OCO Organic Sector Survey 2012

Organic Council of Ontario

August 2, 2012

INFORMA

Contents

OCO SECTOR ANALYIS – EXECUTIVE OVERVIEW

Executive Overview

Organic Council of Ontario (OCO) commissioned Informa Market Research to conduct a survey among organic growers, processors, distributors, retailers and others in the sector. The goal was to understand the information needs and sector interests and to measure changes in the sector. This information is intended to assist farms, business owners and other organizations engaged in the organic sector to better position, manage, change or expand.

The survey was completed by a total of 134 organic sector decision makers either online or by telephone in the winter and early spring of 2012. The following Overview summarizes key survey insights; a detailed report will follow.

Profile of Respondents

- Producers/growers is the major survey sector (72%) divided somewhat equally by those selling direct to customers (40% of the total) and those dealing mainly with wholesale markets (32%). Processors/packers follow at some distance (26%) and then retailers (12%). Other smaller respondent base sectors are traders/handlers/brokers/marketers (7%), distributors/shippers (6%) and manufacturers, nutrition and sales/promotion (each with 2%).

- The major production sub-sectors in order of importance are horticulture, crops (grains, legumes, oilseeds, etc.), processed and value-added food production, dairy, beef, poultry (meat birds), pork and eggs.

- Over seven in ten participating businesses (72%) are certified organic and 4% are not certified. A small segment (5%) is currently in transition.

- The average length of time of organic certification is 8.7 years, with about half (51%) that have been certified for more than 10 years. It is noteworthy that only 6% of certified organic businesses achieved this designation within the past two years.

- Organically certified operations tend to be devoted to providing organically certified products or services – 79% overall. And most (87%) of the participating organizations deal with organically certified products sourced from elsewhere and have done so for a significant amount of time (average 9.1 years). Outsourcing organic products/services is a major business element (average 69.3%).

- There is a wide distribution of average annual sales totals from less than $49,999 (19%) to $1 million or more (27%). The average overall sales total is $962,300 declining to $343,200 for producers and peaking at an annual average of $2,747,100 for the small number of traders/distributors/shippers and participating companies.

- Employment numbers vary widely between sectors. For example, producers/growers have an average of 7.3 full-time employees, while processors/packers employ on average 33.5 people. Also, 26% of the largest sector, producers/growers, have no full-time employees, in contrast to only 6% of processors/packers. Also particular to the sector, producers/growers tend to rely more on seasonal employees or non-waged workers.
- Location of businesses is concentrated in two Ontario areas: Western Ontario (37% of the total) and Eastern Ontario (36%). Most (18%) of the remainder can be found in Central Ontario. It is worth noting that 100% organically certified businesses are most concentrated in the western part of the province, and Western Ontario businesses have higher annual sales: about 40% are over the $1,000,000 level whereas Eastern Ontario counterparts skew low, under $100,000 pa.
- Customer bases may extend well beyond the businesses' home region. Producers/growers tend to be more regionally based, while processors/packers reach farther afield – at least 60% of their business is both throughout Ontario and elsewhere in the country. A large minority (43%) of processors/packers deal with customers outside of Canada, while few producers/growers (12%) are shipping beyond Canadian borders.

BUSINESS CHALLENGES

Marketing Challenges

The three leading marketing challenges, regardless of sector are consumer unwillingness to pay a price premium for organics, consumer confusion about what organic means, and competitors' claims that their products/services are 'natural'. The other major barrier to growth is posed by non-certified farms claiming their products are 'organic'. Less significant but present challenges include competition from big organic businesses/farms, organic imports and lack of funds/skills to devote to marketing.

Regulatory Challenges

Overall, regulatory challenges appear to have less impact on all the participating businesses than might be expected. Nonetheless, at least half of respondents indicated that four of the five factors examined have either high or moderate impact. These include, listed in order of significance: the cost of organic certification, food safety/food quality and/or food labelling regulations, and meeting standards of organic certification. On the other hand, municipal bylaws pose the least significant barrier.

Human Resource Challenges

Of the four possible human resource factors measured, the most significant is recruiting trained, work-ready employees, followed by the difficulty of locating a pool of part-time employees. The well known issue of aging producers/succession management is either a high or medium level challenge for 21% of producers/growers. Overall, businesses with annual sales of between $100,000 and $999,999 are most prone to experiencing HR hurdles that affect their bottom line.

Financial Challenges

Surprisingly, none of the eight financial factors measured pose major challenges to the majority. However, at least one in three participating businesses are having trouble accessing expansion capital, and dealing with cash flow, start-up capital and labour costs. Conversely, developing the right pricing and access to risk management programs are the least bothersome financial matters.

Business Management Challenges

The single most significant challenge that business managers face is the classic lack of personal time – 45% of respondents experience it. Lower tier factors that have impact are limited efficiencies posed by the scale of their operations and access to reliable organic inputs/ingredients. It is noteworthy that overall producers/growers are more likely to be feeling the impacts of a number of different types of management challenges than those in other sectors.

Information Needs and Sources

Overall, participating decision-makers find that the two most valuable information sources are other producers/peers and the internet. Second tier (55% to 63%) helpful sources listed in order of significance are non-profit farm organizations, farm publications, organic industry associations, and private sector consultants, while the least helpful sources are government programs (provincial, federal and local, in that order) and commodity-specific organizations.

Two things stand out: growers/producers place higher value on information from non-profit farm organizations and farm publications than the other sectors, and at least one in four participants have not used government programs or tried to access data from organic industry organizations.

Level of Interest in a New Database

This study examined the potential benefit of creating a database geared to the needs of Ontario organic sector businesses. The database contents tested were designed to potentially meet the needs of the different sectors.

- Producers/Growers — Overall, producers were the most receptive sector to the concept of providing a database with timely information. At least 60% or more producers indicated that an inputs source database, farmgate prices for common commodities, production practices/inputs used, and regular consumer demand studies would be 'very helpful'. About half of producers were very interested in benchmarks of fixed and variable costs of production for different farm types and sales by channels and crop yields of various crops.

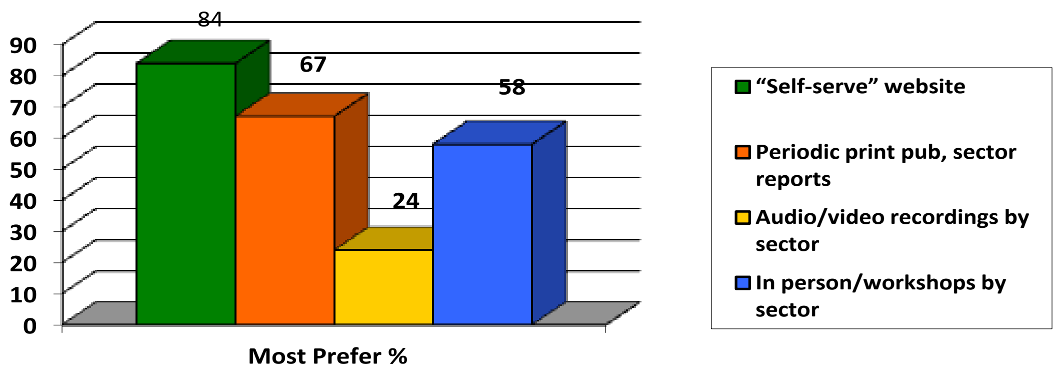
- Processors/Packers — Overall processors/packers were less enthusiastic than producers about all the tested information categories. The leading factor (63% indicated that it would be 'very helpful') was an Ontario organic ingredients database sourcing information (locations, volumes). Most of the others were either 'moderately' or 'very helpful'. Conversely, amounts and types of inputs sourced from Ontario, other provinces, and other countries was the least helpful type of information.

- Retailers — Input from the retail sector was provided by only 16 participants. Overall, the entire list of seven factors garnered medium to high levels of interest.

- Traders/Handlers/Brokers/Marketers/Distributors/Shippers — While representation of these sectors was limited, only 14 respondents in total, all six information categories had moderate to high levels of appeal.

Preferred Methods of Accessing Information

Of the four suggested access options for provincial database information, an internet 'self-serve' website was the most popular option (84%) followed by periodic print publications geared to the different business sectors (67%). The option of receiving sector-specific database updates in person at meetings received a 58% approval rating, whereas audio/video recordings were rejected by 76% of participants.



Willingness to Provide Data

Participants in each of the sectors were asked if they would be willing to provide specific categories of information for the provincial database – 'yes', 'no' or 'maybe/don't know'?

Producers/Growers — Overall, most producers indicated that they would provide five different categories of data: inputs used and other specific production practices, farmgate prices for specified crops, annual crop yields and acres grown for specific crops, annual sales by different channels, and fixed and variable production costs. Also, it is worth noting that around one in five were non-committal ('maybe/don't know'), but only a small minority refused outright to provide this information.

Processors/Packers — Overall, this sector was less enthusiastic about supplying information – up to 40% were not interested in providing some categories. Nonetheless, there was more willingness to provide two types of information: production volumes, and value of inputs sourced from Ontario, other provinces and/or other countries.

Two types of information attracted the highest refusal rates: selling price for a list of organic products/commodities tracked annually, and business fixed and variable production costs. Yet it is interesting to see that about one in four were reluctant to commit ('maybe/don't know') to providing data on value of inputs sourced through contract arrangements and spot markets, fixed and variable production costs, unused processing/packaging capacity, and sales to different channels.

Retailers — Retailers were generally more scattered in their willingness to provide data. While the minority refused to provide specific types of information, the majority were more tentative, balanced between agreement and uncertainty.

Traders/Handlers/Brokers/Marketers/Distributors/Shippers — While the number of participants in these sectors was limited, there was an inclination to provide three types of information: volume of organic goods/products sourced from Ontario, other provinces and/or other countries; volumes of organic good/products sold to different Ontario channels; and value of purchases made or brokered from Ontario, other provinces and/or other countries. They were more tentative about providing the value of purchases made or brokered through contract arrangements and spot markets and fixed and variable production costs.

Market Growth Opportunities

Producers/Growers — Of the list of ten tested market growth opportunities, at least two-thirds of producers believe that the four options which promised the most potential are diversifying products grown/raised, selling through alternative channels (Community Shared Agriculture, farmgate, buying clubs, worksites), creation of value-added/processed products, and selling to local, independent restaurants. Conversely, the least promising routes are increasing out-of-country exports, increasing out of province export,s and selling to food service companies. Around half of producers are interested in expanding sales through selling at farmers' markets and selling to the retail sector (supermarkets, natural food stores).

Retailers — The three most interesting growth potential options from the list of six provided are more direct partnerships with local organic producers, sourcing more Ontario organic products, and in-store processing or value adding. On the other hand, the least interesting prospects are starting a buying club and becoming a CSA dropoff location.

Traders/Handlers/Brokers/Marketers and Processors/Packers — This cluster of businesses found most growth promise in these options: sourcing more local and Ontario inputs/products, large conventional retail channels (supermarkets), plan to increase out-of-province exports, packaging/processing for institutions, and packaging/processing for direct to consumers. There was less perceived potential in increasing out-of-country exports, working in a co-operative business structure, and selling at farmers' markets.

