

Wild Blueberry Producers Association of Nova Scotia

There is no doubt wild blueberries have a good reputation with consumers and customers for being a tasty, healthy, natural product. Unfortunately, there are many other items that could be described with these attributes. We need to offer the product in formats consumers are looking for today, build value for the product and tell the story that differentiates wild blueberries. Success in this industry requires you can satisfy the next two stages of the value chain: customers and consumers. Customers are the retailers who purchase your products for their stores and consumers are the end users who take your products home to their family. If you are selling direct, you only need to satisfy the needs of consumers.

WBPANS commissioned market research to build the foundation for future opportunities. Key take-aways from the focus groups conducted by Denton D. Anthony in 2017 are:

The most surprising general theme was the knowledge of the blueberry industry that collectively participants were aware of.

Participants identified blueberries as being high in fiber, high in antioxidants and knew they were considered a bumper crop.

Participants highlighted additional facts about blueberries that are considered noteworthy:

- Blueberries are a super-fruit (superfood)
- Wild blueberries taste better than cultivated blueberries were some participants view (this comment was made prior to sampling both kinds of blueberries). Sampling opinions can be found in Appendix 3 at the end of this document.
- Blueberries have a short shelf life
- Blueberries freeze well
- Wild blueberries have a short season
- Blueberries are used for many things – including but not limited to baking, jellies, jams, wine, cooking and for beverages such as smoothies.

The research produced four emerged themes. They are as follows:

- Other Fruit Alternatives
- Blueberries (wild and cultivated) are viewed as a complimentary product
- There is no clear niche for wild blueberries



- The marketing of blueberries is insufficient

Some members in both focus groups were not aware they could purchase frozen wild blueberries at their supermarkets when the berries were not in season.

Note: This text is copied directly from the report entitled Focus Group Report Wild Blueberry Producers Association of Nova Scotia by Denton D Anthony.

Overall, participants have a very good knowledge of wild blueberries. It is important to note these were N.S. consumers, where industry and product knowledge are likely highest. It would be important to understand the same level of product knowledge in other markets such as N.B., PEI, Quebec, Ontario and eastern United States. Given wild blueberries are harvested in N.B., PEI, Quebec and Maine we would expect the consumer knowledge to be relatively close, but one should never assume with consumers. If the plan includes developing new markets different strategies might be required to educate consumers.

The focus of the conclusions was on the features of wild blueberries. A successful marketing campaign needs to focus on shifting those features into benefits. In other words, repeating the features is not likely to grow the sales. We need to help consumers understand the benefits delivered to them because of these features. An example would be; they know blueberries freeze well, so the benefit is they can pull them out of their freezer when they need them. The product will perform just as well as it did the day they purchased them, assuming it is within the recommended shelf life.

In late 2019, early 2020 Narrative Research conducted online research for WBPANS with 12,645 consumers. 77% of these respondents were from east of the Mississippi and California in the U.S. and 23% were from Canada. It is important to note the first screening question for this research was to ensure the respondent was a buyer of frozen or fresh berries in the last 6 months. In other words, the conclusions from the research are applicable to shoppers already in the categories WBPANS is interested in penetrating.

The following are the key conclusions from the report:

- Most berry purchasers tend to buy multiple varieties and it is uncommon to buy only one type of berry.
- Roughly one-half of respondents purchase frozen blueberries on a monthly basis or more often.
- There is ample opportunity to increase awareness of the difference between wild and cultivated berries.
- Differences between wild and cultivated blueberries primarily focus on differences in berry size and taste.
- Seven in ten berry users in both Canada and the US have purchased frozen berries in the past six months.
- There is widespread awareness that frozen blueberries are available all year.
- The purchase of frozen fruit at least monthly is notably higher in the US states surveyed
- Frozen berries are primarily purchased in a plastic bag with a reusable Ziploc closure, because of its convenience.
- Price is the most important consideration when purchasing berries,
- Frozen blueberries represent 22 – 24 percent of total blueberry consumption in Canada (Nielsen) or 20 – 22 million pounds in Canada and between 92 and 100 million pounds in the surveyed states in the US.
- The average levels of blueberry consumption are consistent across geographic areas.
- The size of the fresh blueberry market in Canada is almost four times bigger than the frozen blueberry market and is estimated to be 74 – 77 million pounds.
- The general use of fresh berries are quite similar to the uses of frozen berries.
- The advantages of wild blueberries are not well understood.
- Consumers are price sensitive.
- While there is some expectation to pay slightly more for wild berries than for cultivated, price differences are less likely for frozen berries.
- There is a high level of enthusiasm for most new product concepts tested.
- The survey data as well as the Nielsen data provide some helpful direction on pricing.

Note: This text is copied directly from the report entitled Online consumer research survey report by Narrative Research

There are some differences between the results from the focus groups and the online research. The focus groups identified a lack of awareness about the availability of frozen berries, whereas the online research states they are aware. The focus groups also conclude consumers have a good understanding of wild blueberries whereas the online research says the benefits of wild blueberries are not well understood by respondents. It is important to

remember the differences in methodology. The focus groups were conducted in N.S. where awareness is different than the broader geography covered in the online research and the online research only includes input from buyers in the berry categories.

The following table is included in the report from Narrative Research, to estimate the size of the market opportunities in Canada. We would recommend using the Nielsen and per capita methods to forecast the size of the market. These two methods are based on data, as opposed to the estimates derived from survey respondents sharing what they believe they purchase.

Method	Approach Used	Calculation	Total Blueberry Consumption in Pounds	Adjustment for Frozen	Frozen Blueberries
Per Capita	Per capita use x population	37.5 million x 2.38 pounds	89 million pounds	From Nielsen – Frozen is 22% - 24% of market	19 – 21 million pounds
Nielsen	Nielsen grocery store data increased to reflect 100% of the market	Nielsen data increased by 1.06 – 1.08 to reflect that they cover 92 – 94% of the retail sales.	91-92 million pounds	From Nielsen – Frozen is 22% -24% of market	20 – 22 million pounds
Survey Method 1	Q11 (number of packages) x households x proportion frozen blueberry households	Controlled for outliers. Used median results instead of means to be more conservative.			76 million pounds
Survey Method 2	Q6 (frequency of purchase) x Q16 (package size purchased)	Controlled for outliers. Used median results			81 million pounds

The Narrative research report also included a table summarizing pricing, based on information from Nielsen data. These are annual numbers. It is likely there is stability in the frozen blueberry pricing but the fresh blueberry pricing will vary throughout the year. WBPANS will need to focus on fresh blueberry pricing during the N.S. wild blueberry season.

