A *feed* **BC** Report

FEED BC
Market Opportunities in the Post Secondary Sector

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Executive Summary

Background

Feed BC engaged *fs*STRATEGY Inc. ("*fs*STRATEGY") to determine the top 30 priority products used in public Post-Secondary Institutions ("PSIs") that may be sourced within British Columbia ("B.C.").

To complete the engagement, *fs*STRATEGY conducted interviews with 13 B.C. PSIs as well as three major contract caterers.

Interviews

All the PSIs interviewed were interested in increasing local and B.C. sourced food products and generally consider local food procurement as an important element of their foodservice sustainability goals. However, many PSIs do not have a defined goal or target for local food procurement and definitions of what is considered local varied amongst institutions. B.C. PSI students support local food initiatives.

Opportunities exist for all PSIs to increase local food procurement through their contractor (for PSIs outsourcing their foodservice operations), broadline distributor or through selecting specialty suppliers. A first step may be determining the level of current local food procurement and setting realistic and measurable goals in this regard.

Velocity Report Results

Velocity reports of food products purchased by B.C. PSIs were collected and analyzed. The top food product categories by total food spend were dairy, eggs, proteins, and produce/frozen fruits/vegetables. The table below highlights the top 30 products by Total Food Spend.

Post-Secondary Institution Market Opportunity Interviews—Top 30 Products by Total Food Spend

Top Products by Total Food Spend		
Rank	**Products**	**Product Category**
1	Chicken	Meat, Fish and Seafood
2	Potatoes	Produce/Frozen Fruits and Vegetables
3	Cheese	Dairy/Eggs
4	Eggs	Dairy/Eggs
5	Oil	Condiment/Ingredient
6	Beef	Meat, Fish and Seafood
7	Coffee	Beverage
8	Peppers	Produce/Frozen Fruits and Vegetables
9	Pork	Meat, Fish and Seafood
10	Cream	Dairy/Eggs
11	Milk	Dairy/Eggs
12	Tomatoes	Produce
13	Soup	Convenience Products
14	Lettuce	Produce/Frozen Fruits and Vegetables
15	Mayonnaise	Condiment/Ingredient
16	Cod	Meat, Fish and Seafood
17	Yogurt	Dairy/Eggs
18	Butter	Dairy/Eggs
19	Turkey	Meat, Fish and Seafood
20	Burgers	Vegetable Protein
21	Kale	Produce/Frozen Fruits and Vegetables
22	Honey	Condiment/Ingredient
23	Onion Rings	Convenience Products
24	Samosas	Convenience Products
25	Dough	Convenience Products
26	Flour	Condiment/Ingredient
27	Sugar	Condiment/Ingredient
28	Berries	Produce/Frozen Fruits and Vegetables
29	Almond Milk	Beverage
30	Tuna	Meat, Fish and Seafood

Source: fsSTRATEGY Inc.

As shown, the top items based on food spending from the PSI velocity reports collected are chicken, potatoes, cheese and eggs. Overall, the top items were consistent among most PSIs who provided velocity reports. The report includes details on product specifications for the top 30 products.

Based on current level of readiness, capacity and items with the potential for processing and production to be sourced within B.C. include:

- chicken (breasts, tenders, thighs);
- potatoes (whole, peeled, fries);

- cheese (shredded, slices, bulk);
- eggs (whole, liquid);
- soup (chicken and vegetable, cream-based soups, stocks);
- cod fillets (battered);
- yogurt (individual and bulk);
- peppers (assorted, whole);
- turkey (breasts, seasoned skinless, smoked);
- honey (liquid, individual and small package sizes); and
- berries (individual quick frozen ("IQF") blueberries, puree raspberry, IQF raspberry, IQF blackberries).

Barriers to Overcome in Increasing the Use of Local Food

Several barriers were identified by the PSIs with respect to increasing B.C. These included:

- price point, which may be more volatile based on local conditions and are often greater as local production can lack economies of scale;
- seasonality;
- product availability or awareness of product availability;
- food safety and certification of producers and processors;
- consolidation of secondary processing facilities in B.C.;
- changing regulations, such as the banning of single-use plastics, affecting product case configurations;
- rigid distribution systems;
- sourcing of local products can be labour intensive (as opposed to using a broadline distributor);
- contract foodservice providers may be less willing to pursue local products;
- existing contracts (e.g., bottled beverage contracts) may limit the ability to procure local products; and
- production capacity of local products.