Short Term (3 Years) Business Plans

Producers — The grower/producer segment is most interested in these three avenues: increase production, expand or diversify marketing channels, and produce new products/diversify production.

About four in ten (39%) indicated that they will be transferring responsibilities in the next three years more likely to other family members or, to a lesser extent, to non-family members. Coupled with increased production, 29% indicated they will either pursue organic certification or expand the acreage that is certified. Only 13% plan to carry on as they are today, 9% hope to downsize their operation, and 5% indicate that they plan to sell their farm.

Distributors/Shippers and Traders/Handlers/Brokers/Marketers — While this total category is small (14 respondents), some short-term trends emerged: expand the market (new Ontario markets/channels, new Canadian markets outside of Ontario, and new markets outside of Canada), increase capital investment, and increase the proportion of organic product in total sales. They are less interested in diversifying investors in their business, continuing as they are today, increasing trade of local products, and increasing trade of non-certified natural products. There was no indication that any of these companies are planning to downsize, pursue organic certification, or decrease the proportion of organic products in their total sales mix.

Processors/Packers — About six in ten (62%) of these companies are in expansion mode either into new Ontario markets/channels or new Canadian markets outside of Ontario. However, as noted elsewhere, there is less interest in expanding into new markets outside of Canada. At least half of this sector is planning to expand their processing volume, expand production capacity or plant size, or expand capital investment in their business. About three in ten are looking for growth in increasing supply of ingredients sourced from Ontario, expanding co-packing arrangements, increasing the proportion of organic products in their total sales, increasing the proportion of natural products in their total sales, or increasing the proportion of local (Ontario) products in their total sales. There is little to no interest in carrying on as usual, pursuing organic certification, decreasing the proportion of organic products in their total sales, or downsizing their operation.

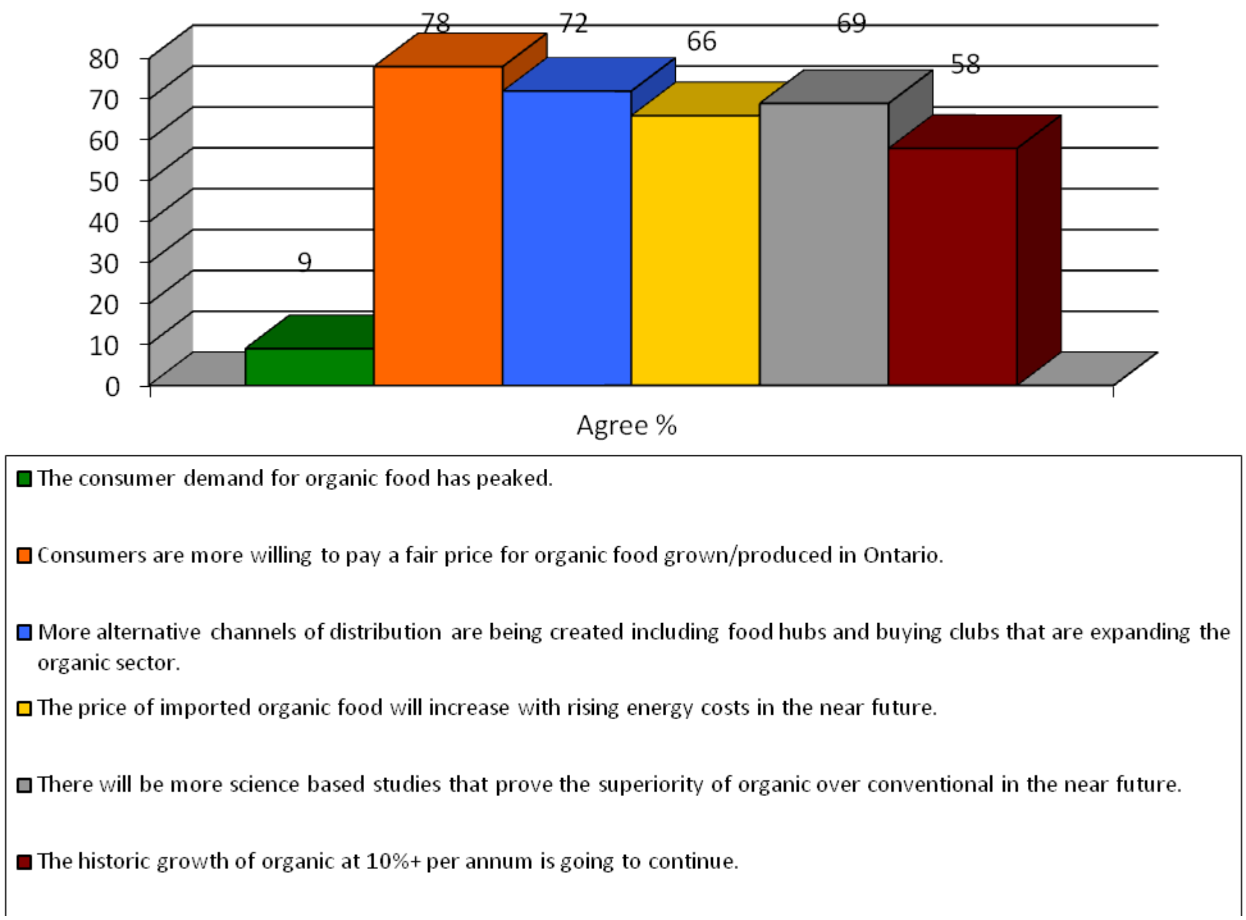
Retailers — The single most popular option for the next three years is to expand the proportion of organic products in their total sales mix, followed at some distance by the desire to expand the proportion of local (Ontario) product sales. One in four indicate an interest in increasing the number of retail locations, and a smaller proportion want to expand capital invested in the business and/or explore different ownership models for their business. There is less likelihood of carrying on as usual, moving towards organic certification for their store, dropping organic certification for their store, or decreasing the proportion of organic products in total sales.

Perceptions of the Ontario Organic Sector

There is a high level of agreement among the different organic industry players who took part in this survey when it comes to these perceptions about the Ontario organic sector today and in the future.

- A strong majority of study participants believe that shoppers will pay a fair price for local Ontario food, and almost as many believe that the organic sector is expanding through buying clubs and food hubs.

- At least two-thirds of Ontario organic sector players believe that scientific studies will emerge shortly proving the superiority of organic food and that energy price increases are imminent, leading to higher prices for imported organics.
- While one in four participants is uncertain that growth projections of 10%+ per annum will continue, the majority (58%) believe that this will be the case.
- Seven in ten (72%) rejected the notion that the demand for organic food has peaked, yet one in five was uncertain if this could be true.



Conclusions

- Growers/producers represent the largest Ontario organic sector. However, compared to other players further along the value chain, their average annual sales are lower and they average fewer employees, with some reliance on family members and unpaid labour. Employment numbers increase significantly further along the value chain, as do the annual sales averages.

- The Ontario organic sector is maturing and as such is largely populated by companies that obtained certification 8.7 years ago or more. There are few recent entrants into the Ontario organic sector, which does not bode well.

- Outsourcing organic products and services is significant for all sectors: 87% of participating businesses are dependent on others in some way. And positive future intentions to increase seeking out organically certified products in Ontario promise continuing growth for the organic sector.

Size Matters

- Half (52%) of participating businesses are exclusively organic; however, they have lower average annual sales totals than the remainder who are not dedicated to providing organic products or services – averages of $506,100 compared to $1,291,000.

- Growers that are selling their products to wholesalers or into the value chain are more likely to be 100% organic than those who are selling direct to consumers. Further, value chain growers tend to have higher annual sales, whereas 70% of direct-to-consumer producers sell less than $100,000 per annum.

- The degree of a business's organic concentration is a relevant factor when it comes to financial challenges. Companies with 25% to 99% of their sales volumes as organic tend to have more challenges accessing capital for expansion, operations, and cash flow, and they are more likely to lack comparison benchmarking data than those that are 100% organic.

- Businesses selling less than $100,000 per annum are much more likely than larger operations to experience these challenges: achieving efficiencies due to their scale; accessing reliable organic inputs and production information/advice; and garnering sufficient personal time for owners.

Employment Opportunities

- The growth of the Ontario organic sector has been dependent on dedicated people and non-waged workers with more employment opportunities further along the value chain. Growers/producers, the backbone of the organic sector, manage with a low ratio of employees and are highly dependent on free labour.

*L*ocation Matters

- While at first glance the Ontario organic sector appears to be equally strong in the east and the west, there are significant differences between the two regions. Western Ontario is the provincial hub for organic. It is home to the largest selling businesses (39% with annual sales of at least $1,000,000), the largest concentration of 100% certified organic companies in the province (52% versus 34% in Eastern Ontario), and those with the longest operating track record, while those in Eastern Ontario tend to average much lower sales (59% sell less than $100,000 pa) and have less number of years in business.

- The processor/packer segment posts the highest sales on average — over half sell over $1,000,000 per annum. Comparatively, only one in four retailers or producers/growers selling into the value chain post this high level of sales.

Business Challenges

- MARKETING — The Ontario organic sector shares a common marketing challenge: establishing a clear distinction between organic and 'natural' and convincing shoppers that they are not the same. And, they are also required to make the case for the price difference between organic, 'natural' and 'conventional' food. Competition too is coming from growers who are claiming organic status by blurring the lines between 'natural' and certified organic food.
- REGULATIONS – The cost of organic certification is a price barrier for some smaller scale businesses and acts as a possible barrier to growth.
- HUMAN RESOURCES – The Ontario organic sector shares the problem echoed throughout the business community of finding trained, work-ready employees and, to a lesser extent, part-time employees. Additionally, one in five producers are dealing with succession management issues.
- FINANCIAL – A significant minority are hampered in growing their business by lack of expansion capital. About the same number are having difficulty balancing cash flow, which may be common among the small business sector.
- BUSINESS MANAGEMENT – Almost half of business owners are time starved, lacking sufficient time away from the business. While this may be a common complaint of small business owners, it places stress on owners and their families.

Information Sources of Value

- Overall, businesses find they gleaned the most valuable information from two sourced: their peers and from the internet. Other trusted sources, although at some distance, are not-for-profit farm organizations , farm publications, organic industry associations, and consultants/suppliers. The information available from government (federal, provincial and local) and commodity-specific organizations has much lower perceived merit.
- It is noteworthy that the relative contribution of these sources depends on the sales volume, sector and maturity of the business. The diversity of the Ontario organic sector demands a wide variety of information and support data.

Information Needs

- The value of some new Ontario organic sector business databases was measured on a sector-by-sector basis. The two most populated sample segments, producers/growers and processors/packers, indicated healthy levels of interest in the suggested information categories that applied to their businesses. See report for details.

- Due to the limited size of the samples in the other sectors, the findings are directional only. Consequently, the perceived value of the suggested types of information for traders/handlers/brokers/marketers and distributors/shippers and retailers requires further feedback. Nevertheless, there appears to be a call for sector-specific data.