Type	Avg. Price Last Year in per kg	Avg. Price Current Year per kg	% Difference
Total Blueberry	\$9.73	\$9.60	-1%
Fresh Blueberry	\$10.64	\$10.38	-2%
Frozen Blueberry	\$6.83	\$6.89	+1%
Frozen Control Label	\$6.71	\$6.71	-
Frozen National Brand	\$7.21	\$7.49	+4%
Fresh	\$9.29	\$9.39	+1%
Fresh Branded	\$12.70	\$11.62	-8%

Both reports contain valuable information to build a sales and marketing program for fresh and/or frozen wild blueberries.

One change in our food industry since the onset of the pandemic has been that the market puts a greater value on food. Consumers have more interest in a sustainable, viable food industry that is produced close to home. They experienced empty store shelves and it forced them to think about food and realize that they cannot take it for granted. The enhanced value of food is an opportunity for wild blueberries and people will be more interested in the story. Customers are looking for more local and Canadian products where they can depend on reliable supply and meet the demands of today's consumers.

N.S. producers are selling close to 100% of the crop as a commodity. The focus in a commodity market is to deliver the highest volume of acceptable quality at the lowest possible cost. You really have very little, if any influence on the selling price. Changing the economic model and increasing the return to producers requires developing new opportunities that shift the focus from commodity to the value the product delivers.

Changing the economic model also requires a change in mindset with producers. If you decide to take on this challenge, several areas of your business will require adjustments. If you are selling fresh and/or frozen product in consumer packages you must create value. Efforts and investments in production, harvest and processing must continue. If anything, they probably must be even greater, because the products need to be right for the next step of value creation. You will be selling to different customers and consumers that have different and probably higher expectations. The final product you produce will get more scrutiny and likely be held to a higher standard. The other segment of your business that will require considerable focus and investment in resources is sales and marketing. Selling into retail or selling direct with a value added product requires more than just producing a great product; it requires selling the great product you are producing.

Customers and consumers have choice in today's market. The average conventional grocery store has approximately 35,000 SKUS across the entire store and 350 in fresh produce. Almost every producer or processor of food has an affinity for their own product. They are close to it, they see the benefits and understand all of the hard work required to get it to market. Unfortunately, customers and consumers do not see it the same way. Customers are trying to operate stores, generate sales and earn profits. Consumers are looking for the best overall value and then different segments of the population have their own specific needs.

Our experience has been producers of N.S. wild blueberries are very passionate about what they do and how hard they must work to produce their crop. This can be a tremendous asset; however, it can also be a liability. To develop and sell value added products, which includes fresh, we must be objective about the needs of customers and consumers. Just because you have a great product with health benefits, does not guarantee the store will list it or that consumers will pick it up.

If you think of going into a furniture store, looking for a chair for your family room. You have certain criteria in mind such as price, colour, pattern of the material, durability, style, payment plan options, how long you might have to wait to get it and perhaps if it is made in Canada. Consumers shopping for food enter a grocery store with their own criteria. We must get their attention and illustrate how we meet or exceed their expectations. You might walk right by the best chair in the furniture store because it didn't meet your criteria, or it wasn't obvious to you how it met your criteria.

Developing options for wild blueberries requires that we consider what consumers today and into the future are looking for. We must also take into consideration how the products will compete with in the category. This is where consumers make the decision to buy, and we need to create products and a strategy that is executed, to win at the shelf. There are many factors to consider in each opportunity:

1. The target market
2. Size of the product
3. Size of the market
4. Food safety requirements
5. Shelf life
6. Packaging
7. Distribution
8. Sales and marketing
9. Perceived value to customers and consumers
10. Pricing and return to the producer

Wild blueberries are versatile which translates into options at retail.

Fresh wild blueberries

Wild blueberries are a great product; however, they are also a very challenging product to manage when they are fresh. They are challenging for several reasons:

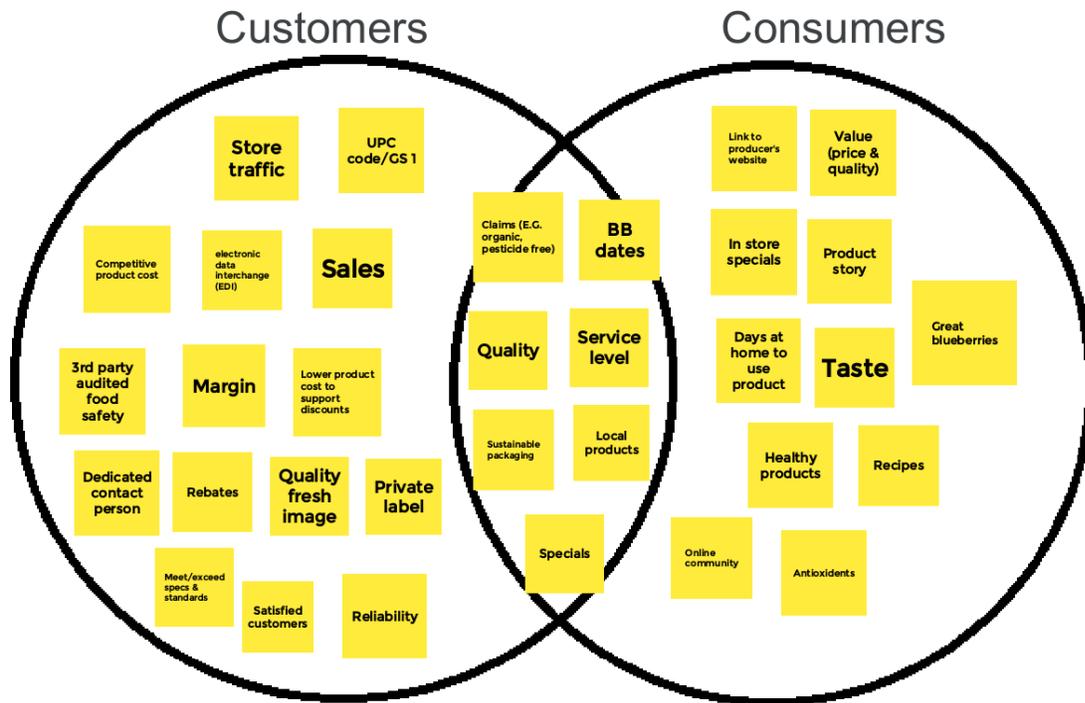
1. The season is short
2. They are fragile
3. The current infrastructure is not ideal to get them from harvest to processing to retail
4. There has not been a consistent effort to promote a fresh program
5. Packaging formats are large for today's market
6. Retailers have established programs with highbush blueberries, strawberries, raspberries and blackberries.

Despite the list of challenges, retailers would be interested in wild blueberries. The demand for local products continues to grow and this is not limited to local being provincial. It is really Canadian products. If there were viable fresh options that could travel, other markets could be considered. With the positive attributes that consumers perceive outlined earlier, retailers would like to offer fresh wild blueberries if the product moved through the distribution system and provided a positive experience for consumers. Retailers do see it as additional to a highbush blueberry program.

