

WHAT'S IN A BRAND?



Victoria Russell
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The Canadian wheat brand is gaining momentum on the world stage. Traditional markets such as Japan, Indonesia, Italy and Mexico regularly purchase wheat from Canada, and emerging markets such as South America, West Africa, Southeast Asia and the Middle East have growing capacity to become regular customers.

Brand building is a key aspect of capturing new market opportunities, as well as ensuring that existing markets continue to thrive.

So what's in a brand? In the marketing and advertising sense, it's about capturing the unique selling point of your product and delivering on that uniqueness through messaging to your customers. The best-case scenario of strong branding is that your customers will become brand loyal.

Branding Canadian wheat is no different than any other product—and it's a huge effort that involves our entire value chain. One of the major initiatives integral to this effort is the new crop missions led by Team Canada. This group of organizations works together each year to develop international markets.

Team Canada's mission is twofold: 1) to develop new and existing markets by promoting our brand's uniqueness by showcasing the new crop; and, 2) to garner market intelligence about our customers that acts as industry feedback for the Canadian brand.



Team Canada involves Cereals Canada, which connects members from the entire wheat value chain including the Alberta Wheat Commission, which represents producers; the Canadian International Grains Institute (Cigi), which offers technical expertise; and the Canadian Grain Commission, which provides quality-control measures to ensure that brand standards are consistently met. Representation from across the wheat value chain ensures that the new crop missions are beneficial from farmer to end-user.

The uniqueness of the Canadian wheat brand is our quality and reliability. This year, an effort was made to build on that with messaging around good farming practices with a theme of clean air, water and land.

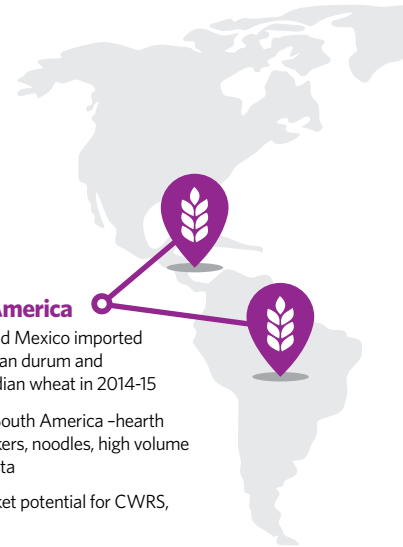
Throughout November and De-

ember, Team Canada travelled on new crop missions to regions around the world—with representatives visiting all of the aforementioned regions with existing and emerging markets. They showcased the uniqueness of the new crop, sharing with our international customers the value that Canadian wheat delivers for its multiple end uses.

Thanks to strong branding efforts, markets like Japan are now loyal to wheat grown in Canadian fields. Our involvement in new crop missions speaks to our commitment to building a strong brand that ensures that Canadian wheat remains competitive on the world stage with an end goal of brand loyalty. In turn, this goal leads to the long-term profitability of Canadian farmers and the entire agriculture industry.

Team Canada New Crop Mission

2015



Central and South America

Peru, Ecuador, Colombia and Mexico imported **200,000** tonnes of Canadian durum and **3.9 million** tonnes of Canadian wheat in 2014-15

- Main uses for wheat in South America –hearth breads, flat breads, crackers, noodles, high volume pan bread and some pasta
- South America has market potential for CWRS, CPSR and CWAD

CPSR - Canadian Prairie Spring Red | CWRS - Canadian Western Red Spring | CWAD - Canadian Western Amber Durum



Caalen Covey

Business Development and Markets Manager | AWC - Central and South America

South America (SA) is a major importer of CWRS wheat with many companies using 45-100 per cent in their blend with the balance being wheat such as U.S. SW, HRS, HRW or Black Sea wheat. CPSR and CWAD imports are gaining ground in SA as millers and pasta producers learn about the functionality of these classes. Peru and Colombia currently import CPSR for noodles and bread but face the challenge of not enough supply to cover their demand. CWAD is being used in Ecuador, Mexico and Columbia where they are discovering that Canadian durum does not need a colour additive to create their desired pasta.