Willingness to Provide Data

In many cases the prospect of having access to particular data sets is matched by willingness to provide the data to the pool. In some instances, participants were more interested in providing the information than in accessing the cumulative figures – potential supply outstripped demand.

- Overall while it is encouraging to see that there was low outright refusal to share proprietary data, there is some reluctance to do so. Possibly contributors need to be confident that a number of important conditions are met before they are prepared to disclose confidential corporate information. Also, they must be presold on the idea that this data will ultimately aid their business decisions and contribute to the growth/prosperity of the sector.

Preferred Ways of Accessing the Databases

- Given the diverse activities and location of the Ontario organic sector and current technology usage, there is more than one means to effectively share the database. Internet is at the top of the list – it again emerged as the leading vehicle for accessing information. Also, there is a strong call for sector-specific mini hardcopy reports. Print reports are most valued by those with low sales totals – possibly affected by internet connection issues and time available to go online. Peer group interaction and face-to-face sector-specific meetings hold appeal, particularly for producers/growers.

Market Growth Opportunities

- Most organic sector players are seeking growth through a variety of means, possibly breaking old business models. This translates into a wide variety of options that promise considerable growth for Ontario organic producers/growers and other sectors.

- In some instances, these businesses are embracing market expansion through product diversification and reaching out to new points in the distribution channel. For instance, growers/producers are looking to access new buyers in the rapidly expanding alternative distribution network – CSAs, farmgate, buying clubs, worksites, local restaurants, and farmers' markets. They are also looking to diversify crops and move into value-added.

- Organic companies further along the value chain see opportunities in both selling to supermarket chains and to out-of-province and out-of-country buyers. This bodes well for Ontario producers, as the majority of value chain players intend to increase sourcing Ontario organic inputs. Retailers too indicate that they plan to develop closer ties to local organic producers through partnership agreements, and they see potential in providing store branded, value-added products.

- While the majority of traders/handlers/brokers/marketers/processors and packers see growth opportunities in reaching far afield beyond regional and provincial boundaries, they are less interested in venturing into exports beyond Canada. Even fewer growers/producers see merit in pursuing foreign markets.
- Growers/producers tend to be oriented more towards alternative distribution channels than larger scale buyers in supermarket chains and food service companies, while players further along the value chain believe that there are opportunities for Ontario organic in these quarters.
- Meeting the continual demand growth of processed and value-added products holds appeal for all sectors.

Short Term Business Plans

- Prospects for the next three years show a combination of expansion, diversification, and innovation with minimal contraction. Producers, processors, packers, retailers, traders/handlers, brokers, marketers, and distributors/shippers are looking to increase production, product array and market share.
- Very few Ontario organic sector businesses are either planning to maintain their current position or to contract. However, a large number (39%) of growers/producers plan to retire, transferring responsibilities either to other family members or to others.
- The volume of organic food grown and processed in Ontario should result in expanding the availability of organics. All sectors in the value chain have varying degrees of commitment to expanding the proportion and the diversity of organic food in their sales mix. Some sectors are planning to expand capital investment.

View of the Ontario Organic Sector

- Most Ontario organic sector company owners believe that shoppers are willing to pay for organic products and that alternative distribution channels promise growth for locally grown/produced organic food. Most organic sector players reject the notion that the demand for organic food has peaked and that annual double-digit growth will not continue.
- The majority believe that peak oil and science will both contribute to the growth of local organic food. The price advantage enjoyed by organic importers will erode with rising energy costs, creating a more level playing field for local organic food. And the current cloud of obfuscation and confusion between ‘natural’ and ‘organic’ will be settled once and for all when scientific studies prove that organic food has superior nutritional/health benefits.

Preliminary Recommended Courses of Action

- The Ontario organic sector is diverse, yet there are some common problems in marketing that need attention: establishing broad public awareness and appreciation for organic, and creating a clear and distinct difference between 'natural' and organic.
- Two employment issues deserve attention in particular: locating trained, work-ready, full-time and part time employees, and preventing potential burn-out of a significant minority of business owners.
- The cost of organic certification is presenting a significant hurdle to growth for many small-scale growers/producers and needs to be addressed.
- Information sharing is important, especially among small and medium-sized companies, and growers in particular. OCO can help build links to sharing.
- There appear to be significant growth opportunities if demand (retailers, packers, processors) is linked with supply sources (growers/producers).
- Link processors and packers with growers and retailers in order to expand the local supply of value-added products.
- Introduce in a staged manner the Ontario organic database – build credibility and reliance. Demonstrate practical, sector-specific ways of using this data, particularly for smaller size businesses, to ease the learning curve.

Study Aims

The overall goal of this project is to research and develop a decision-support system for Ontario's diverse organic and agro-ecological sector to support and track growth over time.

The study involved conducting a primary research study among key sectors in Ontario's organic business community to determine their information requirements and the best way to address these needs.

Study Method

After considering a variety of research tools, the consulting team has concluded that the most effective way of reaching most of the target group decision makers would be via an online survey. This tool has gained widespread acceptance as an effective way of conducting surveys. However, in some cases, where key players were either not connected online or where the sector has few operators, such as distributors, some interviews were conducted by phone. This decision was made as the project evolved.

Questionnaire Development and Study Execution Details

The questionnaire was developed by the study team with input from OCO board members; the final draft was pre-tested. The estimated time for completion was approximately 15 to 25 minutes. A copy of the questionnaire can be found in Appendix 1.

Prior to the start of the fieldwork, Organic Council of Ontario (OCO) send a survey notification to the entire sample, indicating that an online survey was being conducted by an independent third party. This notification provided an outline of the purpose and scope of the study, assuring recipients that the survey is confidential and data would be pooled. See Appendix 2.

The email invitation with an embedded link to the survey was sent to OCO's organic database. A link to the survey was also placed on OCO's website inviting visitors to complete the questionnaire. After a few weeks had elapsed, a reminder email was sent to contacts in OCO's database who had not completed the survey. A second reminder was sent a few weeks later in order to boost the response rate.

After watching returns, with 91 completions in place, it was decided to reach out to non-responding contacts in the OCO database via telephone. A team of trained, supervised, business-to-business interviewers were then able to augment the total number of completions with another 43 interviews. Fieldwork was closed off after several attempts had been made to reach all non-respondents. The final sample, combining online and telephone/interviewer assisted interviews, is 134 completed interviews.

Sample distribution:	No. Completed Interviews	Database Count
Client list	**69**	**543**
Open link (OCO website)	**22**	**-**
Telephone Interviews	**43**	**439**
Total	134	**-**

The scope of the Ontario organic food sector includes a total of 543 contacts, which covers both certified and non-certified producers/growers, processors, distributors/shippers, manufacturers, traders, handlers, brokers, marketers, retailers, nutrition and sales/promoters. This database was prepared by Organic Council of Ontario in late 2011 and early 2012.

Executional Details and Analysis

Senior level Canadian market research suppliers who are long-term suppliers to Informa were responsible for programming and hosting the survey and then coding responses and generating data tables.

Detailed computer tables with cross-tabulations were based on a tabulation plan designed by Informa. The consultant then analyzed the data and prepared summary tables and this detailed report with guidance of the project lead Theresa Schumilas, Garden Party and OCO.

Notice to Reader

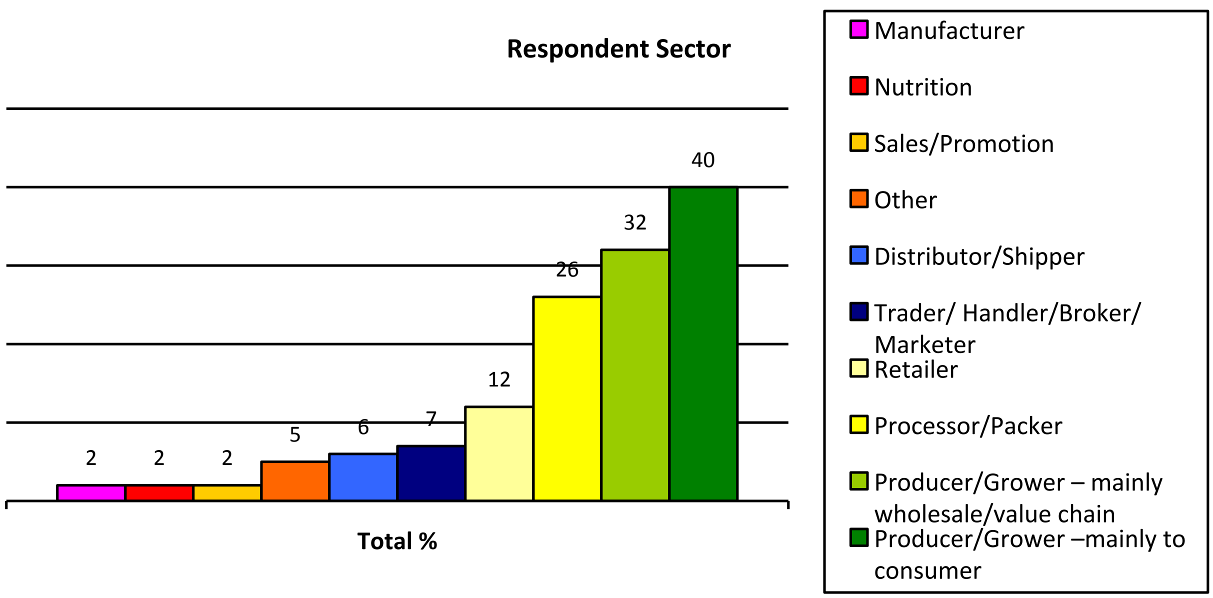
- The margin of error is plus or minus 8% in 95 out of 100 instances.
- It is important to note that the sample in some sectors is low, below 35 respondents. In this case, the data tables provide both percentages and whole numbers presented in brackets. This information should be viewed as directional only. Further verification is suggested.

DETAILED FINDINGS

PROFILE OF RESPONDENTS

Operation Type

Producers/growers is the major sector (72%) in this survey, led by those selling direct to customers (40% of the total) and then those dealing mainly with wholesale markets (32%). Processors/packers follow at some distance (26%) and then retailers (12%). Other smaller respondent base sectors are traders/handlers/brokers/marketers (7%), distributors/shippers (6%) and manufacturers, nutrition and sales/promotion (each with 2%).



1a.Here is a list of types of businesses and organizations. Which one(s) best describe your situation? The questions are designed to address the needs/interests of a number of different stakeholders. If possible, please choose the option below that is your major line of business. If you must choose more than one, you will find that there are a number of questions that are only slightly different.

Sector Composition Base: 134 Respondents	Total %
Producer/Grower –mainly to consumer	40
Producer/Grower – mainly wholesale/value chain	32
Processor/Packer	26
Retailer	12
Trader/ Handler/Broker/ Marketer	7
Distributor/Shipper	6
Manufacturer	2
Nutrition	2
Sales/Promotion	2
Other	5

Sub Sectors

The major production sub-sectors are, in order of importance, horticulture, crops (grains, legumes, oilseeds, etc.), processed and value-added food productions, dairy, beef, poultry (meat birds), pork and eggs.