Coaching and Support Services

The recommendations and support services identified are joint findings from the Market Opportunity PSI study and the Contract and Procurement Scoping study conducted concurrently. The report identifies several coaching and one-on-one support services that may assist in removing barriers to PSIs in increasing or maximizing the procurement of B.C. food. Potential support services include:

- standard definitions and measurement of local food;
- value chain facilitation (identifying and developing new local food products desired by PSIs and not currently available);

- creating or assisting PSIs with self-operated foodservices in the organization of a joint procurement co-operative or buying group for smaller PSIs to increase purchase volumes of local food products;
- assisting producers within an area or region to form farmers market associations or group cooperatives;
- increasing the awareness of B.C. producers and processors by region and product category to assist PSIs in identifying potential sources of local products;
- providing funding programs or attractive loan options for smaller and medium sized regional producers and processors to develop the required infrastructure to meet PSI procurement needs;
- sharing successful menus and recipes that feature or incorporate local products in an effective way;
- providing marketing collateral and assistance to promote local food and communicate local food initiatives to the PSI communities; and
- developing marketing materials to promote local food and communicate local food initiatives to the PSI community.

1 Background and Project Scope

Feed BC engaged *fs*STRATEGY Inc. ("*fs*STRATEGY") to determine the top 30 priority products used in public Post-Secondary Institutions ("PSIs") that may be sourced within British Columbia ("B.C.").

The project scope included:

- identifying key buyers in the PSI market and determining where opportunities for flexibility in purchasing and distribution exist;
- identifying the top 30 priority products, including specifications, used by PSIs in B.C.;
- conducting an analysis of the top priority products and/or product categories including level of readiness, and any outstanding needs required for market readiness to meet the demand in the sector (e.g. certifications, infrastructure);
- providing recommendations for strengthening the institutional value chain to capitalize on the market opportunities identified; and
- identifying specific actions and roles the sector, industry and government could collaboratively undertake to strengthen and capitalize on the identified market opportunities.

2 Top 30 Products

2.1 Interviews and Methodology

*fs*STRATEGY conducted interviews with the following PSIs:

- Camosun College;
- Capilano University;
- College of New Caledonia;
- Douglas College;
- Kwantlen Polytechnic University;
- Royal Roads University;
- Simon Fraser University;
- Thompson Rivers University;
- University of Northern British Columbia;
- University of the Fraser Valley;
- University of British Columbia – Okanagan;
- University of British Columbia – Vancouver; and
- Vancouver Community College.

Interviews were also conducted with contract caterers Compass, Sodexo and Dana Hospitality.

2.2 Interview Results

All PSIs interviewed were interested in increasing local and B.C. sourced food products. PSI foodservice operations consider the use of local food as an important element of their foodservice sustainability goals. Despite prevalent interest in increasing the use of and tracking B.C. sourced food products, most PSIs either do not have a defined goal or target they are actively trying to achieve. The definition of what is considered local food varies significantly amongst the PSIs and contractors interviewed, ranging from anywhere in Canada to within a set kilometre radius of the campus.

Post-Secondary Institution and Consumer Interest in Local

The interest for local and B.C. sourced food aligns with several PSIs' values, which is supported by students at PSIs through surveys and other feedback. Students at several PSIs indicate through survey results and other means of community outreach, they desire local food, which is perceived as healthier than food sourced from farther away. However, the cost associated with local food may be a deterrent to price sensitive students. Some students are willing to pay a premium depending on the benefit (perceived health benefit, sustainability values, etc.) or comparative quality the local product may offer. Generally speaking, students are more price driven when selecting comparable food items and the premium they are willing to pay for local food is limited.

Tracking, Supply and Local Procurement Opportunities

Source of origin tracking information is available from suppliers. Contracted foodservice operators and broadline distributors are increasing their efforts to source local and highlight food products available. PSIs are able to develop policies enabling them to buy more B.C. local foods from producers, especially for in-season, low risk products such as fresh produce. Policies may include what types of exceptions are to be permitted with a PSI's broadline distributor for seasonal and discretionary sourcing from alternate sources.