Developing a successful fresh program requires understanding the needs of customers and consumers. Once we understand the needs it is possible to determine if they can be met and if there is a viable return for the work and investments required. Customers have their own needs, as do consumers and then some of the needs are common. The following chart

illustrates the needs of each stakeholder and where the circles intersect, the needs in this area are common to both.

Needs for fresh wild blueberry program:



Target market

To build a fresh program the first consideration is the target market. Consumers who will buy fresh blueberries are looking for healthy products and probably have some knowledge about the benefits of antioxidants. These people are willing to pay a premium, but they also want the product to last for at least 4-5 days when they take it home from the store. They will be using the product fresh or as an ingredient in something like a muffins or pancakes. These

people put effort into the food they purchase for their family and they are always looking for new ideas for the kitchen. They are not necessarily foodies, but they do enjoy quality food that is good for them and their family. More than likely, they are interested in local foods and want to know the story about the blueberries and connect online with the producer. The profile would be similar to the overall shopper demographics which would be 65/35 female to male and spread across different generations. Older consumers would likely have more affinity or understanding of wild blueberries whereas younger consumers would want to know.

The target market customers would be conventional stores and specialty stores. Discount and mass retailers might be interested, but they would be looking for lower cost or a larger package with lower per pound cost before some of the other attributes. The highest return would likely be from conventional and specialty retailers.

Size of product

The fresh berry category in conventional stores is dominated by 1lb strawberries, pints or 6oz of blueberries and 6 oz raspberries and blackberries. Some retailers are experimenting with different sizes and even duplication of some products in two or three sizes. The size of the products has been developed to deliver the best combination of product quality, retail price points, consumer needs and efficient logistics. All of these are considerations for wild blueberries. Traditionally, fresh wild blueberries have been in larger sizes and although it can be attractive for producers, most consumers shop the berry category for smaller sizes. If we expect consumers to purchase fresh berries for weekly consumption, they do not need large packages. The smaller package can also protect the fruit with less weight distributed over the product on the bottom layers. We do see when categories are dominated by one size, such

as the pints of blueberries, it can be advantageous to shift away to a slightly different size. This prevents customers and consumers from expecting the same cost or retail and it can increase the return per pound to producers. A low profile 1 lb package or an 8 oz package would be different from the current blueberry offerings. They are small enough to enable retailers to offer enticing retail prices and even the multi buy offers we see such as 2 for or 3 for that drive incremental volume.

Size of market

We know fresh berries and blueberries in particular are very popular in the produce department. According to Nielsen Perishables Group from Chicago the berry category represented 8.6% of produce sales in U.S. supermarkets. Although these statistics are from the U.S., they are likely similar in Canada. The report breaks down of the 4 items in the berry category to be the following:

Strawberries	48.4%
Blueberries	26.5%
Raspberries	15.2%
Blackberries	9.0%

These would be primarily cultivated blueberries, however it does illustrate demand is strong for blueberries and if the quality and value proposition was there for wild blueberries they would be popular with consumers too.

It is possible to estimate the size of the market with some assumptions:

Total Canadian retail food industry	\$107,888,268,000 (Statistics Canada)
Produce penetration	10% (industry average)
Berry category	8.6% (Nielsen)

Blueberries	26.5% (Nielsen)
Atlantic Canada % Canadian pop'n	6.4% (Statistics Canada)
Average price for 1 pint	\$5.00

Note 1 pint of blueberries weighs 12 oz or .75 pounds.

Total grocery industry sales	\$107,888,268,000	
Total produce sales	\$10,788,826,800	10%
Total Berry category	\$927,839,104	8.6%
Total blueberries	\$245,877,362	26.5%
Atlantic Canada blueberries	\$15,736,151	6.4%
Average week retail sales fresh blueberries in Atlantic Canada	\$302,618	52 weeks

Average weekly sales for fresh blueberries in Atlantic Canada would be \$302,618. If the pints were selling for \$4.99, this would be the equivalent of 60,523 pints or 45,392 lbs per week. This is an estimate of the retail volume and would not include product being sold at farm markets and direct to consumers. This estimate is based on the \$4.99 price per pint we saw at Sobeys. At the present time this would be almost entirely cultivated blueberries. This is an average week through the entire year and it is likely the tonnage is higher in the summer when quality is better, product is local and price is lower. There would be some incremental volume for wild blueberries and some cannibalization of the cultivated offering. There are too many factors to estimate such as quality, price and availability, but if the value proposition was there for consumers there is the potential to sell 20-25,000 lbs per week. Given the

population of Quebec is 3.5 times and Ontario is 6.0 times Atlantic Canada, the opportunity would increase at these multiples. The Northeastern U.S. is also a possibility as some N.S. cultivated product goes to this market now.

Customers are interested in wild blueberries and we do see the products offered now in select stores. They see wild blueberries as a different item than the cultivated product. They would merchandise fresh wild blueberries in the fresh berry category beside strawberries, cultivated blueberries, raspberries and blackberries. It is important to note they do offer these other products close to 52 weeks of the year and have established programs with local growers and large multinational companies like Driscoll's and Nature Ripe.

The following products were in the market in 2021.

Pints at Sobeys



1.13 Kg or 2.5lbs at Superstore



Food safety

Consumers expect their food to be safe. They are not knowledgeable about third party audits but they are used to buying graded product in the berry category and wild blueberries would need to be the same.

Customers such as Sobeys, Loblaw or Walmart would expect to have a third party audited food safety program in place such as Canada GAP. They require this for all products going through their warehouse and most products being delivered direct to store. It is advisable to speak directly with any retailer prior to selling to them to ensure you understand their food safety requirements. Each retailer has their own perspective.

Shelf-life

Consumers will expect fresh product to last in their fridge at home for at least 4-5 days. Fresh produce can be expensive and they get very frustrated if the product does not stand up for at least this amount of time.

Customers typically require at least 4-6 days to move the produce through their distribution network and to sell at retail. They can manage inventory on highly perishable products with automatic distributions, if required. With a highly perishable product like wild blueberries, it might be advisable to agree to the amount coming into the warehouse would be cleared every day. It is possible to distribute directly to stores which reduces the shelf-life requirement by 1-2 days. Berries are fast moving items at store level when quality is good. Most retailers merchandise them at the front of the produce department as they are impulse items.

Packaging

We see considerable evolution in produce packaging. Consumers are looking for solutions that protect the product quality on the journey from the field to their fridge, extend shelf life and they want sustainable options. The packages need to be easy to open and close and be re-usable during the life of the product. Wild blueberries would need to be a contained package with some type of lid.

Customers are also looking for the same attributes and they will be more interested in the unit cost and how it impacts the overall cost of the blueberries.

Note in the other sections of this report there are more details about packaging options.