As for quality concerns, gluten strength and pesticide residues were brought to our attention as there has been need to blend CWRS with other wheat to improve the overall gluten strength. Growing concerns over pesticide residue limits in Asia and Europe is making its way to SA, which creates the need for increased Maximum Residue Limit (MRL) awareness.



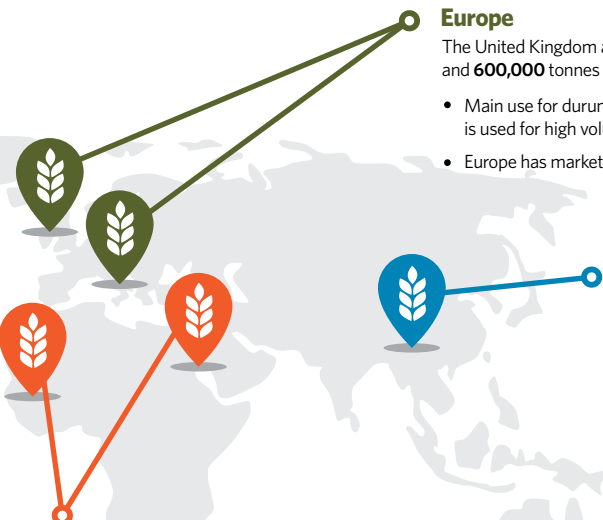
Henry Vos

Director | AWC - U.K. and Italy

Canadian wheat serves well in this high value European market demanding high quality.

1842 was the first year the U.K. imported wheat from Canada and is a long and loyal customer. They have specific uses for their flour and our wheat fits well into some of these uses. Mainly used in bread products, CWRS is their main import.

Italy is a large global pasta maker and imports a lot of CWAD wheat for making quality pasta. Canadian durum supplements their local production. In addition, they import some CWRS for bread products. There are many specialty flour millers and they supply specific flour blends to the many customers making different bread and pasta products.



Europe

The United Kingdom and Italy imported **1.4 million** tonnes Canadian durum and **600,000** tonnes Canadian wheat in 2014-15

- Main use for durum in Europe is pasta (fresh and dried) and some is used for high volume pan breads
- Europe has market potential for CWAD and CWRS

Asia

Japan, South Korea, China, Philippines, Indonesia, Singapore and Bangladesh imported **300,000** tonnes Canadian durum and **5.9 million** tonnes Canadian wheat in 2014-15

- Main uses for wheat in Asia - hearth breads, flat breads, high volume pan bread, crackers, steamed breads, noodles and pasta
- Asia has market potential for CWRS, CPSR and CWAD

MENA and West Africa

Algeria, Morocco, United Arab Emirates, Côte d'Ivoire and Ghana imported **1.4 million** tonnes Canadian durum and **535,000** tonnes of Canadian wheat in 2014-15

- Main uses for wheat imported by MENA - hearth breads, flat breads, high volume pan bread, crackers, noodles, pasta and couscous
- MENA has market potential for CWRS, CWAD and CPSR

Team Canada 2015

- Canadian International Grains Institute (Cigi)
- Canadian Grain Commission (CGC)
- Cereals Canada with representation from member organizations:
 - Alberta Wheat Commission
 - Richardson
 - Cargill
 - Louis Dreyfus Commodities
 - Robert Misko (Manitoba producer)
 - Gerrid Gust (Saskatchewan producer)



Cam Dahl

President | Cereals Canada - MENA and West Africa

North Africa is the largest importer of Canadian durum. Last year Algeria, Morocco and Tunisia combined to import about 1.4 million metric tonnes of durum. These well-developed markets return to Canada year after year because of superior quality. Dubai in the United Arab Emirates (U.A.E) serves as a hub for significant imports into the mid-east as well as food manufacturing. The U.A.E. is home to nearly 40 per cent of the region's flour mills. These mills have a total annual milling capacity of well over 1 million tonnes. The largest wheat trader in the mid-east is the Al Ghurair Group, located in the U.A.E. For the first time, Team Canada missions touched down in West Africa. The team visited Côte d'Ivoire and Ghana. West Africa has been identified as a region with a large potential for growth. Rising incomes and increasing population are resulting in rapidly increasing demand for high quality food in the region.