Opportunities exist for all PSIs to increase local food purchases through their contractor, broadline distributor or through selecting specialty suppliers. Opportunities may include defining what local food means for the PSI, identifying the PSI's values for local procurement, assessing their current local procurement and setting realistic and measurable goals for local procurement (may involve contract renegotiation in a contracted foodservice scenario). Flexibility or modifications to contract and order guide restrictions may be negotiated. Contract management with a contracted caterer is recommended to ensure the PSI and contractor are working together toward common goals. PSIs must express their values and goals for local procurement and work with their foodservice stakeholders to take steps to achieve those goals. Once these initiatives are taking place, PSIs are encouraged to promote the initiative, values and success on campus to tell the story and increase awareness.

2.3 Velocity Report Results

Velocity reports and top product lists were confidentially collected and aggregated for eight PSIs and contractors. Velocity reports were consolidated based on total food spend and items were classified and grouped into broad product categories and more specific product types to allow data to be aggregated over the sample collected.

Exhibit 2.1 summarizes the overall product categories in order of total food spends from velocity reports collected.

Exhibit 2.1
Post-Secondary Institution Market Opportunity Interviews—Top Product Categories by Total Food Spend

Rank	Product Category
1	Dairy/Eggs
2	Meat, Fish and Seafood
3	Produce/Frozen Fruits and Vegetables
4	Condiments/Ingredients
5	Beverages
6	Convenience Products
7	Vegetable Proteins
8	Baked Goods
9	Nuts
10	Confectionery
11	Grains

Source: fsSTRATEGY Inc.

As shown, dairy, eggs, proteins and produce/frozen fruits and vegetables were the top overall product categories. Exhibit 2.2 summarizes the top 30 products by spend from velocity reports collected.

Exhibit 2.2
Post-Secondary Institution Market Opportunity Interviews—Top 30 Products by Total Food Spend

Top Products by Total Food Spend		
Rank	**Products**	**Product Category**
1	Chicken	Meat, Fish and Seafood
2	Potatoes	Produce/Frozen Fruits and Vegetables
3	Cheese	Dairy/Eggs
4	Eggs	Dairy/Eggs
5	Oil	Condiment/Ingredient
6	Beef	Meat, Fish and Seafood
7	Coffee	Beverage
8	Peppers	Produce/Frozen Fruits and Vegetables
9	Pork	Meat, Fish and Seafood
10	Cream	Dairy/Eggs
11	Milk	Dairy/Eggs
12	Tomatoes	Produce
13	Soup	Convenience Products
14	Lettuce	Produce/Frozen Fruits and Vegetables
15	Mayonnaise	Condiment/Ingredient
16	Cod	Meat, Fish and Seafood
17	Yogurt	Dairy/Eggs
18	Butter	Dairy/Eggs
19	Turkey	Meat, Fish and Seafood
20	Burgers	Vegetable Protein
21	Kale	Produce/Frozen Fruits and Vegetables
22	Honey	Condiment/Ingredient
23	Onion Rings	Convenience Products
24	Samosas	Convenience Products
25	Dough	Convenience Products
26	Flour	Condiment/Ingredient
27	Sugar	Condiment/Ingredient
28	Berries	Produce/Frozen Fruits and Vegetables
29	Almond Milk	Beverage
30	Tuna	Meat, Fish and Seafood

Source: fsSTRATEGY Inc.

As shown, the top items based on food spending from the PSI velocity reports collected are chicken, potatoes, cheese and eggs. Overall, the top items were consistent among most PSIs who provided velocity reports.

Exhibit 2.3 included details on the most common product specification details collected from velocity reports on the top ranked items.

Exhibit 2.3
Post-Secondary Institution Market Opportunity Interviews—Top 30 Products Most Common Specifications