- Producers/growers are most likely to have horticultural operations and/or grow grain, legumes and/or oilseeds crops.
- About one in four are dairy and/or beef operations. Dairy farms are more likely to be 100% organic than not and are most likely to have annual sales in the $100,000 to $999,999 range.
- Horticultural operation sales skew lower than those engaged in growing cash crops. Only a small segment sells more than $1,000,000 annually.
- Grain crops are grown mainly in western Ontario and to a lesser extent in the east.
- One quarter of survey participants (26%) have gone into value-added or engage in processing. Smaller segments indicate that they have meat birds (poultry), pork and/or eggs. Total sales in this category skew high – 39% are selling more than $1 million annually.
- Processors/packers tend to focus on creating value-added products and secondarily cash crops. They are much less likely to be directly involved with horticulture and dairy.

1b. Which sub-sector do you primarily operate in? Please select all that apply.

Sub-sectors: Base: 134 Respondents	**Total** %
Horticulture (vegetables, fruit, flowers, herbs)	37
Crops (grains, legumes, oilseeds, etc.)	35
Processed and Value-Added Food Products	26
Dairy	23
Beef	23
Poultry (meat birds)	15
Pork	14
Eggs	13
Non Edible Products -- i.e., personal care, fibre, etc.	8
Viticulture	4
Other Meats	3
All of the above	5
Other	1

Organic Certification

Over seven in ten (72%) of participating businesses are certified organic, with most of the remainder (24%) not certified. A small segment (5%) is currently in transition. Looking more closely:

- Processors/packers are more likely to have become certified organic (89%) than producers/growers (74%).
- Certification is also linked with sales – the higher the annual total, the more likely the operation has taken this step. Interestingly the threshold level for certification is $100,000 annual sales – 57% of those with sales below this figure are certified contrasted to 79% for those operations selling more than $100,000 pa.
- Although cost is a barrier for smaller scale producers, 13% are in transition but 30% are not going the organic route at this point.
- Organic certification is more prevalent in Western Ontario-based businesses – 88% are certified contrasted to 60% in Eastern Ontario and 65% in other provincial locations.

1c. Is any part of your farm or business certified to the Canadian Organic Standard? Please select one below.

Penetration of organic certification: Base: 134 Respondents	**Total** **%**
Business/farm is certified organic	72
Farm/business in transition	5
Business/farm not certified organic	24

- Organically certified operations tend to be devoted to providing organically certified products or services – 79% overall.
- About half (52%) of participating businesses are exclusively organic. This practice is more applicable to those with sales of under $1 million per annum, while those with higher sales figures are much less likely to be 100% certified organic. Only one in four top-selling businesses (24%) are dedicated to organic products/services.

1e. What percentage of your business is devoted to certified organic products/services? Please select one below.

Percent of business devoted to organics: Base: 96 Respondents	**Total** **%**
Less than 25%	15
26% - 50%	4
51% - 75%	10
76% - 99%	19
Exclusively organic – 100%	52
Mean per cent	78.7

- Most (87%) of those businesses dealing with organically certified products are outsourcing them and have done so for a significant amount of time (average 9.1 years).

1f. Does your farm/business deal with certified organic products provided by other sources?

Percent outsourcing organic products: Base: 134 Respondents	**Total** **%**
Yes	87
No	13

1g. How long has your business dealt with certified organic products? Please select one below.

Length of time dealing with certified organic products: Base: 116 Respondents	**Total** **%**
Less than 1 year	1
1 – 2 years	7
3 – 4 years	11
5 – 10 years	24
More than 10 years	57
Mean years	9.1 years

- Outsourcing organic products/services is a major business element (average 69.3%). Yet only one third (32%) indicate that they are dealing exclusively with organically certified supply; it is most prevalent with organizations with annual sales of between $100,000 and $999,999 and drops significantly among larger sales volume operations.

1h. What percentage of your business is devoted to dealing with certified organic products/services from other sources? Please select one below.

Percent of business devoted to organic: Base: 116 Respondents	**Total** **%**
Less than 25%	21
26% - 50%	7
51% - 75%	14
76% - 99%	25
Exclusively organic	32
Don’t know/can’t recall	2
Mean percent	69.3

Length of Organic Certification

The average length of time of being organically certified is 8.7 years, encompassing half (51%) that have been certified for over 10 years and 43% have been certified between the three- and ten-year period. It is noteworthy that only 6% of those that are certified organic adopted this designation within the past two years.

1d. How long has your farm or business been certified? Please select one below.

Length of time organically certified: Base: 96 Respondents	**Total %**
Less than 1 year	3
1 – 2 years	3
3 - 4 years	18
5 – 10 years	25
More than 10 years	51
Mean years	8.7

Total Annual Sales

- There is a wide distribution of average annual sales totals from less than $49,999 (19%) to $1 million or more (27%), as the summary sales chart indicates. While the average overall sales figure is $962,300, there are significant differences between the sectors.
- The average annual sales total drops to $343,200 for producers and peaks at an annual average of $2,747,100 for the small number of traders/distributors/shippers. The annual average for processors/packers is lower at $2,015,600 and edges up slightly to $2,127,700 for retailers.
- Producer/Growers – The largest sector in the Ontario organic food business has the lowest average total annum income at $343,200. However this figure masks sector income realities – fully half (49%) of growers earn under $100,000, with half of them making less than $50,000 each year. On the upper income level, 13% sell $1 million or more each year.
- The length of time in business does not necessarily predict sales volume. On average, companies established in the last 10 years have annual sales of $938,000 while those operating longer than 10 years averaged sales of $1,179,600.

1i. What is the size of your farm/business operation, based on gross annual sales? Please select one below.

Gross annual sales: Base: 134 Respondents	**Producer/Grower (85) %**	**Processor/Packer (35) %**	**TOTAL (134) %**
Less than $20,000	6	3	6
$20,000 - $49,999	19	-	13
$50,000 - $99,999	25	3	16
$100,000 – 249,999	15	17	16
$250,000 - $499,999	9	9	9
$500,000 - $999,999	11	14	10
$1 million - $4,999,999	11	11	13
$5 million – $9,999,999	-	17	7
$10 million or more	2	20	8
Prefer not to answer	2	6	4
Mean sales (000's)	343.2	2,015.6	962.3

Employees

- Employment numbers vary widely between sectors. For example, producers/growers have an average of 7.3 full-time employees, while processors/packers average 33.5 people. Also, 26% of the largest sector, producers/growers, have no full time employees in contrast to only 6% of processors/packers. Also, particular to the sector, producers/growers tend to rely more on seasonal employees or non-waged workers.
- Companies that are 100% organic have an average of 12.5 full-time employees, providing more employment than those that are not 100% organic – an average of 4.6 employees.
- Higher sales usually means hiring more part-time employees. Those with annual sales of $1 million or more hire on average 13.2 people compared to an average of 2.0 part-time workers among those with lower sales (less than $1 million but more than $100,000).
- Seasonal employment needs vary. About half (52%) of participating organizations do not require seasonal workers. These kinds of jobs are most likely found in the producer/grower sector, averaging 6.2 hires.
- Non-waged help is prevalent: 46% of the participating businesses rely on between one and four non-waged workers. Not surprisingly, the lower the annual sales volume, the more likely the operation requires unpaid labour (70% of them do). This incidence declines as sales increase.

Employment Summary Table – All Sectors

No. of Employees Base: 134 Respondents	No. of Full time Employees %	No. of Part time/ Year Round %	No. of Seasonal Employees %	Non-Waged Help (self/family, volunteers, interns, bartered help) %
1 - 4	51	43	38	46
5- 9	9	9	5	2
10 - 49	16	3	3	2
50 - 99	2	-	-	-
100 – 499	2	1	1	-
500 or more	-	-	-	1
None	20	44	52	48
Mean No.	14.9	4.8	4.5	7.6

Employment Table – Focus on Producers/Growers and Processors/Packers

NO. EMPLOYEES Producers/Grower s & Processors/Packers Base: 120 respondents	NO. FULL TIME Producers %	NO. FULL TIME Processors/ Packers %	NO. PART TIME/ YEAR ROUND Producers %	NO. PART TIME/ YEAR ROUND Processors/ Packers %	NO. SEASONAL Producers %	NO. OF SEASONAL Processors / Packers %	NON WAGED HELP Producer s %	NON WAGED HELP Processors / Packers %
1 - 4	60	31	-45	43	46	29	58	23
5- 9	7	17	7	14	6	6	4	3
10 - 49	6	34	2	6	4	6	4	-
50 - 99	-	6	-	-	-	-	-	-
100 – 499	1	6	-	-	1	-	-	-
500 or more	-	-	-	-	-	-	1	-
None	26	6	46	37	42	60	32.9	74
Mean No.	7.3	33.5	2.3	3.8	6.2	2.8	11.7	.08

1j-. How many employees, including yourself and family members, does your farm/ business employ full time, part time, seasonally and non-waged in Ontario ? Please select one for each employee category. Include yourself as a waged employee if you draw a salary from the business/farm OR as an unwaged/family member if you do not draw a wage from your business/farm.

Business and Customer Locations

- The provincial location of businesses is concentrated in two areas: Western Ontario (37% of the total) and Eastern Ontario (36%). Most (18%) of the remainder can be found in central Ontario. Only a very small share can be found in the North (3%) or in Metro Toronto (7%).
- Customer bases may extend well beyond the region where the business is located, depending on the type of operation. For instance, producers/growers tend to be more regionally based, while processors/packers reach farther afield – at least 60% of their business is both throughout Ontario and elsewhere in the country.
- A large minority (43%) of processors/packers deal with customers outside of Canada, while few (12%) of producers/growers ship beyond Canadian borders.
- Business location is linked with annual sales: Eastern Ontario businesses are most like to be in the low income bracket (less than $100,000) while Western Ontario skew upwards.
- The geographic scope of the client base is a function of the size of the market: the higher the sales volumes, the larger scale the market. To illustrate, companies with sales over $1 million are the most likely to export products outside of the country. Even reaching out to the whole Ontario market means that the company is achieving higher than average sales compared to those that sell to customers in the region where they are located.

Business location: Base: 134 Respondents	**Total** **%**
Eastern Ontario - Postal Codes Beginning with K	36
Central Ontario – Postal Codes beginning with L	18
Metro - Postal Codes beginning with M	7
Western - Postal Codes beginning with N	37
Northern - Postal Codes beginning with P	3
My farm/business/ is not located in Ontario	-

1k. In which region of Ontario is your farm/ business located? If there are several Ontario locations, please select where your head office is located.

Location of customers: Base: 134 Respondents	Producers/ Growers %	Processors/ Packers %	Total %
Eastern Ontario - Postal Codes Beginning with K	33	17	28
Central Ontario – Postal Codes beginning with L	20	17	17
Metro - Postal Codes beginning with M	19	23	20
Western - Postal Codes beginning with N	31	17	25
Northern - Postal Codes beginning with P	5	11	6
All of Ontario	27	71	35
Outside Ontario, but within Canada	18	60	29
Outside of Canada	12	43	21

1l. In which regions do you offer products/services? Please select all that apply.