Distribution

Consumers expect a reliable supply of quality product at their local store. They get frustrated quickly with products when availability is unreliable. They might plan for this during the week or to make a recipe and if it is not available, they will find other options. A fresh program needs to be designed to deliver quality product every week, even during a short season. It would be advisable to let consumers know when the product will be available and where, so they are looking for them. Make them aware of the scarcity and limited season to drive consumption during this time.

Customers will be open to a warehouse distribution program or direct store delivery. This can depend on the customer and the quantity of product that would be available. This should be determined far in advance of the season. If the product will go through the warehouse proper shipping containers with the proper labeling will be required. They will inspect the product when it arrives at the warehouse to ensure it meets or exceeds specs and standards.

If the product is delivered direct to the store the inspection will be at the back door and likely less rigid. Regardless of the option retailers will expect a delivered price to their store or warehouse.

Sales and marketing

A fresh offering will require considerable efforts in sales and marketing. The season is short and the competition is strong. Consumer marketing needs to focus on when and where the product will be available and the benefits it delivers to the defined target market. Often, we see consumer marketing focused on the product features. In the case of N.S. wild blueberries this would be wild, antioxidants, local and taste. The most effective consumer marketing turns those features into benefits for the target market. Examples would be:

Health claims related to antioxidants are restrictive however there are statements that can be made to help consumers understand what antioxidants do for their bodies. Local products are better for the environment because they do not have to travel very far and consumers can be confident, they are supporting the local economy. Taste is very subjective and unfortunately this attribute has been used so much it is not always credible. We need to relate taste to some factor or emotion these consumers can relate to. Testimonials are also effective to reinforce taste. Given our target market local chefs or people in the culinary industry would be credible advocates.

One significant change for producers who want to develop a fresh market will be the sales process they need to implement. Retailers do want wild blueberries, but they also are managing hundreds of other fresh SKUS from all over the world. These are complex supply chains that require focus and attention. Programs need to be built prior to the season and communication is essential prior and during the season. They will communicate electronically

and expect data integrity and execution from suppliers. Each producer that wants to sell to the larger retailers will need to dedicate resources to interact with the customer and manage the relationship.

The foundation of the work in sales and marketing is found in the customer and consumer needs. When producers are able to address and satisfy those needs the relationships are strong and sales are maximized.

Value

Consumers do value wild blueberries as determined by the consumer research conducted by WBPANS. The expectation for value is already there; they do understand they are healthy and they expect them to taste good. These factors are very important. The bigger job is to get the product to market with great quality and a shelf life that will work for customers and consumers.

Customers also value wild blueberries, that is why they ask for them. Value will be built over time with retailers when the quality, shelf life, service level and price meet or exceed their expectations. They cannot afford to introduce items that do not sell, or increase shrink (losses from spoiled product) with poor quality. They will provide the space in the store and continue to do so as long as the product performs as they expect.

Pricing and return to the producer

There are different options to assess the return of a fresh program. We will review wholesale prices on the Montreal market for the berry category and retail pricing we have seen in the Atlantic market for wild blueberries.

A fresh program for wild blueberries must compete with other fresh berries. We will explore the category that includes strawberries, blueberries, blackberries and raspberries. Wild blueberries need to be part of a fresh berry offering but also stand out to differentiate and allow the product to “tell the story”. One opportunity to differentiate is in package size.

The following [table illustrates](#) the market pricing through the month of August in Montreal. There is no definitive ‘price list’ in Canada however the market pricing is a good indication. Retail pricing is also an indicator, however there are more variables that impact this, especially in fresh produce. The report summarizes the wholesale price for many items. For the purposes of this report, we have focused on conventional product and the most popular production region. For example, blueberries in August are most likely to be the B.C. fruit that is highlighted in yellow.