Most In Demand Product Specifications by Product Type		
Rank	**Product Type**	**Popular Product Specifications**
1	Chicken	● Chicken Breasts, 4 Ounce Boneless Skinless, 16-17% Meat Protein, Individually Quick Frozen ● Chicken Tenders, or Strips, Crunchy Breaded, 80-90 Count, Frozen ● Chicken Breasts, 1/2 Inch Diced White, Cooked, Frozen ● Chicken Strips, Fully Cooked, Fire Grilled ● Chicken Thigh Boneless Skinless
2	Potatoes	● Fries, Yukon Gold, 7/16 Inch ● Fries, Straight Cut Skin On, Oven Ready, 5/16 Inch, Medium Coat, Frozen Oven Ready ● Hash Browns, Breakfast Skin On, Frozen ● Fries, Spicy Super Spiral, Trans Fat Compliant ● Hash Browns, Breakfast Cube ● Potato Fry, Crunchy, Waffle Spicy
3	Cheese	● Cheese, Shredded Medium Cheddar ● Cheese, Shredded Monterey Jack and Mozzarella, Blend 50/50 ● Cream Cheese, Plain ● Cheese, Old Coloured Cheddar ● Cheese, Sliced, Mild Cheddar, 14 Gram (and 28 Gram) ● Shredded Nacho Cheese Bulk
4	Eggs	● Egg, Shell, Large, Dark Yolk ● Egg, Shell, Medium, White, Canada "A" ● Egg Liquid Whole Egg 12/1 Kg ● Eggs, Free Run Medium, Loose Pack ● Wraps, Breakfast Egg
5	Oil	● Canola, High Performance, Canadian ● Pure Canola, Pail, Zero Trans Fat ● High Oleic Canola, No Trans Fat ● High Low Canola, Box
6	Beef	● Klondike Brand, Chili Beef ● Beef Burger Patties, 4 Ounce Seasoned, Frozen ● Beef, Sliced, Cooked Fresh ● Beef Roast, Cooked, Sliced Deli Fresh ● Beef Strips, Stir Fry, Frozen ● Beef Ground Chuck Patty, FLT 30/113 Gr 1/3.39 Kg ● Burger Beef Canadian 5 Ounce 1/4.54 Kg ● Lean Ground Beef

Source: fsSTRATEGY Inc.

Exhibit 2.3 – Continued

Post-Secondary Institution Market Opportunity Interviews—Top 30 Products Most Common Specifications

Most In Demand Product Specifications by Product Type		
Rank	**Product Type**	**Popular Product Specifications**
7	Coffee	● Coffee, Café ● Coffee, Ground, 9 ounce ● Coffee, Ground Decaffeinated, 9 ounce
8	Peppers	● Peppers, Assorted Stoplight ● Peppers, Assorted Tri-Colour ● Peppers, Banana Hot Ring ● Peppers, Red Whole ● Peppers, Green Bell, Medium, Fresh
9	Pork	● Bacon, Layer Out, Raw 24-26 Count Sliced Frozen ● Ham, Fresh, Sliced ● Pork Butt ● Pork Ribs ● Sausage, Country Style, Breakfast 8/Pound Frozen ● Ham, Black Forest, Smoked Fresh ● Bacon (other and unspecified specifications)
10	Cream	● Creamer, 10% Half & Half 1L ● Cream, Whipped 36%
11	Milk	● Milk, Partly Skimmed, 2% ● Milk Bag 1% 1/20 Lt ● Milk, Sweetened, Condensed
12	Tomatoes	● Tomatoes, Medium Stage 4/5, Bulk 6X7 ● Tomatoes, Plum Whole Pealed ● Tomatoes, Grape ● Tomatoes, Bulk, 6x7 Fresh ● Tomato Paste, Trans Fat Compliant ● Tomatoes, Bulk, 5x6 Fresh ● Tomato, Cherry Bulk 1/10 Pound
13	Soup	● Entrée, Chicken Vegetable Stew, Chunky ● Soup, Cream of Broccoli ● Soup Mix, Kimchi Noodle, Bowl ● Soup, Italian Wedding ● Soup, Potato Baked Loaded ● Soup Mix, Chicken Noodle, Cup ● Base, Vegetable, No Msg ● Base, Chicken, No Msg ● Base, Beef, No Msg

Source: fsSTRATEGY Inc.

Exhibit 2.3 – Continued
Post-Secondary Institution Market Opportunity Interviews—Top 30 Products Most Common Specifications