BUSINESS CHALLENGES

Marketing Challenges

- The leading marketing challenges, regardless of sector, are consumer confusion about what organic means, competitors' claims that their products/services are 'natural', and competition from non-certified 'organic' farms. At least 40% of study participants indicated that these three factors had 'high impact' on their business.

- The organic price barrier – that is, consumer resistance to pay a price premium – has significant impact for 37% of participants. Small scale operations (those selling less the $100,000 pa) are most likely to experience the negative impact of pricing.

- The other barrier to growth is posed by non-certified farms claiming their products are 'organic'; 30% noted it had 'high impact'. Other less significant but present challenges include competition from big organic businesses/farms, organic imports, and lack of funds/skills to devote to marketing.

- Larger sales generators are least likely to be affected by competition from large scale organic competitors.

- Competition from organic imports has the most impact on larger sellers, whereas lower revenue businesses are less likely to be affected by imports.

Marketing challenges: Base: 134 Respondents	Not Applicable %	No Impact (1 to 2) %	Moderate Impact %	High Impact (4 to 5) %
Consumers' confusion about what organic means	5	26	23	46
An unlevel playing field in the marketplace by competitors claiming they are 'natural'	3	29	24	44
Competition from non certified 'organic' farms/ businesses	5	35	18	43
Consumers not able/willing to pay the price premium for organic.	2	27	34	37
Competition from imported organics	8	40	23	30
Lack of funds or skills to market/promote my products/services	4	44	22	30
Competition from larger organic farms/businesses	3	45	31	21
Competition from organics grown/processed in other parts of Canada	8	57	22	13

Base: 134 Respondents	Mean Summary (1 to 5)
Consumers' confusion about what organic means	3.3
Consumers not able/willing to pay the price premium for organic	3.2
An unlevel playing field in the marketplace by competitors claiming they are 'natural'	3.2
Competition from non certified 'organic' farms/ businesses	3.1
Competition from imported organics	2.9
Lack of funds or skills to market/promote my products/services	2.9
Competition from larger organic farms/businesses	2.7
Competition from organics grown/processed in other parts of Canada	2.3

2a.Here is a list of marketing challenges. Please rate each in terms of the economic impact it has on your operations using a scale of 1 to 5 where I is No Impact and 5 is High Impact. Select Not Applicable if it does not apply.

Regulatory Challenges

Overall. regulatory challenges appear to have less impact than those posed by market-related factors. Nonetheless, at least half of respondents indicated that four of the five factors examined have either high or moderate impact. These include the cost of organic certification, food safety/food quality regulations, food labelling regulations, and meeting standards of organic certification. On the other hand, municipal bylaws are the least significant barrier.

- The costs related to organic certification pose the most significant barrier to those companies with low to modest sales. Half (50%) of study participants selling less than $100,000 pa indicated that it had a 'high impact'. It also was also a problem for those selling $100,000 to $999,999 pa.
- A large minority (44%) of large revenue businesses, though, find that food labelling regulations have a notable economic impact.
- While municipal bylaws are of low-level concern, this factor received a particularly low impact score in both Eastern and Western Ontario.

Regulatory challenges: Base: 134 Respondents	**No Impact (1 to 2)** **%**	**High & Moderate Impact (3 to 5)** **%**	**Not Applicable** **%**
Cost of obtaining organic certification	34	**60**	6
Food safety/food quality regulations	35	**59**	7
Food labelling regulations	38	**55**	8
Challenges posed by organic standards – e.g., substances not permitted	41	**52**	7
Municipal by-laws and land use/zoning policies	55	**32**	12

Base: 134 Respondents	**Mean Summary (1 to 5)**
Cost of obtaining organic certification	3.2
Food safety/food quality regulations	3.0
Food labelling regulations	2.9
Challenges posed by organic standards e.g. substances not permitted	2.8
Municipal by-laws and land use/zoning policies	2.2

2b. Here is a list of regulatory challenges. Please rate each in terms of the economic impact each has on your operations using a scale of 1 to 5 where I is No Impact and 5 is High Impact. Select Not applicable if it does not apply.

Human Resource Challenges

Overall, about half of participating companies experience difficulties in managing staff, while half do not. The leading challenges for those who are affected are recruiting trained, work-ready employees and having the skills required to manage employees/volunteers. The other two pressing HR problems for the minority of businesses that took part in this study are 'locating a pool of part-time employees' and planning succession. However, all four challenges are experienced by companies with annual sales of $100,000 to $999,999. Further:

- Half (51%) of companies with annual sales of $100,000 to $999,999 encounter problems in recruiting trained, work-ready staff. It is less significant for both those that are larger and smaller in size, measured in annual sales.

- One in five (21%) of producers/growers indicate that 'aging producers/succession management' is a medium- to high-level challenge. This issue has received considerable attention and prompts concern for the future of Canadian farming.

- 'Aging business/farm owner and succession planning' has a high impact on one in three owners with 10 or more years in the sector and/or those with sales in the $100,000 to $999,999 range. This is the sector measured in terms of sales that is most likely to be facing this issue.

- It is noteworthy that none of the four human resource challenges measured have a high impact on either small scale (annual sales of less than $100,000) or large scale (annual sales of more than $1 million).

Human resource challenges: Base: 134 Respondents	**No Impact (1 to 2)** **%**	**High & Moderate Impact (4 to 5)** **%**	**Not Applicable** **%**
Skills in managing employees/volunteers	47	**47**	6
Recruiting trained, work-ready employees	41	**52**	7
Locating a pool of part time labourers	42	**44**	14
Aging business/farm owner and succession planning	44	**43**	13

Base: 134 Respondents	**Mean Summary (1 to 5)**
Recruiting trained, work-ready employees	3.0
Skills in managing employees/volunteers	2.7
Locating a pool of part-time labourers	2.7
Aging business/farm owner and succession planning	2.5

2c. Here is a list of human resource challenges. Please rate each in terms of the economic impact it has on your operations using a scale of 1 to 5 where I is No Impact and 5 is High Impact. Select Not applicable if it does not apply.

Financial Challenges

Surprisingly, none of the eight financial factors measured pose major challenges to the majority of participating companies but significant minorities are experiencing some type of difficulty. It is noteworthy that financial challenges are more prevalent in those businesses that are not 100% organic. Looking more closely:

- Four in ten businesses (42%) are having trouble accessing expansion capital; this escalates to 63% among those companies who are less than 100% organic, and also is more prevalent in Eastern Ontario than elsewhere in the province.
- Almost four in ten (39%) experience cash flow problems. Again this is more prevalent with those companies that are not exclusively organic; 59% of them experience it.
- Start-up capital is a major challenge for one in three operations (34%) and again is much higher for those that are not exclusively organic.
- Labour costs pose a major challenge for just under half (45%) of operations in the $100,000 to $999,999 annual sales range.
- Conversely, developing the right pricing and access to risk management programs are the least bothersome financial matters and only affect one in three companies overall.
- Access to capital for operations is most profoundly experienced by 31% of businesses but has more impact for companies that are not exclusively organic.
- Two factors stand out as low impact: access to risk management programs and developing optimal pricing strategies – 15% and 17% respectively.

Financial challenges: **Base: 134 Respondents**	**Major Challenge %**	**Minor Challenge %**	**Not a Challenge %**	**Not Applicable %**
Access to capital for expansion – more land, equipment, etc.	**42**	33	16	9
Cash flow	**39**	40	16	5
Labour costs	**35**	43	15	7
Start Up Capital	**34**	22	22	22
Access to capital for operations	**31**	41	20	8
Lack of benchmarking information to compare myself to	**21**	45	26	8
Developing the right pricing	**17**	52	24	7
Access to risk management programs	**15**	30	37	19

2d. Here is a list of financial challenges. For each please indicate if it is a Major Challenge, Minor Challenge or Not a Challenge.

Business Management Challenges

- The single most significant challenge that business managers face is the classic business owner's lack of personal time – 45% of respondents are experiencing it. It is even more significant, at the 54% level, for the smallest sales operators (less than $100,000 per annum).
- Three in ten participants (30%) indicate that 'limited efficiencies posed by the scale of operations' and 'access to reliable organic inputs/ingredients' are major challenges. Again, they have most impact on those with low sales totals.
- It is noteworthy that, overall, producers/growers are more likely to be feeling the impacts of a number of different types of management challenges than those in other sectors.
- Overall, only a small minority are suffering for lack of production advice or the absence of a business plan.

Business management challenges: Base: 134 Respondents	Major Challenge %	Minor Challenge %	Not a Challenge %	Not Applicable %
Lack of time/no personal time	**45**	37	16	3
Limited efficiencies at current scale of operation	**30**	43	22	5
Access to reliable sources of organic inputs or ingredients	**30**	39	24	8
Regional isolation – no/weak regional organic development strategy	**20**	31	38	10
Lack of production information/advice	**14**	48	30	8
No overall business plan	**12**	37	40	11

2e. Here is a list of business management challenges. For each please indicate if it is a Major Challenge, Minor Challenge or Not a Challenge.

Rating the Value of Information Sources

The helpfulness or merit of 10 sources of information was examined. As might be expected the relative value of these sources varied depending on the sector and the companies' sales volume. Overall more than 80% of decision-makers find that the two most valuable information sources are other the internet (89%) and other producers/peers (86%). Second tier (55% to 63%) helpful sources listed in order of significance are non-profit farm organizations, farm publications, organic industry associations and private sector consultants. Conversely, provincial, federal and local government programs and commodity specialty organizations are at the low end of the information value chain.

- Internet – Information accessed via electronic tools stands out as the most valuable source for all businesses, regardless of size or sector. Almost nine in ten (89%) indicate that it is 'helpful'.
- Other Producers/Peers – Most participants (86%) rate peers as a valuable information source. There is one exception: large volume sales companies (over $1 million) were less likely to turn to confreres (69% do while 14% do not).
- Not-for-Profit Organizations – Over six in ten (63%) find that organizations such as OFA, CFA, NFU, EFAO, COG, FarmStart, etc. have helpful information. The information that these organizations provide is particularly valued by producers/growers and by companies with sales of less than $1 million per annum.
- Farm Publications – At least three in four producers/growers (78%) indicate that they turn to farm magazines/newsletters for helpful information. This source is also very important for small-scale operations (less than $100,000 pa).
- Organic Industry Associations – About six in ten (58%) of participating companies cite organizations such as Organic Council of Ontario and Organic Trade Association as go-to information sources. They are of particular assistance to companies selling more than $100,000 per annum and those located in western Ontario. It is noteworthy that these organizations have information applicable to all sectors.
- Private Sector Suppliers/Consultants – Just over half (55%) indicate that they obtain helpful facts from consultants. This source is of particular assistance to companies that are not 100% organic and to those selling more than $100,000 annually.
- Government – Overall, only about one in three organizations turn to government programs for facts (provincial, federal and local in that order). However, the importance of public sector sources climbs dramatically for companies with high sales (more than $1 million per annum). Half or more of these businesses find that both federal and provincial governments have useful information. Conversely, the smallest operations, measured in annual sales, are least likely to have used information from any of the government sources. Almost two thirds of producers/growers do not use public sector information or have found that it is not helpful.