Weekly Summary of Daily Wholesale to Retail Market Prices

Report Generated on 2022-02-27 11:13:07

Wholesale-Montreal

Commodity	Variety	Origin	Unit Quantity	Grade	2021-07-09		2021-07-16		2021-07-23		2021-07-30		Average	Per unit	Per pound	
					Low	High	Low	High	Low	High	Low	High				
Blackberries	Organic-Unspecified	California	Flat 12x6 Oz	United States Number 1	\$29.50	\$32.50	\$19.50	\$19.50	\$32.50	\$32.50	\$39.50	\$39.50	\$30.63	2.55	6.81	
		Mexico	Flat 12x6 Oz	N/A	\$29.50	\$32.50	\$19.50	\$19.50	-	-	-	-	\$25.25	2.10	5.61	
	Unspecified	California	Flat 12x6 Oz	United States Number 1	\$14.50	\$19.50	\$14.50	\$36.50	\$14.50	\$36.50	-	-	\$22.67	1.89	5.04	
		Georgia	Flat 12x6 Oz	United States Number 1	\$15.50	\$15.50	\$15.50	\$15.50	-	-	-	-	\$15.50	1.29	3.44	
		Mexico	Flat 12x6 Oz	N/A	\$14.50	\$19.50	\$14.50	\$36.50	\$36.50	\$36.50	\$36.50	\$36.50	\$28.88	2.41	6.42	
		North Carolina	Flat 12x6 Oz	United States Number 1	-	-	\$12.50	\$12.50	-	-	-	-	\$12.50	1.04	2.78	
		Quebec	Flat 12x6 Oz	N/A	-	-	-	-	\$42.00	\$42.00	\$38.00	\$38.00	\$40.13	3.34	8.92	
Blueberries	Organic-Unspecified	California	Flat 12x6 Oz	United States Number 1	\$39.50	\$39.50	\$34.50	\$39.50	\$34.50	\$34.50	\$19.50	\$29.50	\$33.88	2.82	7.53	
		Mexico	Flat 12x6 Oz	N/A	\$39.50	\$39.50	\$34.50	\$39.50	-	-	-	-	\$38.25	3.19	8.50	
	Unspecified	Peru	Flat 12x6 Oz	N/A	\$39.50	\$39.50	\$34.50	\$39.50	\$34.50	\$34.50	-	-	\$37.00	3.08	8.22	
		Quebec	Flat 12x6 Oz	Canada Number 1	-	-	\$48.50	\$48.50	\$48.50	\$48.50	\$36.50	\$48.50	\$46.50	3.88	10.33	
		British Columbia	Flat 12x1 Pt	Canada Number 1	\$37.50	\$37.50	\$29.50	\$38.50	\$24.00	\$30.50	\$19.50	\$25.50	\$30.31	2.53	3.37	
	Raspberries	Field-Black	California	Flat 12x1 Pt	United States Number 1	\$24.50	\$39.50	\$32.50	\$39.50	-	-	-	-	\$34.00	2.83	3.78
			Quebec	Flat 12x1 Pt	N/A	\$24.50	\$30.50	\$26.50	\$37.50	\$16.50	\$24.00	-	-	\$26.58	2.22	2.95
		Field-Red	California	Flat 12x1 Pt	United States Number 1	-	-	\$38.00	\$38.50	\$24.00	\$30.50	\$28.50	\$28.50	\$31.33	2.61	3.48
			Quebec	Flat 12x1 Pt	N/A	-	-	-	-	-	-	\$37.50	\$40.50	\$39.00	3.25	4.33
			Washington	Flat 12x1 Pt	United States Number 1	\$37.50	\$37.50	\$37.50	\$37.50	-	-	\$18.90	\$24.50	\$32.17	2.68	3.57
			California	Flat 12x6 Oz	United States Number 1	\$17.50	\$33.50	\$16.00	\$28.50	\$30.00	\$31.50	-	-	\$30.38	2.53	3.38
			Mexico	Flat 12x6 Oz	N/A	\$17.50	\$33.50	\$20.50	\$44.50	\$20.50	\$36.50	\$20.50	\$39.50	\$23.88	1.99	5.31
			Quebec	Flat 12x6 Oz	N/A	-	-	\$34.50	\$39.50	-	-	\$36.50	\$36.50	\$29.13	2.43	6.47
			Organic-Unspecified	California	Flat 12x1 Pt	N/A	\$39.50	\$39.50	\$30.00	\$39.50	\$28.00	\$34.50	-	-	\$36.75	3.06
Strawberries	Field	California	Flat 12x6 Oz	United States Number 1	\$16.50	\$32.50	\$16.50	\$24.50	\$16.50	\$32.50	\$34.50	\$34.50	\$26.00	2.17	5.78	
		Mexico	Flat 12x6 Oz	N/A	\$16.50	\$32.50	\$16.50	\$24.50	-	-	-	-	\$22.50	1.88	5.00	
Strawberries	Field	California	Flat 8x1 Lbs	United States Number 1	\$9.50	\$24.50	\$9.50	\$22.50	\$9.50	\$25.50	\$22.00	\$25.50	\$18.56	2.32	2.32	
		Quebec	Flat 8x1 Lbs	Canada Number 1	\$34.00	\$34.00	-	-	-	-	-	-	\$34.00	4.25	4.25	
		California	Flat 10x1 Lb	Canada Number 1	\$34.50	\$44.50	\$34.50	\$46.00	\$36.50	\$47.00	\$35.50	\$46.00	\$40.56	4.06	2.33	
	Field-Driscoll	California	Flat 8x1 Lbs	United States Number 1	\$12.50	\$16.50	\$24.50	\$24.50	\$24.50	\$24.50	\$14.50	\$21.50	\$20.38	2.55	2.55	
		Mexico	Flat 8x1 Lbs	N/A	\$12.50	\$16.50	\$24.50	\$24.50	\$24.50	\$24.50	-	-	\$21.17	2.65	2.65	
	G.H.	Organic-Unspecified	Quebec	Flat 10x1 Lb	N/A	-	-	-	-	\$36.50	\$36.50	\$46.00	-	\$39.38	3.94	2.26
			California	Flat 8x1 Lbs	United States Number 1	\$9.50	\$24.00	\$9.50	\$24.00	\$25.00	\$26.50	\$29.50	\$29.50	\$22.19	2.77	2.77
		Unspecified	Mexico	Flat 8x1 Lbs	N/A	\$9.50	\$14.50	-	-	-	-	-	-	\$12.00	1.50	1.50
			Quebec	Flat 10x1 Lb	Canada Number 1	\$48.50	\$52.50	\$52.50	\$57.50	\$57.50	\$57.50	\$57.50	\$57.50	\$55.13	5.51	3.17

The information in the report is believed to be accurate but is not warranted. Published data is subject to revision at any time. Reasonable efforts have been made to provide a report that is accessible to all parties. Please send an e-mail to infohort@agr.gc.ca if you are unable to access the report.

Using the most popular SKUs, the wholesale pricing in the berry category for the month of August would be:

	Flat price	Unit price	Price per pound	Price per kg
Blackberries (6oz)	\$28.88	\$2.41	\$6.42	\$14.16
Blueberries (pint)	\$30.31	\$2.53	\$3.37	\$ 7.43
Raspberries (6 oz)	\$29.13	\$2.43	\$6.47	\$14.27
Strawberries (US 1 lb)	\$18.56	\$2.32	\$2.32	\$ 5.12
Strawberries (Que 1 litre)	\$40.56	\$4.06	\$2.33	\$ 5.14

Assuming a retail margin of 40% - 45%, the package prices would be between \$3.99 and \$4.49 per unit. As discussed earlier, retailers are looking for package sizes that allow them to keep pricing consistent in the category. These would be highbush blueberries and we do know from research consumers expect to see a premium for wild blueberries.



For wild blueberries a package slightly smaller than a pint could be the best option to deliver a similar retail but a slightly higher price per pound to producers. A 9 or 10 oz package would be larger than the blackberries and raspberries but smaller than the pint of blueberries. If we use the unit price of \$2.50 for wild blueberries the price per pound to the producer would be \$4.44.

	Flat price	Unit price	Price per pound	Price per kg
Wild blueberries (12x 9oz)	\$30.00	\$2.50	\$4.44	\$9.79

It is important to note this \$30.00 per flat would be delivered to the retailer’s warehouse or store and include all grading, packaging and other costs.

Assumptions

A flat of 12x6 oz of blackberries and raspberries weighs 4.5lbs

A flat of 12x1 pint of blueberries weighs 9lbs

A flat of 8x1 lb of strawberries weighs 8lbs

A flat of 10x1 litre of strawberries weighs 17.4lbs

To compare this assessment to retail pricing we will use the example we found at Sobeys in August of 2021.

Product size – 1 pint

Forecast the regular retail price for example – 4.99

Forecast retailer’s margin for example – 45%

Delivered cost – \$2.77 per pint

Equivalent price per pound \$3.69

Given the larger size of the pint and more fruit in the package it is reasonable to believe the \$2.50 per 9 oz package is reasonable.

The following estimates the cost of selling into the retail value chain. Costs are changing quickly in today's market and all producers should confirm pricing for their own quantities.

Delivered price (12x9 oz)	\$30.00
Transportation	2.00
Clamshells (12 x .20)	2.40
Labels (12 x .03)	.36
Cardboard flat	1.50
Rebate (3% paid to retailer)	.90
Net return	\$22.84 or \$3.38 per pound



Frozen wild blueberries

This product is in the market now, however most of the product appears to be supplied by large processors. Frozen fruit is available in all major grocery stores and we see the item growing in shelf space, control label (private label) packs and promoted frequently. These are three indications consumers want the product and retailers want to sell it.

In Superstore it is unfortunate for N.S. wild blueberries that this item has been swallowed up into the frozen fruit category. There is no differentiation and the product is line priced with everything from pineapple to blackberries.



The package in Loblaw's store does mention "Canadian Wild Blueberries" but there is nothing else to tell the story. There are branded options, but they also have descriptions and photos but very little to really differentiate the product in the bag.

