

Consumer Corner

Ethnic Food Trends



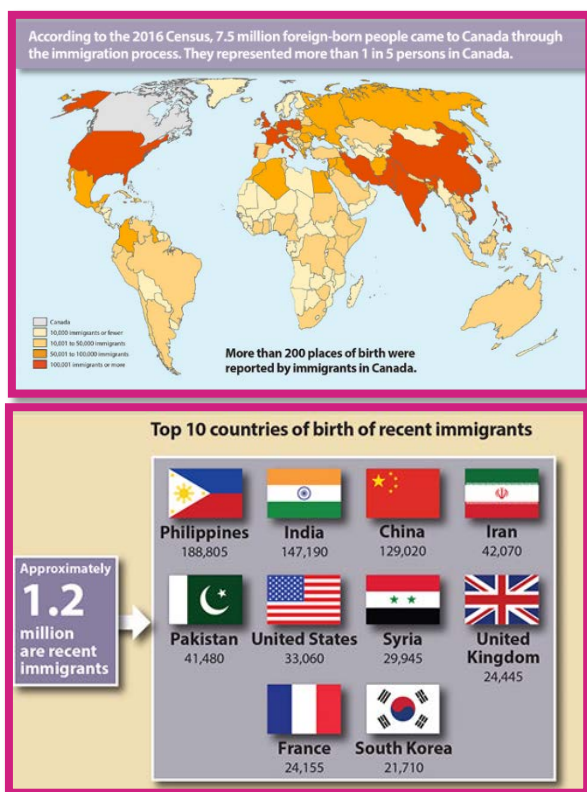
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Ethno-Culturally and Racially Diverse Canada.

According to the 2016 census, Canada has become more ethno-culturally and racially diverse since 2006, comprising people from over 250 different ethnic groups. Today, one in five Canadians is foreign born.

Figure 1: Immigrant Population in Canada 2016



Source: Statistics Canada

The 2016 Census revealed that South Asians, Chinese and Black Canadians are the three largest visible minority¹ communities in Canada. People identifying as visible minorities represented 22.3 per cent of Canada's population and 3 out of 10 visible minorities are Canadian born. If the current demographic trend persists, visible minorities could represent between 31.2 per cent and 35.9 per cent of the Canadian population by 2036.

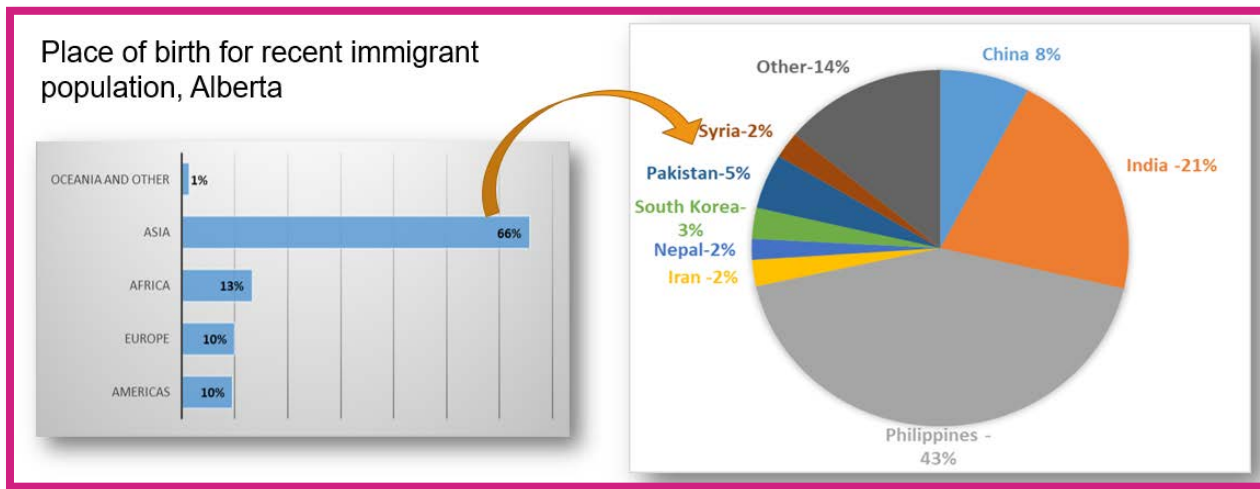
As illustrated in figure 2, an analysis of regional differences in immigration shows that during the period covering 2011 to 2016, **Alberta had the highest percentage point change in proportion in immigrants as compared to other provinces.** A closer look at this immigrant population shows that 66 per cent are from Asia, largely from the Philippines and India.

