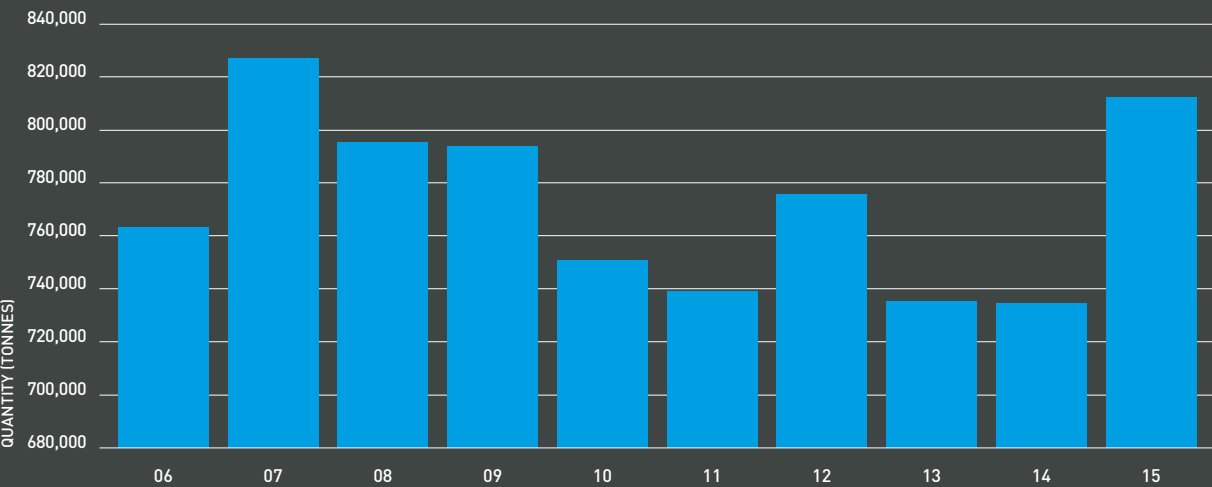
# MARKET INDICATORS



**CANADA MEAT DISAPPEARANCE | 1980-2015**  
Source: Statistics Canada

— BEEF — PORK — CHICKEN

CANADIANS CONSUMED MORE PORK THAN BEEF IN 2015. CANADIAN PORK DISAPPEARANCE (CONSUMPTION) INCREASED FROM 15.05 KG/PERSON IN 2014 TO 16.52 KG/PERSON IN 2015; THIS REPRESENTS A 9% INCREASE IN ONE YEAR.

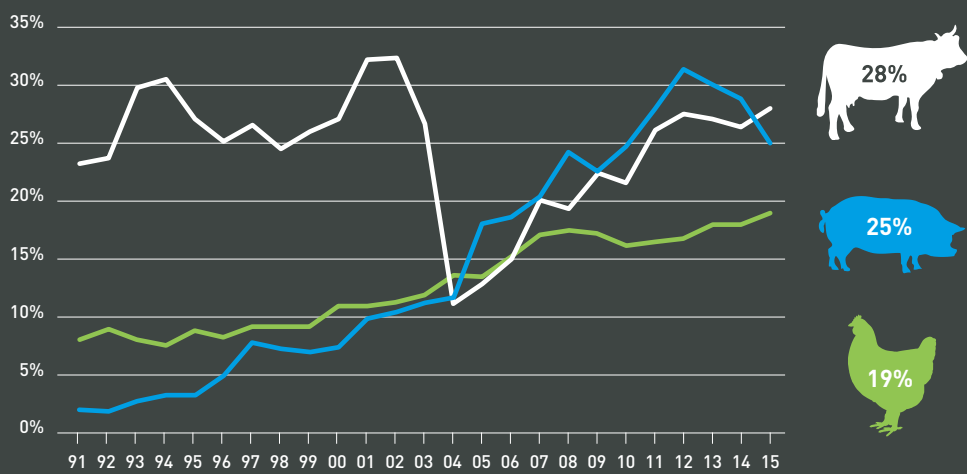


**CANADIAN PORK DISAPPEARANCE IN THE CANADA MARKETPLACE | 2006-2015**  
Source: Statistics Canada

CANADIAN PORK IN THE CANADIAN MARKETPLACE GREW FROM 733,710 TONNES IN 2014 TO 811,280 TONNES IN 2015, AN INCREASE OF 77,570 TONNES OR 10%.