Most In Demand Product Specifications by Product Type		
Rank	**Product Type**	**Popular Product Specifications**
14	Lettuce	● Lettuce, Premium Green Leaf, 6 Count ● Lettuce, Chopped Romaine
15	Mayonnaise	● Mayonnaise, Pail ● Mayonnaise, Real, Gluten Free ● Dressing, Mayonnaise Vegan
16	Cod	● Cod Fillets, Battered, 3-4 Ounce, Trans Fat Compliant, Frozen
17	Yogurt	● Yogurt, Creamy Vanilla, Pouch ● Yogurt, Danish Cherry, Greek
18	Butter	● Butter, Unsalted, 1 Pound Package
19	Turkey	● Turkey Breasts, Seasoned Boneless Skinless, Raw, Frozen ● Turkey Breasts, Roasted Skinless, Cooked With Carrageen, Fresh ● Turkey Breast, Smoked, Lean, Sliced
20	Burger	● Burgers, Spicy Black Bean Veggie, Frozen ● Veggie Burgers, 4 Ounce, Frozen
21	Kale	● Kale, Shredded Blend
22	Honey	● Honey, Pure Golden, Liquid ● Honey, Packet, Liquid
23	Onion Rings	● Onion Rings, Breaded Panko 3/8 ● Onion Rings, Battered, Appetizer Trans Fat Compliant
24	Samosas	● Samosa, Butter Chicken ● Samosa, Vegetable
25	Dough	● Crusts, 16 Inch Traditional, Baked Pizza Dough ● Dough, 16 Inch, Oven Rising Pizza Dough ● Dough, Pizza 16 Inch, Sheeted 20/26 Ounce
26	Flour	● Flour, All Purpose ● Flour, Gluten Free ● Flour, Corn
27	Sugar	● Sugar, Granulated Fine ● Sugar, Granulated, Individual Packet
28	Berries	● Blueberries, Whole Grade A, Individually Quick Frozen ● Puree, Raspberry ● Raspberries, Grade A, Individually Quick Frozen ● Blackberries, Whole, Individually Quick Frozen
29	Almond Milk	● Milk, Almond, Unsweetened
30	Tuna	● Tuna, Chunk Light in Water

Source: fsSTRATEGY Inc.

The most common product specifications may be helpful in guiding PSIs exploring opportunities to increase local procurement by product or product category and production of B.C. foods. Specifications will vary between institutions and change over time. When looking to identify and act on potential product opportunities, beginning the process with the specific buyer/end user is recommended, to ensure proper product specifications (including price point) to meet their needs. It should also be noted that fresh versus frozen proteins (fresh chicken versus frozen chicken) may be processed by different producers. This would apply to most proteins (chicken, turkey, beef, pork, seafood, etc.).

2.4 Priority Products

To identify top priority products from the top 30 list, products and product categories were examined by current level of readiness, capacity and barriers and prioritized when both the processing and the majority of raw products were able to be sourced within B.C. (providing the greatest impact within B.C.).

Details on applicable products/product categories collected during interviews and in review of related studies are summarized below.

Poultry – B.C. supply exists for fresh, frozen and processed chicken and turkey products from B.C. processors. Lower priced chicken products, such as diced chicken, is commonly sourced from the United States and transported to processors in eastern Canada. As this imported chicken is considerably lower in price than chicken produced in B.C. and B.C. chicken processors are limited in the amount of chicken they can import from the United States as a result of tariff-rate quota ("TRQ") regulations, it may be difficult for B.C. chicken processors to compete with chicken processors in eastern Canada. However, it may be possible to substitute this diced chicken or other types of chicken products with products that may be supplied by B.C. chicken processors.

PSIs likely must remain risk averse, requiring Hazard Analysis Critical Control Point ("HACCP") inspected facilities for proteins. Interviews with PSIs indicated the process of certification can be costly (up to $1 million to oversee equipment and inspection conditions), which may require local suppliers to pool together in a cooperative or decide not to target the PSI market.

Some protein producers are required to have their live animals tested. Interviews with PSIs who have held focus groups with B.C. processors and producers, indicated the testing labs in B.C. are not geographically located in close proximity to many small local producers and getting their live product to be inspected in a timely manner is often not logistically practical.

To ensure food safety outcomes, broadline distributors have adopted the requirement of federally inspected meat (i.e., will only carry federally inspected meat).

Produce – produce, including peppers, tomatoes, lettuce, kale, etc. are commonly supplied by broadline distributors and may include fresh produce sourced directly from local producers when in season.

Frozen vegetable sources are available within B.C.; however, agreements would need to be put in place with broadline distributors to carry these products. Currently, most frozen vegetables are sourced from outside B.C. and distributors typically do not seek multiple vendors for the same product as this would limit potential volume discounts and increase logistic related expenses. The demand for B.C. grown vegetables and the ability to provide a consistent supply of the same would be required for such a change to be viable and/or considered by a broadline distributor.

Processed products, such as veggie burgers, are commonly produced in-house with several PSIs using their own recipes. Demand exists for plant-based proteins and imitation ground meats used to supplement in house production and in the creation of other dishes. B.C. processors offering these products with clean ingredient decks may meet these needs with local supply options.