- <u>Commodity-Specific Organizations</u> – Just over one in three (37%) find that these organizations can provide useful information. However, companies that benefit from them tend to be relatively new business entrants (less than 10 years) and are in the middle sales bracket ($100,000 to $999,999).

- Growers/producers place higher value on information from non-profit farm organizations (National Farmers' Union, Ontario Federal of Agriculture, Canadian Federation of Agriculture, Canadian Organic Grower, FarmStart and Ecological Farmers of Ontario) and farm publications than the other sectors. And at least one in four participants have not used government programs or tried to access data from organic industry organizations.

Value ratings of information sources: Base: 134 Respondents	**Helpful** **%**	**Not Helpful** **%**	**Not Applicable** **%**	**Have not used** **%**
Internet information	**89**	6	2	3
Other producers/peers	**86**	10	1	4
Not-for- profit farm organizations such as OFA, CFA, NFU, EFAO, COG, FarmStart, etc.	**63**	22	5	10
Farm publications	**60**	25	8	8
Organic industry associations – e.g., Organic Council of Ontario, Organic Trade Association	**58**	13	2	26
Private sector suppliers/consultants	**55**	21	2	22
Provincial government programs	**37**	34	3	26
Commodity specific (but not necessarily organic) organizations	**37**	38	8	17
Federal government programs	**32**	37	4	27
Local government programs	**25**	41	6	28

3. Here is a list of organizations that can be information sources. For each, please indicate if it is Helpful or Not Helpful for your farm/ business. Other options include: Not Applicable and Have Not Used

INFORMATION NEEDS AND WILLINGNESS TO CONTRIBUTE DATA

This section of the survey explored receptivity to a new Ontario organic sector business database. Firstly, what types of information would be helpful if it could be accessed and available in a timely manner, measured according to business sector? And then, were these organizations willing to provide specific categories of data?

Information Needs

PRODUCERS

- A list of nine different data categories was introduced for evaluation. Overall, the entire list of items was seen to be either 'very' or 'moderately helpful' by at least seven in ten producers.
- The ones that ranked the highest ('very helpful') are input source database, production practices/inputs used and commodity farm gate prices. Small scale growers and those located in eastern Ontario are particularly interested in the input source information and farm gate prices for commodities.
- Conversely, the least helpful data pertains to acreage by crop – almost 40% rejected it.

Value ratings of information types: **Base: 85 Respondents**	**Not Helpful (1 to 2)** **%**	**Very & Moderately Helpful (3 to 5)** **%**	**Don't Know** **%**
Inputs Database - where to source organic inputs in Ontario	7	**92**	1
Production practices/inputs used	9	**89**	1
Farm gate prices for common commodities	11	**86**	4
Regular consumer studies detailing what consumers are looking for in the market	19	**79**	2
Benchmark of Fixed and Variable Costs of Production for different farm types	21	**74**	6
Sales by channel channels e.g. Direct to consumer, distributor, etc.	20	**74**	6
Yields – by crop yields of various crops by product (similar to the way the farm census tracks information)	25	**73**	2
Organic market size of different retail channels in Ontario	22	**72**	6
Acreage by crop	38	**59**	4

Base: 85 Respondents	Mean Summary (1 to 5)
Inputs Database - where to source organic inputs in Ontario	4.2
Farm gate prices for common commodities	4.1
Production practices/inputs used	4.0
Benchmark of Fixed and Variable Costs of Production for different farm types	3.7
Regular consumer studies detailing what consumers are looking for in the market	3.7
Sales by channel channels – e.g., direct to consumer, distributor, etc.	3.5
Yields – by crop yields of various crops by product (similar to the way the farm census tracks information)	3.5
Organic Market size of different retail channels in Ontario	3.3
Acreage by crop	3.0

4a3. The Ontario organic sector is growing rapidly. This has prompted discussion about potentially creating a database that would provide Ontario organic sector businesses with key information in a timely manner. Here is a list of the types of information that could be included in the provincial database. Please indicate how helpful each of the following types of information would be using a scale of 1 to 5 where 1 is Not Helpful and 5 is Very Helpful .

PROCESSORS/PACKERS

The relative helpfulness or merit of the seven information categories varied considerably.

- Higher appeal factors: Ontario organic ingredients database and regular consumer studies of product appeal.
- Medium appeal factors: ‘size of different Ontario retail channels’ and ‘benchmarks of fixed and variable costs.’
- Lower appeal factors: ‘used and available processing/packaging capacity’, ‘amounts and types of inputs from Ontario, other provinces and other countries’ and ‘imports and exports of organic products into and out of Ontario’.

Value ratings of information types: Base: 35 Respondents	Not Helpful (1 to 2) %	Very & Moderately Helpful (3 to 5) %	Don't Know %
Ontario organic ingredients database – sourcing information (locations, volumes)	14	80	6
Regular consumer studies detailing what consumers are looking for in the market	9	80	3
Benchmarks of fixed and variable costs for your business	11	77	11
Organic Market size of different retail channels in Ontario	23	74	3
Imports and exports of organic products into and out of Ontario	23	65	11
Used and available processing/packaging capacity	20	63	17
Amounts and types of inputs sourced from Ontario, other provinces, other countries	29	60	11

Base: 35 Respondents	Mean Summary (1 to 5)
Ontario organic ingredients database – sourcing information (locations, volumes)	3.8
Regular consumer studies detailing what consumers are looking for in the market	3.8
Used and available processing/packaging capacity	3.6
Benchmarks of fixed and variable costs for your business	3.6
Organic market size of different retail channels in Ontario	3.4
Amounts and types of inputs sourced from Ontario, other provinces, other countries	3.2
Imports and exports of organic products into and out of Ontario	3.2

TRADERS /HANDLERS /BROKERS/MARKETERS AND DISTRIBUTORS/SHIPPERS

The number of participants in this grouping of sectors was limited (14 in total); hence, the findings are directional only.

- All but one of the listed information categories appears to have medium to strong merit: 'the size of Ontario organic retail channels', 'imports and exports of organic products into and out of Ontario', 'regular consumer studies', 'current price data' and an 'Ontario products database'.
- The one tested information category that had weak appeal is an Ontario products sourcing database.

Value ratings of information types: Base: 14 Respondents	Not Helpful (1 to 2) %	Very & Moderately Helpful (3 to 5) %	Don't Know %
Organic market size of different retail channels in Ontario	7 (1)	**84 (12)**	7 (1)
Imports and exports of organic products into and out of Ontario	14 (2)	**84 (12)**	-
Regular consumer studies detailing what consumers are looking for in the market	14 (2)	**84 (12)**	-
Benchmarks of fixed and variable costs for your business	14 (2)	**72 (10)**	14 (2)
Current price data – wholesale and retail by major commodities and product	29 (4)	**71 (10)**	-
Ontario products database – sourcing information (locations, volumes) about selected Ontario products/commodities	14 (2)	**64 (9)**	21 (3)

Base: 14 Respondents	Mean Summary (1 to 5)
Regular consumer studies detailing what consumers are looking for in the market	4.1
Organic market size of different retail channels in Ontario	4.3
Ontario products database – sourcing information (locations, volumes) about selected Ontario products/commodities	3.8
Imports and exports of organic products into and out of Ontario	3.9
Current price data – wholesale and retail by major commodities and product	3.8
Benchmarks of fixed and variable costs for your business	3.6

RETAILERS

The retailer participant base is limited (16 companies); hence, this finding is directional only.

- Most of the retailers indicated that all of the items were either 'very helpful' or 'moderately helpful'.
- The leading category is feedback about consumer preferences.
- There was also merit for data on benchmarks of organic sales according to type of retail outlet and fixed and variable costs per retail category. Also of considerable demand is the total size of the organic retail market in Ontario and an Ontario products sourcing database.
- The one area that was marginally less helpful is benchmarks for wholesale organic prices of products/commodities.

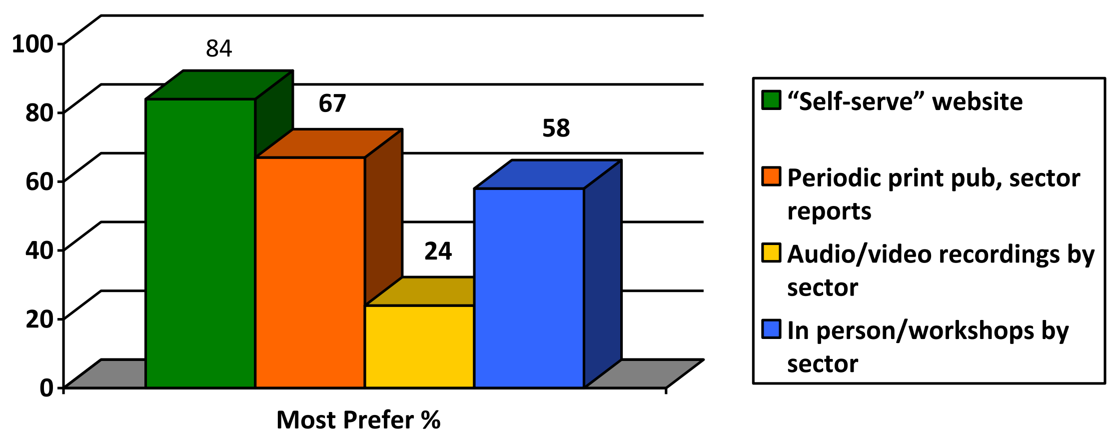
Value ratings of information types: Base: 16 Respondents	Not Helpful (1 to 2) %	Very & Moderately Helpful (3 to 5) %	Don't Know/ Maybe %
Regular consumer studies detailing what consumers are looking for in the market	6 (1)	**88 (14)**	6 (1)
Benchmark organic product sales from various retail store types	13 (2)	**76 (12)**	13 (2)
Benchmark fixed and variable costs for different retail store sizes	13 (2)	**76 (12)**	13 (2)
Organic market size of different retail channels in Ontario	6 (1)	**75 (12)**	19 (3)
Ontario products database – sourcing information (locations, volumes) about selected Ontario products/commodities	25 (4)	**69 (11)**	6 (1)
Benchmark retail prices for major Ontario organic products/commodities	19 (3)	**62 (10)**	19 (3)
Benchmark wholesale prices for major Ontario organic products/commodities	25 (4)	**56 (10)**	18 (3)

Base: 16 Respondents	Mean Summary (1 to 5)
Benchmark organic product sales from various retail store types	3.9
Benchmark fixed and variable costs for different retail store sizes	3.9
Benchmark retail prices for major Ontario organic products/commodities	3.8
Organic market size of different retail channels in Ontario	3.8
Benchmark wholesale prices for major Ontario organic products/commodities	3.7
Regular consumer studies detailing what consumers are looking for in the market	3.7
Ontario products database – sourcing information (locations, volumes) about selected Ontario products/commodities	3.5

Preferred Information Sources

Next, a series of possible methods of providing this data was examined. Four options were tested: online, print publications, audio/video recordings and face-to-face sector specific sessions.