## KEY FINDINGS

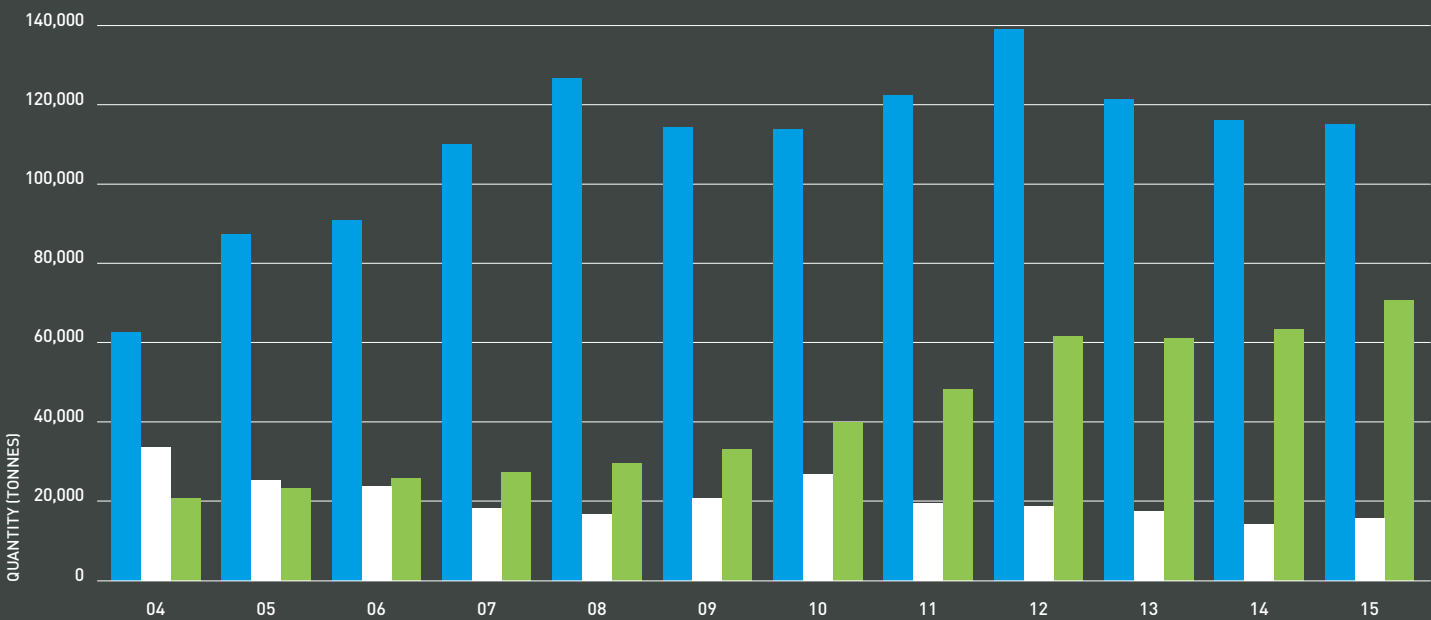
- Canadians consumed more pork than beef in 2015.
- Pork consumption in Canada achieved a higher rate of growth compared to chicken and beef in 2015.
- Canadian pork market share increased significantly in 2015.
- Consumption of imported pork has been decreasing since 2012.



**MEAT IMPORTS AS % OF DOMESTIC DISAPPEARANCE**  
Source: Statistics Canada

— BEEF — PORK — CHICKEN

IN 2015 THE PERCENTAGE OF IMPORTED PORK CONSUMED BY CANADIANS WAS 25% COMPARED TO 29% IN 2014, A 4% REDUCTION.



**PORK IMPORTS INTO CANADA | 2004-2015**  
Source: Statistics Canada

■ FRESH AND FROZEN ■ OFFAL AND PIG FAT ■ PROCESSED

FRESH/FROZEN PORK IMPORTS INTO CANADA IN 2015 WERE 115,149 TONNES COMPARED TO 116,255 TONNES IN 2014. THIS REPRESENTS A SMALL DECREASE OF 1%. FURTHER PROCESSED PORK PRODUCTS IMPORTED INTO CANADA INCREASED FROM 63,199 TONNES IN 2014 TO 70,624 TONNES IN 2015 REPRESENTING AN INCREASE OF 11%.