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¹ The Employment Equity Act defines visible minorities as "persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour"

Figure 2: Ethnic Diversity in Alberta 2016



Source: Statistics Canada, 2017

This cultural diversity is directly linked to food as a means of retaining their cultural identity.

In this issue, ethnic food trends in Canada and Alberta are examined. This information can assist the Alberta agri-food sector in strategic planning and increasing their competitiveness in the marketplace.

Ethnic Food Purchasing Trends in Retail

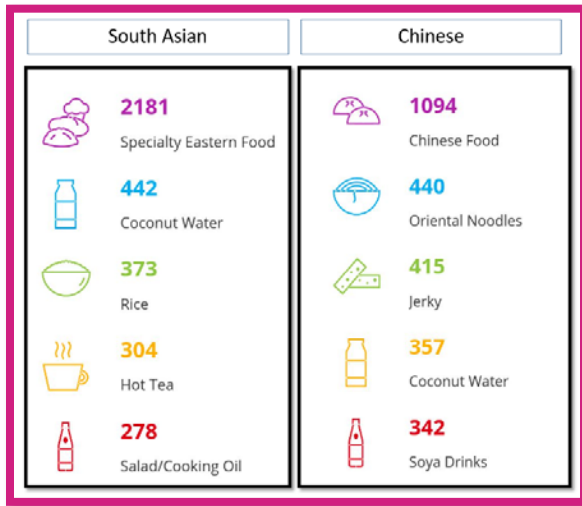
Knowing the ethnic food consumer and how they shop helps food manufacturers and retailers to develop their long-term growth strategies. According to Statistics Canada, South Asian and Chinese consumers across Canada represent the two largest ethnic consumer groups, accounting for 1,924,600 and 1,577,100 people, respectively.

Nielsen Home Scan data² shows that South Asian consumers outspend the average consumer on specialty eastern foods by more than 2,000 per cent. In addition to specialty eastern foods, rounding out the top five categories among South Asian consumers are coconut water (+342%), rice (+273%), hot tea (+204%) and salad/cooking oil (+178%), as consumers opt for foods that resemble traditional meals from their culture.

Chinese consumers have their own unique shopping preferences, with Chinese food leading the way. Chinese consumers spend 994 per cent more on Chinese food than the average consumer. Along with their South Asian counterparts, Chinese consumers also spend more on coconut water (+257%) than the typical Canadian consumer, one of two beverages in the top five food products as indicated in Figure 3.

² Nielsen, the Hidden power of the ethnic Canadians, 2017

Figure 3: Top Five Food and Beverage Categories among South Asian and Chinese Consumers, 2017



South Asian households spend almost 2000 per cent more or almost 21 times more on specialty Eastern food than the average Canadian household.

Source: Nielsen Homescan Enhanced Demographics, 52 weeks ending Sept. 30, 2017

According to Nielsen, there are some similarities in food and beverage products that both South Asian and Chinese consumers buy less of compared to the average consumer. These include packaged coffee beans, margarine and pickles.

In the retail sector, retailers and manufacturers may want to consider languages other than English and French to appeal to and connect with these top two ethnic consumer groups. Mandarin and Punjabi are the leading languages for Chinese and South Asians in Canada, with 47 per cent of each ethnic consumer group speaking one of those two languages.

³ Technomic. Canadian Ethnic Food and Beverages, Consumer Trend Report, 2017

Ethnic Food Purchasing Trends in Food Service

Technomic's Menu Monitor data provides insights into ethnic flavours and dishes offered in the top 200 chain restaurants (Limited Service (LSR) and Full Service Restaurants (FSR)) in Canada from 2015 to 2017.

According to Technomic³, Mexican LSRs and Asian FSRs are among the fastest growing concepts within their respective segments. Both leading and the fastest-growing Asian chains include a mix of limited and full service restaurants as illustrated in Table 1. The largest chains by sales include Thai Express, Bento, Sushi Shop, Yuzu Sushi and Mandarin. The fastest growing by sales include Umi, Edo Japan, Thai Zone and Yuzu Sushi.