Loblaw does offer an organic frozen fruit program in the natural food department. The premium for organic is \$6.99 to \$4.99 for the same 600g bag. This is equivalent to a 40% premium.



In Sobeys we did see some N.S product from Millen Farms and a larger bag from Oxford Frozen Foods.

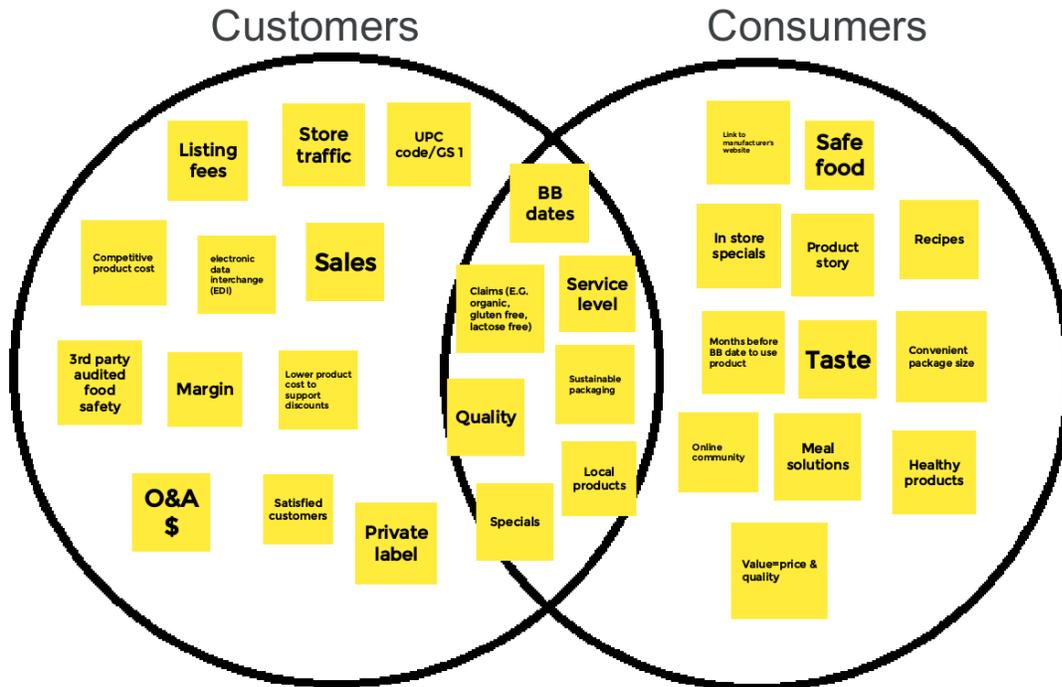


We did see N.S. wild blueberries at Longo's in Toronto. This regional chain of +/- 30 stores in Toronto would be a great opportunity for this item. The target market for N.S. wild blueberries would be more likely to shop these stores. This packaging does reinforce the hand raked and fresh frozen characteristics and the fact the product is from Nova Scotia. This is a Longo's branded product which is an example of a control label program. The packaging would be exclusive for this retailer.



Developing a successful frozen fruit program requires understanding the needs of customers and consumers. Once we understand the needs it is possible to determine if they can be met and if there is a viable return for the work and investments required. Customers have their own needs, as do consumers and then some of the needs are common. The following chart

illustrates the needs of each stakeholder and where the circles intersect, the needs in this area are common to both.



Target market

Consumers who will buy frozen wild blueberries are looking for convenient product that will deliver the benefits of antioxidants. These people are willing to pay a slight premium and they are likely to eat the product themselves and to buy for children. They will be using the product from the bag as an addition to a smoothie or another recipe. These people put effort into the food they purchase for their family and they are always looking for new ideas for the kitchen. They are not necessarily foodies, but they do enjoy quality food that is good for them and their family. More than likely, they are interested in local foods and want to know

the story about the blueberries and connect online with the producer. The profile would be similar to the overall shopper demographics which would be 65/35 female to male and spread across different generations. Older consumers would likely have more affinity or understanding of wild blueberries whereas younger consumers would want to know.

The target market customers would be conventional stores and specialty stores. Discount and mass retailers might be interested but they would be looking for price before some of the other attributes. The highest return would likely be from conventional and specialty retailers.

Size of the product

There are a range of offerings available in the market today. The smallest size is 300g for Compliments wild blueberries and the packages are as large as 2kg for No Name Naturally Imperfect. The bulk of the sales in the category are in 600g stand up pouch bags. The current offering is not recyclable in many markets. This format is available in a recyclable bag so a new offering could differentiate with this packaging.

The retailers do list separate SKUS for wild blueberries and the package sizes range from 300g-1.5kg. The smaller packages, which are control label, are priced close to the 600g package of conventional fruit. This allows them to generate at least a 50% premium for the wild blueberries, on a price per gram basis. It is interesting to note the local options for frozen blueberries are in larger packages. This could be a function of trying to differentiate the offering or availability of packaging and/or packaging equipment.

Retailers used to carry a national brand and control label option in this category but now the space in Atlantic Superstore and Sobeys is all control label and local items. In smaller regional chains it is more likely a consumer would find branded product from Europe's Best, Dole or another national brand.

A summary of package sizes is included in the following table:

Atlantic Superstore	
President's Choice wild blueberries	400g
President's Choice wild blueberries	1.5kg
President's Choice cultivated blueberries	600g
President's Choice cultivated blueberries	1.5kg
President's Choice organic cultivated blueberries	600g
No Name Naturally Imperfect blueberries	2.0kg
Sobeys	
Compliment's wild blueberries	300g
Compliment's blueberries	1.5kg
Compliment's blueberries	600g
Compliment's organic wild blueberries	600g
Snowcrest wild blueberries	600g
Millen Farms wild blueberries	1.0kg
Millen Farms wild blueberries	1.5kg
Oxford wild blueberries	1.5kg

If it was possible to develop a line of frozen wild products it is realistic to get a premium. This would allow the supplier to offer a 500g bag with perhaps 3-4 SKUS that would be priced higher than the conventional fruit but still competitive with the control label on a per gram basis.

Size of the market

There are estimates available for the global frozen fruit industry that are in the billions of dollars each year. There is no doubt these products are available in almost every store and used as an ingredient. There are also many SKUS to factor into the sales totals. To understand a more realistic estimate of the market size we will approach this from the retail perspective.

Most products in these categories will be successful if they sell 16 units per store per week. This will ensure the retailer sees the benefit and keeps the product on the shelf. Once they are established and sales grow, it is possible to generate more volume.