- The Internet is the most preferred source/method of accessing pertinent, timely sector-related information for the majority (84%). This choice applied to all sectors and size of operation.
- Print publications and to a lesser extent face-to-face meetings have mid-level appeal. The appeal of print reports is marginally stronger for small size operations, while face-to-face meetings are more likely to be favoured by producers/growers than others. Possibly, the opportunity to meet other growers while accessing the latest data on selected topics enhances the perceived value of this option.
- Audio/video information presentations has the least potential – about one in four (24%) selected it. It tends to have the most appeal for new businesses.



4b. Here is a list of ways that businesses could access the kinds of information from the provincial database that we asked about above. For each below, which ones do you Most Prefer? Least Prefer?

Preferred information sources: **Base: 134 Respondents**	**Most Prefer %**	**Least Prefer %**
Online via a "self-serve" website	**84**	16
Periodic print publications and mini sector reports for your business type	**67**	33
In person/face-to-face meetings/workshops with summarized information for your business type	**58**	42
Audio/video recordings with summarized information for your business type	**24**	76
Other – Please specify:	**11**	6

Other comments about how study participants prefer to obtain information. Some of the providers also noted the types of information that they desired.

Most Prefer	All the major players have access to Nielsen and have access to it
Most Prefer	Central point for information regarding inputs or articles put wanting to buy or sell
Most Prefer	Certifiers assist farmer as with filling out their information
Most Prefer	Don't know
Most Prefer	Farm tours (similar to # 2)
Most Prefer	Group of people getting together who are on the same page
Most Prefer	Industry gathering
Most Prefer	Local (NFU etc.) Meetings
Most Prefer	Need more interdependence valued chains
Most Prefer	On website database
Most Prefer	One place where you can get access to government organic programs
Most Prefer	Online web seminars
Most Prefer	Ontario database of what growers are growing and what regions
Most Prefer	Webinars
Most Prefer	Webinars

Willingness to Provide Data

Willingness to provide this data was measured after examining the relative appeal and the perceived helpfulness of a series of types of information/databases on a sector-by-sector basis. Participants in each of the sectors were asked if they would be willing to provide specific categories of information for the provincial database – ‘yes’, ‘no’ or ‘maybe/don’t know’?

Producers/Growers

- Overall, at least six in ten or more producers indicated that they would provide five different categories of data: inputs used and other specific production practices, farm gate prices for specified crops, annual crop yields and acres grown for specific crops, annual sales by different channels, and fixed and variable production costs. Also, it is worth noting two things: around one in five were non-committal (‘maybe/don’t know’), but only a small minority refused outright to provide this information.

- Small-scale growers demonstrated higher levels of willingness to share data than larger operations, particularly in regard to providing figures on inputs used and other specific production practices and farm gate prices for a specified list of crops.

Processor/Packers

- Generally, processors/packers were less enthusiastic about supplying information – up to 40% were not interested in providing some categories. However, there was more willingness to provide two types of information: production volumes and value of inputs sourced from Ontario, other provinces and/or other countries.

- Two types of information attracted the highest refusal rates: selling price for a list of organic products/commodities tracked annually, and business fixed and variable production costs.

- Yet it is interesting to see that about one in four were reluctant to commit (‘maybe/don’t know’) to providing data on value of inputs sourced through contract arrangements and spot markets, fixed and variable production costs, unused processing/packaging capacity, and sales to different channels.

Retailers

- Retailers were generally more scattered in their willingness to provide data. While a minority refused to provide specific types of information, the majority were more tentative, balancing between agreement and uncertainty.

Traders/Handlers/Brokers/Marketers/Distributors/Shippers

- While the number of participants in this grouping was limited, there was an inclination to provide three types of information: volume of organic goods/products sourced from Ontario, other provinces and/or other countrie;, volumes of organic good/products sold to different

Ontario channels; and value of purchases made or brokered from Ontario, other provinces and/or other countries. They were more tentative about potentially providing the value of purchases made or brokered through contract arrangements and spot markets and fixed and variable production costs.

5c. Which of the following types of information would you be willing to provide to build an information system in Ontario that will help the sector develop further? Please select your answer for each item below.

Producers willingness to provide information: Base: 85 Respondents	Yes %	No %	Don't Know /Maybe %
Inputs used and other specific production practices	**75**	11	14
Annual crop yields and acres grown for a specified list of crops	**69**	11	20
Farm gate prices for a specified list of crops	**69**	11	20
Annual Sales by different channels (e.g., direct to consumer, distributor, …)	**61**	18	21
Fixed and variable production costs for your farm	**57**	17	27

Processors/Packers willingness to provide information: Base:35 Respondents	Yes %	No %	Don't Know /Maybe %
Production volumes	**63**	23	14
Value of inputs sourced from Ontario, other provinces and/or other countries	**60**	26	14
Unused processing/packaging capacity	**54**	23	23
Sales to different channels (e.g., to retail, to institutions, direct to consumer…)	**51**	26	23
Sales outside of Ontario (e.g., to different provinces, to different countries)	**51**	29	20
Your selling price for a list of indicator organic products/commodities tracked annually	**49**	40	11
Value of inputs sourced through contract arrangements and spot markets	**34**	34	31
Fixed and variable production costs for your business	**31**	40	29

Traders /Handlers/Brokers/Marketers/Distributors/Shippers willingness to provide information: Base: 14 Respondents	Yes %	No %	Don't Know /Maybe %
Volume of organic goods/products sourced from Ontario, other provinces and/or other countries	**71 (10)**	14 (2)	14 (2)
Volume of organic goods/products sold to different Ontario channels/buyers (e.g., retail, processors, other handlers, institutions, direct to consumer)	**64 (9)**	29 (4)	7 (1)
Value of purchases made or brokered from Ontario, other provinces and/or other countries	**64 (9)**	29 (4)	7 (1)
Value of purchases made or brokered through contract arrangements and spot markets	**43 (6)**	36 (5)	21 (3)
Fixed and variable production costs for your business	**43 (6)**	29 (4)	29 (4)

Retailers willingness to provide information: Base: 16 Respondents	Yes %	No %	Don't Know /Maybe %
Retail prices for a basket of organic products/commodities annually	**44 (7)**	19 (3)	38 (6)
Purchase prices for a basket of organic products/commodities annually	**44 (7)**	19 (3)	38 (6)
Store's product sales – if tracked through an electronic system (such as SPINS in the US)	**38 (6)**	25 (4)	38 (6)
Fixed and variable costs for your business	**38 (6)**	13 (2)	50 (8)

Market Growth Opportunities

Market growth opportunities were explored based on sectors or groupings of sectors. The lists of factors were geared to the particular dynamics and business realities of these sectors.

Producers/Growers

- Of the list of ten tested market growth opportunities, at least two-thirds of producers believe that the four options which promise the most potential are: diversifying products grown/raised, selling through alternative channels (Community Shared Agriculture, farm gate, buying clubs, worksites), creation of value-added/processed products, and selling to local, independent restaurants.

- Conversely, the least promising routes are to increase out-of-country exports or/and out of province exports and selling to food service companies.

- Around half of producers are interested in expanding sales through selling at farmers' markets and selling to the retail sector (supermarkets, natural food stores).

- Small-scale growers are much more interested in vending at farmers' markets, while large-scale operations see potential in alternative distribution channels, foodservice companies, exporting out of province and out of country and expanding the range of products grown/raised.

Traders/Handlers/Brokers/Marketers and Processor/Packers

- This cluster of businesses found most growth promise in these options: sourcing more local and Ontario inputs/products, large conventional retail channels (supermarkets), plan to increase out of province exports, packaging/processing for institutions and packaging/processing for direct to consumers. This last option is of most appeal to middle size operations (annual sales of between $100,000 and $999,999).

- There was less perceived potential in increasing out of country exports, working in a co-operative business structure and selling at farmers' markets. However, the potential of expanding sales through farmers' markets was more appealing for middle size operations.

Retailers

- The three most interesting growth potential options from the list of six provided are: creating more direct partnerships with local organic producers, sourcing more Ontario organic products, and in-store processing or value adding.

- On the other hand, the least interesting prospects are starting a buying club and becoming a CSA drop-off location.

6b. Here is a list of market growth opportunities. Thinking of your business, please select for each item Yes, No, Not Applicable or Don't Know.

Producers market growth opportunities: Base: 85 Respondents	Yes %	No %	Not Applicable %	Don't Know %
Diversifying products grown/raised	68	22	5	5
Selling through alternative channels such as Community Supported/Shared Agriculture, farm gate, buying clubs, worksites	65	15	11	9
Creation of value-added/processed products	65	17	7	12
Selling to local, independent restaurants	60	15	13	12
Selling at farmers' markets	51	22	8	19
Selling to retail – e.g., supermarkets, natural food etc.	47	26	15	12
Selling to institutions – e.g., schools, hospitals, daycare centres, seniors residences, etc.	37	39	13	12
Selling to foodservice companies	31	46	11	13
Plan to increase out-of-province exports	25	61	9	5
Plan to increase out-of-country exports	17	66	12	6

Traders/Handlers/Brokers/Marketers/Processors/ Packers market growth opportunities: Base: 41 Respondents	Yes %	No %	Not Applicable %	Don't know %
Sourcing more local and Ontario inputs/ products	78	10	5	7
Large conventional retail channels (supermarkets)	68	24	9	5
Plan to increase out-of-province exports	68	24	2	5
Packaging/processing for institutions	56	9	7	12
Packaging/processing for direct to consumers	49	29	12	10
Smaller retail channels (small on-farm markets, home delivery programs, etc)	46	32	10	12
Plan to increase out of country exports	44	42	5	10
Working in a co-operative business structure	42	44	5	10
Selling at farmers' markets	32	44	12	12

Retailers market growth opportunities: Base: 16 Respondents	Yes %	No %	Not Applicable %	Don't know %
More direct partnerships with local organic producers	**75 (12)**	-	-	25 (4)
Sourcing more Ontario organic products	**69 (11)**	19 (3)	6 (1)	6 (1)
In-store processing or value adding	**56 (9)**	19 (3)	13 (2)	13 (2)
Working in a co-operative business structure	**38 (6)**	38 (6)	13 (2)	13 (2)
Becoming a CSA drop off location	**19 (3)**	38 (6)	6 (1)	38 (6)
Starting a buying club	**13 (2)**	50 (8)	13 (2)	25 (4)

Short Term (3 Years) Business Plans

Short term (three years) business plans were examined by sector or sector groupings. Each category was provided a list of items to choose from – "What are you business plans?"