Table 1: Top Asian Food Restaurants by the Numbers, 2016

	Limited Service Restaurants	Full Service Restaurants
Number of Chains	10	4
2016 Sales	\$ 592M	\$ 241M
Y-O-Y Sales Growth	-0.80%	7.10%

Source: Technomic, 2017

Mexican FSRs' sales did not qualify for the top 200 chain restaurants. However, the Mexican LSRs' growth far outpaced the Top 200 LSR average growth of 3.4 per cent in 2016 and are depicted in Table 2. Mucho Burrito, Taco Bell and Taco Time recorded the largest sales values while Chipotle Mexican Grill and Quesada Burritos & Tacos reported the fastest-growing sales.

Table 2: Top Mexican Food Restaurants by the Numbers, 2016

	Limited Service Restaurants
Number of Chains	8
2016 Sales	\$ 342M
Y-O-Y Sales Growth	10.40%

Source: Technomic, 2017

In terms of flavour trends, Latin flavours like chili and chipotle are leading in the top 200 chains. Asian flavours, particularly those of South and Southeast Asia like curry and ginger, are leading at independent restaurants. According to Technomic, there are some noteworthy trends in flavour profiles in restaurant menus. They include the following:

- Spicy flavours are both the leading and the fastest growing flavours at Top 200 FSRs. Sriracha flavours grew 92 per cent over a one-year period in 2016.
- Independent FSRs offer a variety of ethnic flavours like mint, coconut, peanut and miso.
- Ethnic flavours are often featured in alcoholic beverages at Top 200 FSRs. Leading flavours include mango, amaretto, Grenadine, passion fruit and coconut. The leading ethnic flavours in non-alcoholic beverages are mango, coconut, guava and green tea.
- Independent FSRs are offering beverages with both fruit and tea flavours capitalizing on the growing interest in health among consumers.



Ethnic Food Outlook in Foodservice

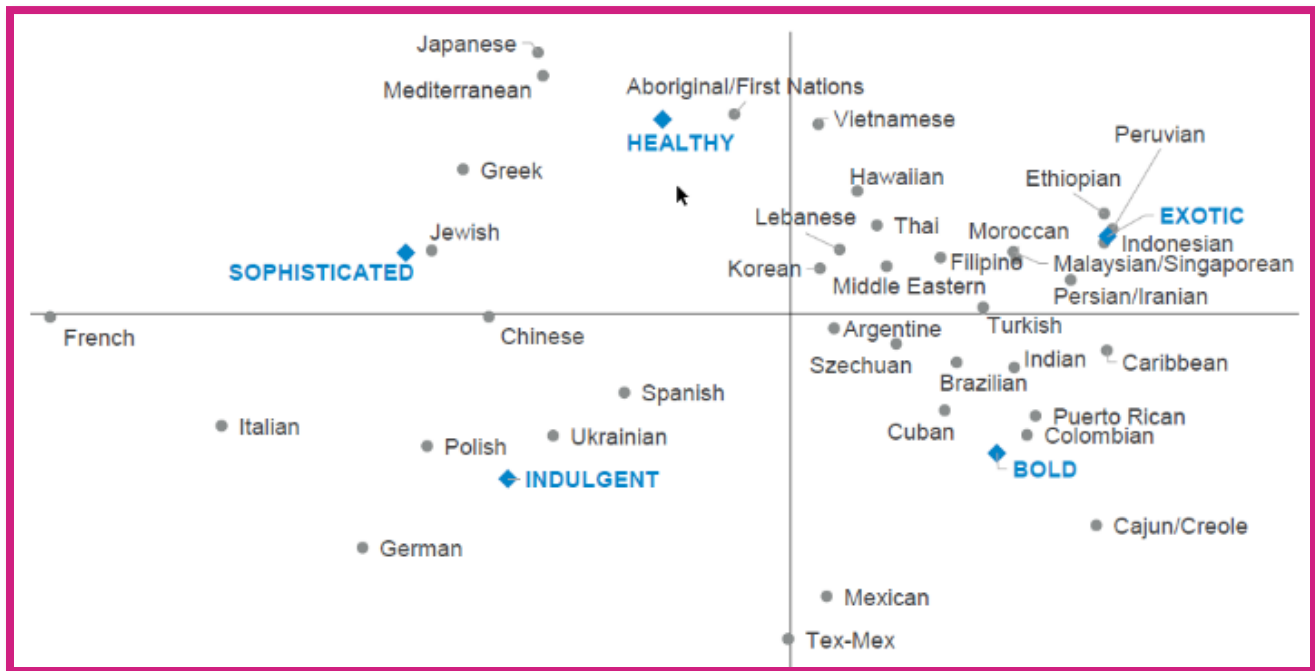
- **Indigenous cuisines will grow:** growing focus on and awareness of Indigenous cultures in Canada is leading to the rise of First Nations restaurants in urban areas. This cuisine features seasonal ingredients, wild game and local ingredients, aligning with current trends.
- **Middle Eastern flavours make a bold impact:** Syrian and Lebanese fare, in particular, will grow as Canada continues to receive immigrants from these countries. Consumers find these cuisines to be unique and exciting. Consumers would also be likely to try Persian/Iranian and Turkish cuisines.
- **Filipino cuisine is emerging:** The Philippines continues to be a top source of immigration to Canada. According to Technomic, the likelihood of ordering Filipino cuisine has grown from 13 per cent to 19 per cent in 2017.