If we determine the optimal size for frozen wild blueberries is 454g then each package would require 1lb of wild blueberries. Using the following assumptions, we can estimate the size of the market for dried fruit in Atlantic Canada:

Number of stores	250
Units per store per week	24
Pounds wild blueberries per unit	1

This would translate into 312,000lbs of wild blueberries required for this product in Atlantic Canada. Like the fresh blueberry analysis, the populations of Quebec and Ontario are 3.5



times and 6.0 times as large as Atlantic Canada. The amount of wild blueberries required to supply these markets with dried blueberries would be 1,092,000lbs in Quebec and 1,872,000lbs in Ontario.

In the frozen fruit offerings, we see mixed packages with different types of fruit. This would be an opportunity to generate a better presence on the shelf. Other wild fruits or berries could be sourced to create 2-3 additional SKUS. The amount of wild blueberries would be less per package, depending on the mix of fruits, but this would be a better program to take to the market and ultimately sell more wild blueberries.

Food safety

As per the fresh offering, customers such as Sobeys, Loblaw or Walmart would expect to have a third party audited food safety program in place such HACCP or BRC. They require this for all products going through their warehouse and most products being delivered direct to store. It is advisable to speak directly with any retailer prior to selling to them to ensure you understand their food safety requirements. Each retailer has their own perspective.

Shelf-life

Consumers will expect this type of packaged product to have at least 6-8 months of shelf life when they purchase it in the store. One challenge with frozen product is the abuse that can happen in the supply chain or in stores. Suppliers need to ensure the product quality will be sufficient for the entire shelf-life.

Customers will require at least 12 months to move the product through their distribution network and to sell at retail. If the product is selling 16 units per store per week it should not be a problem to meet these expectations.

Packaging

The stand-up pouch is the most popular packaging in this category. Consumers are looking for solutions that protect the product quality, extend shelf life and they want sustainable options. The packages need to be easy to open and close and be re-sealable during the life of the product. As mentioned earlier abuse can occur to frozen product. The packaging needs to ensure the product will be free flowing and void of ice crystals throughout the promised shelf-life. As mentioned previously there is a new recyclable option available in this packaging format. Some current products are not using it and this could be another point of differentiation for a line of wild blueberry SKUS.

Customers are also looking for the same attributes and they will be more interested in the unit cost and how it impacts the overall cost of the blueberries.

Note in the other sections of this report there are more details about packaging options.

Distribution

There are two locations in the grocery store consumers will look for these products, the natural food section and the frozen food department. The natural food offering contains organic fruit. If the product is pesticide free that could qualify it for the natural food space. The consumer traffic is much higher in the conventional frozen food.

Customers will be open to a warehouse distribution program or direct store delivery. This can depend on the customer and the quantity of product that would be available. If the product will go through the warehouse proper shipping containers with the proper labeling will be required. They will inspect the product when it arrives at the warehouse to ensure it meets or exceeds specs and standards. If the product is delivered direct to the store the inspection will be at the back door and likely less rigid. Regardless of the option, retailers will expect a delivered price to their store or warehouse.

Sales and marketing

Frozen blueberries will require considerable efforts in sales and marketing. There is a lot of competition from branded products and private label in this category. The promotion activity in the category is aggressive. Multi buy offers are frequent.

One significant change for producers who want to develop a market for frozen blueberries will be the sales process they need to implement. Retailers do want wild blueberries, but they also are managing thousands of other SKUS from all over the world. These are complex supply chains that require focus and attention. Programs need to be built for 12 month periods and communication is essential throughout the year. They will communicate electronically and expect data integrity and execution from suppliers. Each producer that wants to sell to the larger retailers will need to dedicate resources to interact with the customer and manage the relationship.

The foundation of the work in sales and marketing is found in the customer and consumer needs. When producers can address and satisfy those needs, the relationships are strong and sales are maximized.

Pricing and return to the producer

To determine the anticipated retail, we will conduct a category review of retailer's current offerings in the frozen fruit category. It is beneficial to understand the per unit pricing of the different offerings. Customers and consumers will place a premium on some attributes such as organic or wild. Larger sizes are usually expected to deliver better overall value.

Wild blueberries range in price from .73/100g for Millen Farms product to 1.66/100g for Compliments. The smaller sizes of private label are approximately 50% premium per 100g, for the wild product. This changes when the local SKUS, listed at Sobeys are included. They are more on par with cultivated blueberries in the private label lines. Millen Farms 1.0kg package is the least expensive frozen blueberry. It is possible the local SKUS are priced below the cultivated to Sobeys, or Sobeys are taking less margin on these SKUS.

The following table illustrates the offering in Atlantic Superstore and Sobeys.

Atlantic Superstore		Retail price	Price per 100g
President's Choice wild blueberries	400g	5.99	1.50
President's Choice wild blueberries	1.5kg	13.99	.93
President's Choice cultivated blueberries	600g	5.99	1.00

President's Choice cultivated blueberries	2.0kg	17.99	.90
President's Choice organic cultivated blueberries	600g	8.29	1.38
No Name Naturally Imperfect blueberries	2.0kg	14.99	.75
Sobeys			
Compliment's wild blueberries	300g	4.99	1.66
Compliment's blueberries	1.5kg	15.99	1.07
Compliment's blueberries	600g	5.49	.92
Compliment's organic wild blueberries	600g	8.99	1.50
Snowcrest wild blueberries	600g	6.49	1.08
Millen Farms wild blueberries	1.0kg	10.49	1.05
Millen Farms wild blueberries	1.5kg	10.99	.73
Oxford wild blueberries	1.5kg	14.99	1.00

The 454g bag could be merchandised using the current offering as a model, in the natural food department or the frozen food department. The traffic is higher in the frozen food and if the product retailed for \$5.99 it would be competitive with other offerings. This would generate \$1.32 per 100g for the wild blueberries which is higher than the other local products. It is slightly lower than the private label but it is a bigger bag.

If we assume a \$5.99 retail for the 454g product we can calculate the return as follows:

Retail price	\$5.99
Retailer margin (30%)	\$1.78
Delivered price to retailer	\$4.21

This delivered price would need to include all packaging, processing and sales and marketing. For a consumer packaged good in this part of the store suppliers should be prepared to invest 40% of the delivered price in sales and marketing. This would reduce the return to the processor to \$2.53 per unit or per pound of wild blueberries.

Conclusions

We do find fresh (during the season) and frozen wild blueberries at Atlantic Superstore and Sobeys in Atlantic Canada. We also found frozen product in select markets like Longo's in Toronto. The product is in the market, but there does not appear to be a focused or coordinated sales and marketing program to support the listings.

There is demand from consumers and customers for the product. One producer does not have to meet 100% of the demand from retailers. They are willing to work with the volumes that would be available.

Existing retail pricing and the consumer research from Narrative research indicate it is realistic to generate a premium for wild blueberries.

Customers and consumers do understand wild blueberries and the features the product delivers. This is highest in regions where wild blueberries grow and diminishes as you get further away from Atlantic Canada, Quebec and Maine.