Potatoes – potato and potato products represent a significant opportunity for local sourcing. Several producers and processors operate within B.C. While a significant portion of supply may come from eastern Canada (McCain Foods and Cavendish Farms), options exist for B.C. sourcing for PSIs with local food values and goals. Processed potato products may; however, be significantly more expensive than McCain Foods, Cavendish Farms and Ore-Ida products, which dominate the market in North America.

Berries – while the fresh season for berries is limited during the academic year, multiple frozen berry processors are located in B.C. and are interested in providing product to the institutional market. During peak season (early July to early August), an abundance of fresh blueberries are available. Currently, berries are available in multiple frozen forms at reasonable prices. The various products available include high-quality individually quick frozen ("IQF") berries, purees, juices and dried and powdered berry products. Frozen berries represent a significant opportunity to increase B.C. sourcing as the supply and required price point may be met with B.C. supply though many PSIs interviewed indicate inconsistent availability of B.C. frozen berries from suppliers.

Eggs – whole egg, cage free, hard boiled, and liquid egg products have the potential to be sourced locally. Processed egg-based products, such as mayonnaise and frozen omelets, are commonly sourced from outside of B.C. due to the lack of production facilities within the province.

Beef – beef supplied to PSIs in some cases (e.g., PSIs with foodservices operated by some contract caterers) must come from federally inspected, HACCP certified facilities. Few federally inspected facilities currently exist in B.C.; however, the development of a new facility is underway. The new facility will begin production with high demand and versatile products, such as ground beef, presenting opportunities for PSIs to establish working relationships with the new facility and/or establishing sufficient demand for broadline distributors to carry products from the facility.

The transportation of live animals provides several cost and logistical issues, making local options attractive in the beef industry. Currently, a significant portion of B.C. raised beef is transported to Alberta or the United States for processing and is later returned to B.C. for sale.

While most beef processing facilities currently abide by provincial inspection/regulations, many were established with federal guidelines and could potentially modify operations to be federally complaint again, if significant demand for local beef existed.

Coffee – while coffee beans must be imported, several B.C. roasters are able to process beans locally. The main barrier for local coffee roaster suppliers is that many large coffee suppliers provide coffee machines at no cost to the businesses and institutions purchasing their coffee for the duration of the contract.

Pork – the majority of pork production in B.C. is exported, as producers are able to sell pork for greater prices on the international market compared to local markets. Limited local supply at appropriate pricing may be available for many PSIs.

Dairy Products – local suppliers of dairy products are federally inspected and require product testing. The testing labs are not geographically located in close proximity to many small local producers. Currently, few B.C. suppliers provide bulk, shredded and sliced cheese products, but with sufficient demand in the institutional market this may change. Artisanal specialty cheeses are the focus of most B.C. cheesemakers and have some use in PSIs; however, not in the volume to be included on the top 30 product list. Some local options for yogurt are available and may potentially be expanded. The B.C. Milk Processors organization is interested in facilitating the increased usage of B.C. yogurt within the Province.

Soup – many PSIs make soup in-house, while some demand for value-added or convenience products exists. Soup bases are commonly purchased even by institutions producing soups in-house. Cream based soups and high-volume soups, such as chicken noodle and tomato, are the most common purchases by B.C. PSIs due to total labour hour constraints. Reduced salt content and other product specific modifications provide opportunities for local processors to meet the needs of PSIs where larger processors such as Campbell's may be less nimble or able to make such modifications.

Ingredients for PSI in-house made soups may also be sourced from local supply and, typically, do not require top grade produce providing an opportunity for B.C. produce "seconds" or produce less uniform in appearance.

Seafood – such as cod, tuna, salmon etc. represent an opportunity for B.C. sourcing, especially if minimal processing is required by institutions. Some B.C. companies are able to supply locally caught and fresh seafood to institutions. Overseas processing of B.C. seafood has become more common. While B.C. caught seafood would qualify as a local product, ideally processing or partial processing capacity could be reestablished within B.C.

Honey – B.C. honey production has been increasing over the past several years, providing new opportunities for local supply. PSIs interviewed identified demand for individual packet and smaller container sizes of honey (bulk sizes were not identified as in demand by institution velocity reports analyzed). Most of Canada's honey is produced in the prairie provinces and the majority of Canadian honey is exported.