Consumer Insights

A consumer survey conducted by Technomic revealed that consumption of ethnic food remains high in Canada. In 2017, consumers ordered ethnic foods or flavours 47 per cent of the time at food service locations. However, the likelihood of purchasing ethnic items at traditional grocery stores surpasses that of LSRs.

A regional analysis showed that Ontarians eat ethnic foods and beverages more often than consumers in any other region. While consumers are most likely to order ethnic items or flavours for dinner, they are also likely to order these items for lunch or as a snack more often than they did two years ago. The consumer survey revealed that European, Asian and Latin cuisines are the mainstream ethnic food items. However, consumers are increasingly interested in trying a variety of less mainstream cuisines, which include Korean, Filipino, Brazilian, Ukrainian and Ethiopian.

Figure 4: Visual Presentation of Ethnic Cuisine Descriptors



Source: Technomic Inc., 2017

This survey information was used to understand how consumers perceive different ethnic cuisines. The cuisine descriptors were analyzed and are illustrated in Figure 4. Consumers view most ethnic cuisines as bold or exotic. Cuisines featuring fish as a primary protein are perceived as healthy, including Japanese, Aboriginal/First Nation, Mediterranean and Greek cuisines. The perception of Italian and German food as indulgent is due to the high carbohydrate, meat and cheese content in these cuisines. Mexican and Chinese cuisines are also perceived as indulgent, likely because these cuisines have become more westernized and more indulgent variations of these dishes are commonly served in Canada. The heavy use of wine and upscale cheeses in French cuisine and cultural associations contributes to its perception as sophisticated. Cuisines featuring spicy ingredients are seen as bold by consumers. Cuisines perceived as the most exotic are least likely to be ordered by consumers mainly because of lack

of access and exposure to these cuisines. The majority of the top exotic cuisines are from Southeast Asia, Africa and the Middle East, suggesting that consumers are less familiar with the dishes and flavours of these regions.

Key Takeaways

- According to the 2016 Census, Canada has become more ethno-culturally and racially diverse.
- South Asians, Chinese and Black Canadians are the three largest visible minority communities in Canada.
- Alberta had the highest percentage point change in proportion in immigrants as compared to other provinces. Alberta immigrants primarily originate from the Philippines and India.

- The largest ethnic food purchasers in retail grocery stores are Chinese and South Asians.
- As manufacturers and retailers develop and execute their sales and marketing plans, they need to keep the strong ethnic diversity of Canada in mind. Taking the time to speak their language and promote the right products at the right time to the right consumers will give the retail sector food industry players a competitive advantage in earning a spot in the ethnic consumers shopping basket.
- In the food service sector, Mexican LSRs and Asian FSRs are among the fastest growing concepts within their respective segments.
- The outlook for food service shows that Indigenous, Middle Eastern flavours and Filipino cuisines are in a growing trend.
- Understanding these ethnic food trends and capitalizing on exiting segments and evolving segments will benefit the Alberta agri-food sector's value added food businesses.