

YOUR FUTURE IN FOOD

Getting Ready to Interprovincially Trade Your Food Product



You have a great food product. You've done the research. You know your product fills an important niche in your local market.

You now need to consider expanding into new markets to increase your customer base, grow your sales, and diversify your risk by reducing your dependence on your local market.

When you plan to interprovincially trade your food product within Canada, you need to objectively:

- evaluate your performance in your local market
- thoroughly research the new market and
- assess your organizational capacity

The information you gather and evaluate will be used to plan your market entry strategy and articulate clear and achievable interprovincial trade goals in your business plan that will assist you in accessing financing for future company growth.

Before expanding your food product sales into other provinces, determine your interprovincial trade readiness by seeing if you need to build your company's knowledge and skills in any of the areas listed below.

Local Market

- You have a large customer base in your local market.
- Your food product is competitive in your local market.
- Your company sales continue to grow significantly year-over-year in your local market.
- You are close to, or have achieved, market saturation in your local market.



Market Knowledge

- You have confirmed that your food product can enter the new market.
- You have research to prove the new market wants and needs your food product.
- You have identified how easy or complex it is to access (e.g., transportation issues) the new market.
- You have clearly identified and defined the target market for your food product in the new market.
- You have identified the market trends in the new market and how they support your food product.
- You have gathered information on your competitors in the new market, including information on their food product, pricing, positioning, company history, market share, and their strengths and weaknesses.
- You have identified potential professional service providers in the market, such as food brokers, distributors, freight forwarders, warehousing and transportation companies.
- You have identified additional wholesale, distributor and retail market access requirements, such as food certifications (e.g., organic, fair trade, gluten-free) or global food safety standards (e.g., Safe Quality Food (SQF) Program) to carry and sell your food product.
- You have identified all interprovincial trade barriers that affect your food product.



Resources

Production Capacity

- You have excess production capacity to supply your new and existing market, without sacrificing consistency, quality or customer service.

Note: If you do not have excess production capacity, you should identify what changes will need to be made and how much time and financing will be required to make the necessary changes. It is advisable to project how long it will take to recover the costs, before deciding to expand sales into the new market.

- You have the ability to respond to increased demand for your food product in the new market in a timely manner.

Human Resources

- You have staff that has the knowledge and skills required to:
 - Properly investigate and assess the new market opportunity.
 - Assist with increased administration and production demand.
 - Create an aggressive marketing plan, within budget, that leverages company resources and in-market sales and marketing support.
 - Verify that all of your marketing materials translate appropriately and appeal to the new market, if applicable.
 - Create an efficient and cost effective distribution plan that includes order processing, customer service, inventory control, packaging and materials, and transportation and logistics.
 - Identify, vet, hire and communicate with professional service providers such as food brokers, distributors, freight forwarders, warehousing and transportation companies to assist with logistics, transportation, marketing and sales of your product within Canada.
 - Understand and accommodate business practices and processes, social etiquette, culture and language in the new market, if applicable.
 - Respond quickly to an increase in customer inquiries.
 - Build and maintain strong working relationships throughout your supply chain.
 - Update your business plan to articulate the companies interprovincial trade plans and goals.

Financial and Legal Resources

- You have the financial and legal resources in place to:
 - Give you advice on legal and tax implications of interprovincial trade.
 - Thoroughly research and assess new market opportunities.
 - Obtain enough capital and credit to produce and deliver your food product to the new market.
 - Manage commercial contracts, including negotiating terms and conditions, payments, and settling disputes and issues.
 - Purchase insurance to mitigate your risk associated with business and product liabilities such as product recalls and impairment, manufacture errors and omissions, freight transport, business interruptions and machinery breakdowns.
 - Support a strong and aggressive **marketing plan** that includes:
 - adapting and translating marketing materials and the company website, if applicable.
 - hiring in-market sales and marketing support to enhance market presence, customer service, obtain on the ground market intelligence, direct feedback on your product and build and maintain buyer relationships.
 - visiting the new market, as needed, to support in-market sales and marketing initiatives.
 - hiring a translator to alleviate language barriers, if applicable.
 - participating in market development activities that cater to the market you are entering.

Corporate Resources

- Management is:
 - committed to developing a long-term interprovincial trading plan to expand company sales
 - willing and able to invest staff, time and resources in developing relationships with buyers and service providers in the new markets
 - willing and able to wait a minimum of a year to see a return on investment from entering a new market



Food Product

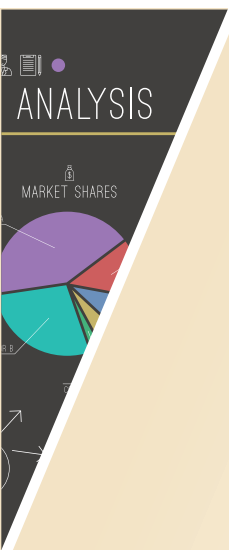
- Based on your food business activities you have confirmed that you have the necessary licence(s), preventive control or preventative control plan and traceability to meet all Safe Food for Canadian Regulation requirements to trade your food product within Canada.
- Your food product has a distinct competitive advantage (e.g., unique, innovative, lower price, or superior quality) over the competition in the new market.
- You don't have to make any food product modifications to enter a new market.
Note: If your food product requires modifications to adapt to the new market, it may require a significant investment of time and money. If this is the case, it is advisable to project how long it will take to recover the costs, before deciding to enter the new market.
- You have a secure ingredient source that:
 - has consistent quality and price
 - can accommodate increased demand on short notice
 - can ship in a timely and cost effective manner
- You have a long enough shelf-life to accommodate the extra time it will take to get your food product to the new market.
- Your food product labelling and packaging translate appropriately and meet any additional provincial regulatory requirements that apply in the new market, if applicable.
- You follow best packaging practices to ensure your product ships well to the new market.
- You have determined all of the supply chain costs related to interprovincially trading your food product, such as food broker, distributor, freight forwarder, warehousing and transportation fees.
- You have factored all of the costs associated with interprovincially trading your food product into your landed cost and your product is still competitively priced in the new market.
- You will be able to continue to deliver your brand promise in a new market.
- You have protected your intellectual property (e.g., patent or trademark).

Interprovincial Trade Can Be Profitable and Sustainable

Preparing your company to expand your food product sales into the domestic market can help you grow your sales faster, increase your productivity, create more jobs and reduce your dependence on your local market which will help your company to be more profitable and sustainable in the long run.

Remember to do your homework and update your business plan to identify the potential risks and benefits for your business, and articulate the approach you will take to execute your interprovincial market entry strategy and reach your company goals.

Manitoba Agriculture and Resource Development can help you build your future in food and agri-products. Our business development specialists can offer consulting, pathfinding services and resources that will help you manage and grow your business.



Contact us

- [Go to manitoba.ca/agriculture](http://manitoba.ca/agriculture) and click on Food and Ag Processing
- Email us at mbagrifood@gov.mb.ca
- Follow us on Twitter @MBGovAg
- Visit your local Manitoba Agriculture Office