Dough and Flour – the majority of flour is sourced from outside B.C. Some value-added items, such as pizza dough bases, may be processed within B.C. and other baked goods, including bulk containers of batters for muffins and cookies, may be supplied by B.C. sources.

Sugar – the processing of sugar is conducted in B.C., Rogers Sugar for example is a sugar processor and represents a majority of the market in B.C.

Other – processing of convenience products such as onion rings and samosas are potential opportunities within B.C., but may be limited to B.C. processing facilities available in the short-term.

Based on current level of readiness, capacity and items with the potential for processing and production to be sourced within B.C. include:

- chicken;
    - breasts;
    - tenders;
    - thighs;
- potatoes;
    - whole;
    - peeled;
    - fries;
- cheese;
    - shredded;
    - slices;
    - bulk;
- eggs;
    - whole;
    - liquid;
- soup;
    - chicken and vegetable;
    - cream based soups;
    - stocks;
- cod;
    - fillets (battered);
- yogurt;
    - individual and bulk sizes;
- peppers;
    - assorted, whole;
- turkey;
    - breasts;
    - seasoned, skinless;
    - smoked;
- honey;
    - liquid;
    - individual and small package sizes;
- berries;
    - blueberries, IQF;
    - raspberry, puree;
    - raspberry, IQF; and

- blackberries, IQF.

The product specifications included above reflect the most in demand configurations based on interviews with PSIs and velocity reports collected, other product variations and case sizes may also represent opportunities.

3 Strengthening the Institutional Value Chain

3.1 Barriers to Overcome in Increasing the Use of Local Food

Several barriers were identified by the PSIs with respect to increasing B.C. sourced food products, including the following:

- **Price Point** – prices may be more volatile based on local conditions and are often greater as local production typically lacks economies of scale of larger producers and volume discounts available from national and international suppliers.
- **Seasonality** – limited growing seasons, which often occur outside the typical academic year.
- **Changing Demographics** – an increasing number of international students and overall changes to student demographics result in changing demand for different types of food items required to be sourced by PSIs. This may represent a barrier or opportunity for a locally available product to increase or decrease in demand.
- **Availability or Awareness** – depending on their location within B.C., not all PSIs have local products easily available to them due to distance from distribution centres or are unaware of local products available other than those items listed and identified as local by suppliers.
- **Food Safety and Certification** – most distributors require products to be processed in a certified facility, such as the federally recognized HACCP; however, certified facilities are not in all B.C. growing regions.
- **Secondary Processing** – consolidation of several secondary processing facilities in B.C. has made it more difficult to process whole product categories within the province. New processing facilities may be established in the medium to long-term but may require cooperation among multiple producers to organize capital for a new facility (e.g., chicken or beef processing facilities).
- **Changing Regulations** – the banning of single use plastics, a federal initiative, affects case configurations and product specifications (as larger distributors may be slow to adapt to the changes), which may affect the availability of local food as well as increased packaging costs. The banning of single use plastics may come into effect as early as 2021. Some case sizes may be unavailable for periods of transition and/or packaging materials may be required to change. This issue will affect all food processors. However, if local processors are less able to adapt packaging lines and materials specifically for items with individually portioned packaging, local procurement may be disproportionately affected.
- **Rigid Distribution Systems** – many distribution systems in place (i.e., limits on what products may be purchased) at the PSI level as determined by contract caterers and group purchasing organizations ("GPOs") do not allow ease of purchase of many local products.
- **Sourcing** – sourcing local products may be labour intensive, especially with changing and seasonal menus and not all producers are looking to grow their businesses into other segments.
- **Contractors** – some contract foodservice operators are less willing to pursue alternative sourcing of food products or easily modify corporately set menus, especially if they are

responsible for the additional costs (under a profit and loss agreement) and contractors must approve new suppliers.

- **Contracts** – existing supplier contracts, such as beverage contracts, may limit product supply and variety able to be provided in the short term.
- **Production capacity** – local products are not always able to meet volume or specification requirements.

A number of these barriers may be overcome with support services.

3.2 Recommended Coaching and Support Services

The recommendations and support services identified are joint findings from the Market Opportunity PSI study and the Contract and Procurement Scoping study conducted concurrently.