Greg Porozni

Director | AWC - Asia

There are opportunities to capture greater market share in several Asian countries such as the Philippines, Bangladesh, Indonesia and China, mostly due to rapidly growing populations and incomes. For example, Indonesia's population has reached 250 million and China's has reached about 1.4 billion and the middle class in both continues to grow. Other countries, like Japan, continue to be key Canadian customers. While most Asian markets continue to enjoy the quality of CWRS wheat, we saw growing opportunities for CPSR wheat especially in Japan, China, the Philippines and Indonesia. We learned that several countries in Asia are highly receptive to the steps that Canada is taking to improve the quality of CWRS and this class will continue to be a major export to Asia. Team Canada was able to address concerns in several locations, mostly related to grain safety. For example, Japanese government officials raised concerns over Ocharatoxin A and Korean millers had questions regarding pesticide residues in Canadian exports, pointing to the importance of following labels in crop input applications.

SPOTLIGHT ON MARKETS

Growth opportunities in foreign markets



Caalen Covey
**Business
Development
and Markets
Manager**

When we look at opportunities for sustainable growth in agriculture, particularly in the western Canadian wheat industry, we see a need for diversification. Canada has established regular buyers for Canadian Western Red Spring and durum classes, and will continue to strengthen relationships with buyers from these markets. We do this through Team Canada, comprised of Cereals Canada members, including producer representatives, exporters and life science companies, along with the Canadian Grain Commission (CGC) and the Canadian International

Grains Institute (Cigi). Recent interest and investment from the value chain towards Canadian Prairie Spring Red (CPSR) wheat has also become apparent.

With a shift in focus towards CPSR, commitment from the value chain is needed in order to build value in the export marketplace. The Alberta Wheat Commission (AWC) recently initiated a CPSR market development strategy initiative wherein AWC and Cereals Canada value chain members will develop a strategy to gain access to emerging CPSR wheat markets.

Cereals Canada will facilitate a stakeholder committee that includes AWC and the Canadian wheat value chain that will review market opportunities for CPSR with one key question in mind: As an industry, what do we need to do differently to differentiate CPSR quality from that of other wheat classes? This is where the value of the new crop missions comes into play.

This past fall, Team Canada presented the 2015 wheat crop to prospective buyers around the world. These new crop missions give the industry a chance to hear buyer concerns in order to direct breeding programs and resolve trade and marketing issues (such as maximum residue limits of pesticides or low-level

presence of genetically modified material) to maintain and build relationships with these buyers.

The missions also give Canada a chance to showcase the industry's focus moving forward. Cereals Canada members were able to gather information on the needs and wants of foreign buyers. This knowledge will facilitate attention towards targeted CPSR markets where Canada can communicate the benefits of CPSR. The ability to bring value to our customers and return it back to the Canadian industry will be vital for future development and success of CPSR.

Producers can help by submitting CPSR samples each fall during the CGC and Cigi Harvest Sample Program. This will help Team Canada showcase CPSR qualities and milling attributes to prospective buyers.

Developing a third stream of export wheat for Canada will not happen overnight. Without clear objectives and attention from the supply chain, it may be difficult to expand into CPSR markets as quickly as the industry would like. The Cereals Canada committee is a good start to the journey of developing CPSR markets for Canada and will aid in a strategy to overcome some of the hurdles it has faced in the past. With 80 per cent of CPSR acres grown in Alberta, market development for this class is a must.

PDQINFO.CA MAKING MARKETS WORK BETTER

Timely, Accurate, Transparent Cash Grain Price Information

- ✓ Daily spot and forward bid prices for CWRS, CPSR, CWAD, canola and yellow peas provided by grain companies.
- ✓ Regional price averages across nine zones covering Western Canada.
- ✓ Futures market closing prices, average wheat grade and protein spreads, local weather and foreign ex-change rates.

PDQ aims to be a complete and unbiased resource for cash grain market prices and important crop data. PDQ will improve farmers' ability to make well-informed marketing and planning decisions and maximize the value of their crops.

Watch for more to come in **Phase 2**.

PDQ is owned and operated by the Alberta Wheat Commission and is provided as a service to all market participants.