If a fresh program is to be developed, the product needs 10-12 days shelf life to be merchandised in the conventional grocery stores. This is different for farm markets such as Masstown Market where the proximity to the grower is minutes and the product can be replenished often.

Sustainability can differentiate products in the market. How and where N.S. wild blueberries are produced and an environmentally friendly package would be a good story to tell and ensure it is a valuable point of differentiation from other berries.

Any producer who determines there is an opportunity to pursue a coordinated program for fresh or frozen must invest in the sales and marketing to ensure the best chance of success. These are complicated supply chains for both fresh and frozen. Plans need to be developed in advance and communication is an ongoing requirement.

The market size for fresh or frozen wild blueberries will not replace the current commodity market for blueberries going into the large processors. The quantities required could be a good fit for some producers and generate a better return, but they will not replace the millions of pounds being delivered for IQF.

Recommendations

Fresh wild blueberries

Consider a program of fresh wild blueberries in a 9oz package. This should be recyclable packaging with a lid that delivers 10-12 days shelf life. A flat containing 12 packages should return \$30.00 (\$4.44/lb) to the producer. This is a delivered price and must include all labelling, packaging and processing. The product must meet or exceed the retailer's expectation for food safety. Each producer would have to determine if this return is enough, given their cost of production, harvesting, processing, distribution, sales and marketing.

Consider a common label for N.S. fresh wild blueberries where producers must commit to meet or exceed an established grade. This would allow for more effective marketing efforts through a very short season.

One person could coordinate volume from different growers into retailers. This would be more of a cooperative approach, where producers would not all have to invest in sales and marketing. It would also allow for a slightly extended season as fruit ripens at different times throughout the province.

Determine in advance if the program will be through the retailer's warehouse. One solution might not be right for every retailer. For example, Sobeys might be more interested in a direct store delivery approach whereas Loblaw might prefer the warehouse. Understand the cost difference for the two options.

The program for this product should be developed with each retail customer 6 months prior to the season starting. The program would include estimates for volume, pricing, start and finish dates and promotion activity.

Invest in consumer marketing in advance of the season to create excitement and educate consumers about the benefits of N.S. wild blueberries. Sell through at retail will ensure product flows throughout the short season.

Fresh wild blueberries are a very fragile product. If the product is going into the conventional retail stores there should be a program developed and implemented to educate people working at retail. This should be designed to educate and inform of the benefits and proper handling of the product.

Start close to home where consumer knowledge is strongest and test other markets. Retailers do have some existing SKUS to consider such as the ones we found at Superstore and Sobeys. Retailers are always looking for something different. A brief, well executed in

and out program can work, but it requires a lot of coordination. Test small quantities of the product to larger markets like Quebec, Ontario and Northeastern U.S. The first year might be a test market of a few stores to understand the shelf life and consumer interest.

Frozen wild blueberries

We know frozen wild blueberries are in the market now, in consumer sizes. The control label and branded product from N.S. processors are in the grocery department. If there is to be a new offering, we must differentiate the offering.

One opportunity to differentiate is to develop a new package size. This is probably not enough, by itself, but it will be one tactic in the strategy. A 454g bag would position the offering between the smaller sized control label and other larger packages. It would also ensure there was an attractive retail with a premium for wild blueberries that is reasonable.

Explore the new recyclable packaging that is available. This would be another point of differentiation that appeals to customers and consumers in the current market. It would be beneficial if the packaging had a window for consumers to see the product.

Pursue the fresh/frozen model. This method delivers a unique product and one that fits the story of N.S. wild blueberries. This is also another point of differentiation from all of the other frozen fruit SKUS.

Explore the opportunity of merchandising this product in the produce department. Most retailers prefer to focus on fresh produce but there might be enough unique features of “fresh/frozen wild N.S. blueberries” to entice them to consider this merchandising strategy.

There is some precedent for this with [Toppit's frozen herbs](#). This product is in produce departments now where fresh herbs are also merchandised. We also see a seafood program in Sobeys that could be used as a model.



The product would be merchandised in a stand-alone freezer. One challenge to overcome would be the freezer would need to be supplied as part of the program. Retailers do not have these fixtures in stores now.

Produce departments have a shelf margin target above 40%. This would impact the retail when compared to the 30% in grocery. The argument would have to be made the 40% shelf margin allows for shrink and this frozen product should not have any shrink so they can take less margin. That argument is not always easy to win but it needs to be made as part of the program.

One SKU can be a challenge. Consumers like to have some choice and the mixed fruit products in the frozen section get more facings which usually means they sell more. If

possible 1 to 2 additional SKUs of mixed fruit would be beneficial to the program. The ideal would be to say wild but this might not be realistic from a product availability perspective. If possible N.S. strawberries, raspberries, blackberries or cranberries would be good.

Consumers are often interested in products that enhance convenience for them. The product from Knol Farms is a good example of this. The blueberries are the same, but by separating them into pre-portioned packages, consumers will find this easier to use. One bag for a smoothie or on yogurt in the morning. There is more cost, but there are many examples of where the market will support the increased price per pound that comes with convenience. A mixed pack with different berries could be an option to add more SKUS.



Determine in advance if the products will be going through the retailer's warehouse. One solution might not be right for every retailer. For example, Sobeys might be more interested in a direct store delivery approach whereas Loblaw might prefer the warehouse. Understand the cost difference for the two options.

The program for these products should be developed with each retail customer 6 months prior to the program starting. The program would include estimates for volume, pricing, start dates and promotion activity.

Telling the story

Consumer marketing needs to focus on where the product will be available and the benefits it delivers to the defined target market. Often, we see consumer marketing focused on the product features. In the case of frozen N.S. wild blueberries this would be wild, antioxidants, local, versatility, portability and taste. The most effective consumer marketing turns those features into benefits for the target market. Examples would be:

- Health claims related to antioxidants are restrictive, however there are statements that can be made to help consumers understand what antioxidants do for their bodies.
- Local products are better for the environment because they do not have to travel very far and consumers can be confident, they are supporting the local economy.
- Frozen wild blueberries can add great health benefits such as fibre and antioxidants to your favourite smoothie or recipe.
- They last in the package for months and you can pull them out of your freezer whenever you want them.
- Taste is very subjective and unfortunately this attribute has been used so much it is not always credible. We need to relate taste to some factor or emotion these consumers can relate to. Testimonials are also effective to reinforce taste. Given our target market, local chefs or people in the culinary industry would be credible advocates.
- Sustainable production and packaging can be part of the story. The product is produced without a lot of the inputs require in conventional agriculture. The soil is preserved as opposed to tilled.
- Consumers want to know who is producing their food. This can be photos of producers on packaging, social media and mass media. Organized public relations, prior to the season can be powerful to let people know it is coming soon.

-Packaging is an opportunity to tell the story. Wish Farms from Florida are very good at helping consumers understand their product and where it comes from. The QR code goes directly to their website and helps consumers understand more about the product story.