Several coaching and one-on-one support services have been identified to assist in removing barriers to PSIs increasing or maximizing the procurement of B.C. food. Potential support services may include:

- **Standard Definitions and Measurement of Local.** Identifying a clear definition and rating system for the use of local or B.C. food so results may be compared between facilities using the same metrics as well as communicated effectively to contractors and distributors. PSIs who track and set goals for local food procurement would benefit from a working definition or a starting point to create their own definition. Uncertainty exists among PSIs interviewed as to whether local should be strictly defined as within B.C. when closer sources or distribution centres may be available, for example in Alberta or Washington State.
- **Value Chain Facilitation.** Assisting in networking and value chain coordination between operators and suppliers. A Value Chain Coordinator acts as an intermediary to problem solve and find mutually beneficial solutions to operational, financial, logistical and regulation challenges faced by all members in the supply chain (producer, processor, distributor, operator and end consumers). A Value Chain Coordinator could be a constant resource to coordinate changing demands of PSIs with producers and processors developing within B.C. A Value Chain Coordinator would identify applicable opportunities by product, such as the products identified on the potential product list and coordinate with B.C. producers and processors to establish the value chain if the requirements of all parties involved may be met.
- **Post-Secondary Institution Buying Group or a Local Food Membership Created Brand.** Creating or assisting PSIs with self-operated foodservices in the organization of a joint procurement co-operative or buying group for smaller PSIs to increase purchase volumes of local food products. During interviews, PSIs expressed interest in support to coordinate demand among smaller and medium sized institutions to generate significant volume for new local products to be listed with a distributor as well as realize cost efficiencies. Items such as frozen (IQF) vegetables would require coordinated demand and agreement to be listed by a distributor. Some member driven organizations have been established in Ontario (e.g., Taste Real Guelph Wellington Local Food brand) by farmers, retailers and wholesalers to support each other's products and establish a local brand. These types of organizations have relied on volunteers to sustain operations, which

increases the risk of operations ceasing due the fluctuation in volunteer availability and interest. Dedicated staff and/or government support is recommended to sustainably operate such organizations. The Canadian College and University Food Service Association ("CCUFSA"), which has several B.C. institutions as members, negotiates pricing on behalf of members but, to date have only focused on national contracts (i.e., local products have not been included). Some CCUFSA members in Southern Ontario who self-operate their foodservice operations work together to purchase local food and have a plant with IQF capacity located at the University of Guelph enabling these PSIs to provide local produce year-round.

- **Producer Co-operatives.** Assisting producers within an area or region to form farmers market associations or group cooperatives. PSIs interviewed expressed a desire for local farmers to aggregate supply and delivery to PSIs and/or through a distributor. This would allow a PSI to order a consistent volume and quality of product from multiple local sources with a single delivery rather than placing several orders and receiving differing grades and quantities of product each week and processing multiple invoices. Local produce and other low risk (from a health and safety perspective) food products would be most applicable to this type of coordination.
- **Increased Awareness.** Increasing awareness of B.C. producers and processors by region and product category to assist PSIs self-operating their foodservice in identifying potential sources for products (possibly including product specifications). Many PSIs interviewed relied on order guides from a broadline distributor to determine and indicate what local products may be available. Resources such as producer and processor lists by region with product ranges would be helpful to PSIs seeking to expand or maximize local procurement. Contracted foodservice providers, with internal procurement divisions, may benefit from this information as well. Top products identified can be prioritized when gathering information by region or available within B.C. to provide to PSIs.
- **Infrastructure Development Support.** Provide funding programs or attractive loan options for smaller and medium sized regional producers and processors to develop the required infrastructure to meet PSI procurement needs. Local producers may form cooperatives to pool resources and products to sell to PSIs and possibly build processing facilities to further develop raw ingredients into value added products.
- **Information Sharing.** Sharing successful menus and recipes that feature or incorporate local products in an effective way. Many PSIs would benefit from the sharing of ideas for menu items that have been successfully trialed and implemented at PSIs' foodservice operations incorporating local products in an effective and fiscally responsible manner.
- **Marketing Collateral.** Marketing materials to promote local food and communicate local food initiatives to the PSI community. Assistance with marketing and outreach initiatives, images and maps, slogans, or branded materials may assist PSIs looking to tell the story of local food procurement and supply chain traceability on their campuses. Currently, communication of local food initiatives on campus is not being effectively executed at most PSIs interviewed and many admit they could be doing a better job in this area. Even when good stories are available on the use of local products, initiatives, values, goals, progress, etc. several PSIs have not devoted the

time and effort to effectively launch these awareness campaigns, which ultimately affects the program's effectiveness on campus.