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EXPORT MARKETING BUREAU
G/F and 2/F DTI International Bldg.
375 Sen. Gil Puyat Avenue
Makati City 1200, Philippines

Tel. No.: (632) 8465.3300
Fax No.: (632) 8899.0111

<http://www.dti.gov.ph/exports/>
<http://tradelinelphippines.dti.gov.ph/>

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Organic Beverages in Canada

PROSPECTS

Organic Fruit/herbal Tea the Most Dynamic Category

Within organic beverages, organic fruit/herbal tea is the most dynamic category, driving sales of organic tea over the review period. Organic products are important in fruit/herbal tea for a number of reasons. These include that such teas contain recognizable ingredients that consumers want in high-quality forms. Consumers of fruit/herbal teas tend to be health-oriented to begin with and are therefore interested in the healthiest ingredients. They are also often interested in premium beverages and are therefore willing to spend more on their tea. The popularity of organic tea is also being driven by mainstream grocery stores, with major conventional tea brands also embracing the trend.

Organic 100% Juice Dominates Organic Fruit/Vegetable Juice

While a range of health and wellness attributes, such as functionality, are popular across juice categories, organic juice is dominated by 100% varieties. The main factor contributing to the popularity of organic 100% juice is the major presence of fruits and vegetables, which are ingredients consumers are likely to want in organic formats. Drinkers of 100% juices are also health-oriented and interested in premium products.

Organic Offerings are Becoming More Accessible to Consumers

Distributors and retailers are expanding their organic product portfolios, thus greatly improving the accessibility and affordability for the growing consumer base. The availability of organic products, including organic beverages, expanded over the review period, with these products increasingly available in hypermarkets and discounters. These channels and independent small grocers have not only started to offer a wider portfolio but, are also reducing the price gap between standard and organic beverages.

With the exception of concentrates, all areas of organic beverages are expected to continue recording positive current value growth over the forecast period, with organic products becoming integral parts of daily life for many Canadians. While the consumer base for organic food and beverages is expanding, spending on organic products is also increasing, particularly among younger demographics, including millennials, whose purchasing power is rising. Organic products are seen as being cleaner, i.e., free from pesticides, herbicides, antibiotics, or genetically-modified (GM) ingredients, as well as better for the environment due to the use of more responsible farming practices.



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COMPETITIVE LANDSCAPE

Kicking Horse Coffee Co Ltd Maintains a Strong Position in Organic Coffee

Kicking Horse Coffee continues to lead organic beverages. Following its acquisition by Luigi Lavazza in 2017, the company has been running marketing campaigns to help it remain ahead of the competition. The visibility and shelf space of Kicking Horse coffee beans at conventional grocery stores has also increased. Convenience and premium provenance are generally helping drive forward sales in organic coffee. Van Houtte, the Number Two brand in organic coffee in Canada, continued to expand its product portfolio by introducing versions of its coffees that indicate prominently their origins, such as “Amazonia”.

Competition is Intensifying in Organic Tea

While organic tea offerings have been the main reason for loose leaf tea performing well in specialist, direct selling and e-commerce retailing channels in Canada in recent years, conventional channels such as supermarkets and discounters are also starting to experience

a more substantial impact from the trend. Major brands available in these kinds of modern grocery retailers, such as Celestial Seasonings Teahouse from Hain Celestial Canada, have been focused on organic offerings. Hain Celestial has continued to release organic varieties under Celestial Seasonings Teahouse with flavors like Chamomile Lavender.

Organic Claims are Growing in Number

The growing popularity of organic products and organic certification has gradually spread to categories that were previously unaffected. This is due to the need to cater to consumers who are very health conscious and are looking for assurance. For example, in bottled water, brands including blk and TRACE have organic certification, while also bearing other claims such as Certified Kosher, gluten-free, and non-GMO, even though these products are naturally gluten-free and non-GMO, unless contaminated during the manufacturing or bottling processes.■



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