Producers

- The grower/producer segment is most likely to select these three prospective avenues: increase production, expand or diversify marketing channels, and produce new products/diversify production.
- About four in ten (39%) indicated that they will be transferring responsibilities in the next three years, more likely to other family members and, to a lesser extent, to non-family members. Transfer ownership within families is most prevalent among mid size operations.
- Coupled with increased production, 29% indicated they will either pursue organic certification or expand the acreage that is currently certified. The intention to seek organic certification is most evident among small and mid size producers and those based in Eastern Ontario.
- Only 13% plan to carry on as they are today, 9% hope to downsize their operation, and 5% indicate that they plan to sell their farm.

Distributors/Shippers and Traders/Handlers/Brokers/Marketers

- While this total category is small (14 respondents), some trends emerged for the next three years. Market expansion (new Ontario markets/channels, new Canadian markets outside of Ontario, and new markets outside of Canada), increase capital investment and increase the proportion of organic product in total sales.

- They are less interested in diversifying investors in their business, continuing as they are today, increasing trade of local products and increasing trade of non-certified natural products.
- There was no indication that any of these companies are planning to downsize, pursue organic certification, or decrease the proportion of organic products in their total sales mix.

Processors/Packers

- About six in ten (62%) of these companies are in expansion mode either into new Ontario markets/channels or new Canadian markets outside of Ontario. However, consistent with previous findings, there is less interest in seeking growth outside of Canada.
- At least half of this sector is planning to expand their processing volume, production capacity or plant size, or capital investment in their business.
- About three in ten were looking for growth in increasing supply of ingredients sourced from Ontario, expanding co-packing arrangements, increasing the proportion of organic products in their total sales, increasing the proportion of natural products in their total sales, or increasing the proportion of local (Ontario) products in their total sales.
- There is little to no interest (at the 3% level) in the following options: carrying on as usual, pursuing organic certification, decreasing the proportion of organic products in their total sales, or downsizing their operation.

Retailers

- The single most popular option for the next three years is to expand the proportion of organic products in their total sales mix, followed at some distance by the desire to expand the proportion of local (Ontario) product sales.
- One in four indicate an interest in increasing the number of retail locations, and a smaller proportion want to expand capital invested in the business and/or explore different ownership models for their business.
- There is less likelihood of carrying on as usual, either moving towards organic certification for their store or dropping it, or decreasing the proportion of organic products in total sales.

7a3. Now thinking about your situation specifically, what are your business plans for the next 3 years? *Please select all that apply*

Producers short term business plans:	**Total**
Base: 85 Respondents	%
Increase production	57
Expand or diversify marketing channels	47
Produce new products/diversify production	45
NET: Transfer responsibilities	39
Transfer some/more responsibilities to other family members	26
Transfer some/more responsibilities to non-family members	20
Specialize more – focus production	22
Pursue organic certification or expand acres certified	29
Continue as I am doing today	13
Downsize production	9
Sell my farm	5
Drop acres from certification	1

Processors/Packers short term business plans:	**Total**
Base: 35 Respondents	%
Net: Expand	62
Expand into new Ontario markets/channels	43
Expand into new Canadian markets outside of Ontario	37
Expand into new markets outside of Canada	26
Expand volume processed	57
Expand production capacity or plant size	57
Expand capital investment in my business	51
Diversify business into additional and different types of processing activity	43
Increase supply of ingredients sourced from Ontario	34
Expand co-packing arrangements	32
Increase the proportion of organic product in my total sales	29
Increase the proportion of natural product in my total sale	29
Increase the proportion of local (Ontario) products in my total sales	29
Continue as I am doing today	3
Pursue organic certification for my business	3
Decrease the proportion of organic product in my total sales	3
Downsize my operation	-

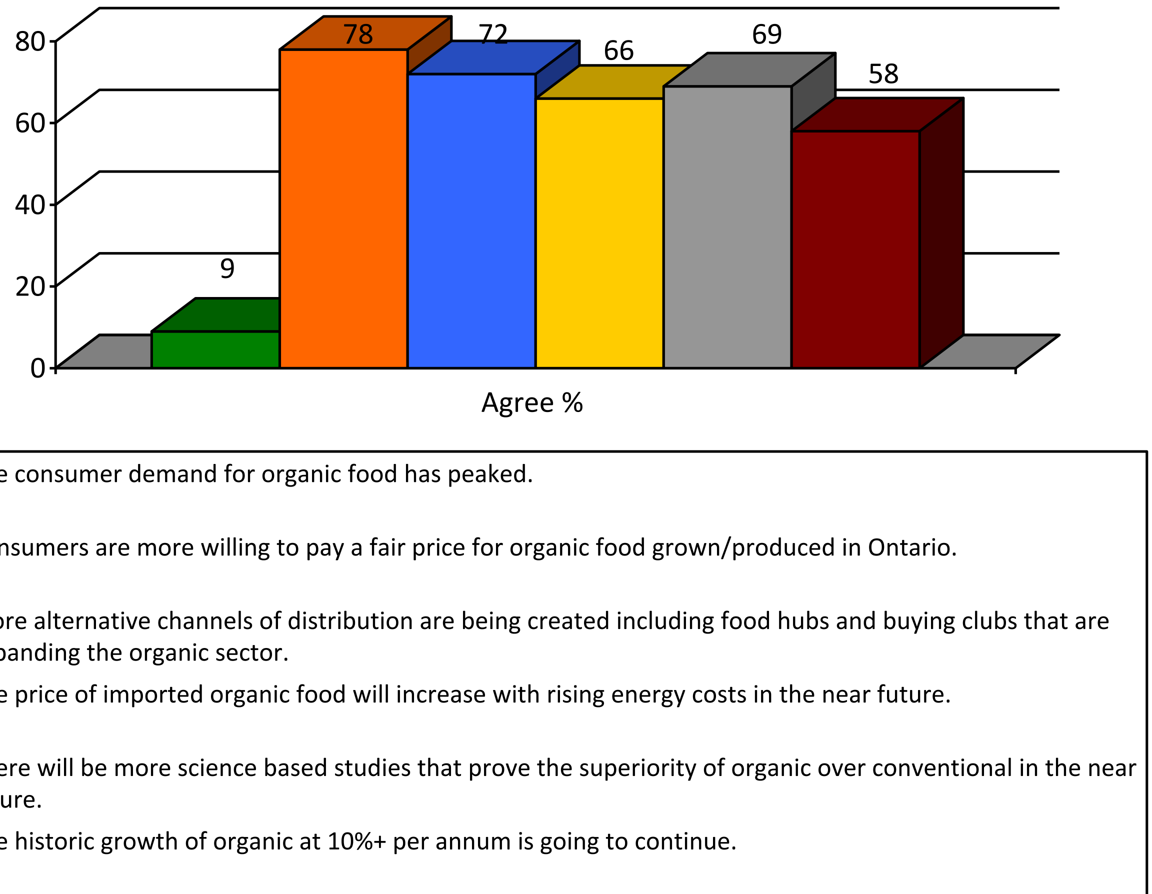
Retailers short term business plans: Base: 16 Respondents	**Total** **% (16)**
Expand the proportion of organic product in my total sales	50 (8)
Expand the proportion local (Ontario) products in my total sales	38 (6)
Expand t he proportion of natural products in my total sales	31 (3)
Expand size or number of retail outlets/stores	25 (4)
Expand capital investment in my business	19 (3)
Explore different ownership models for my business	19 (3)
Continue as I am doing today	6 (1)
Move toward organic certification for my retail outlets/store	6 (1)
Drop organic certification for my retail outlets/store	6 (1)
Decrease the proportion of organic product in my total sales	6 (1)
Downsize my operation	-
None of these/Not stated	6 (1)

Distributors/Shippers And Traders/Handlers/Brokers/Marketers short term business plans: Base: 14 Respondents	**Total** **% (14)**
Net: Expand	57 (8)
Expand into new Ontario markets/channels	50 (7)
Expand into new Canadian markets outside of Ontario	36 (7)
Expand into new markets outside of Canada	29 (4)
Expand capital investment in my business	50 (7)
Increase the proportion of organic product in my total sales	43 (6)
Diversify investors in my business	29 (4)
Continue as I am doing today	21 (3)
Increase trade of local products	21 (3)
Increase trade of non-certified natural	14 (2)
Downsize my operation	-
Pursue organic certification for my business	-
Decrease the proportion of organic product in my total sales	-

Ontario Organic Sector – Now and in the Future

There is a high level of agreement among the different participating organic industry players about the Ontario organic sector today and in the future. Despite different challenges, means of doing business, and information needs, they concur on many market fundamentals.

- A strong majority (78%) of study participants believe that shoppers will pay a fair price for local Ontario food, and almost as many (72%) observe that the organic sector is expanding through alternative distribution channels such as buying clubs and food hubs. The perception that consumers will pay the organic price premium is most strongly held by 100% organic operations and small to mid-size businesses. The prime interest in growing sales through alternative channels was strongest among well established companies (10 years or more).
- At least two-thirds of Ontario organic sector players believe two factors will emerge to give them the edge over non-organic and imported organics: soon scientific studies will prove the superiority of organic food, and energy price increases will drive up prices for imports.
- While one in four participants is uncertain that growth projections of 10%+ per annum will continue, the majority (58%) believe that this is the case.
- Seven in ten (72%) rejected the notion of that the demand for organic food has peaked. Yet one in five is uncertain if this could be true.



7b. In closing, here is a list of statements about the organic food sector in Ontario. For each, do you Agree or Disagree.

Views on the organic sector: **Base: 134 Respondents**	**Agree** **%**	**Disagree** **%**	**Don't Know** **%**
Consumers are more willing to pay a fair price for organic food grown/produced in Ontario.	78	14	8
More alternative channels of distribution are being created including food hubs and buying clubs that are expanding the organic sector.	72	8	19
There will be more science-based studies that prove the superiority of organic over conventional in the near future.	69	13	18
The price of imported organic food will increase with rising energy costs in the near future.	66	14	20
The historic growth of organic at 10%+ per annum is going to continue.	58	18	25
The consumer demand for organic food has peaked.	9	72	19

APPENDICES

Appendix 1: Questionnaire

NOTE TO READER: ALL INSTRUCTIONS FOR PROGRAMMING IN CAPITALS.

Organic Council of Ontario (OCO) has commissioned Informa Market Research to conduct a survey among organic growers, processors, distributors, retailers and others in the sector. The goal is to understand the information needs and sector interests and to measure changes in the sector. This information will help farms, business owners and other organizations engaged in the organic sector to better position, manage, change or expand
Your participation is valued and all information you provide will be treated in a confidential manner. All individual responses will be pooled with others. This survey provides the option of interrupting and then resuming completion whenever it is convenient without having to start again. All you have to do is simply go back to the survey link in the email and it will pick up where you left off.

Classifications

ASK ALL

1a.Here is a list of types of businesses and organizations. Which one(s) best describe your situation?

The questions are designed to address the needs/interests of a number of different stakeholders. If possible, **please choose the option below that is your major line of business**. If you must choose more than one, you will find that there are a number of questions that are only slightly different.

Producer/Grower – selling primarily direct to consumer
Producer/Grower – selling primarily wholesale or into a value chain
Processor/Packer
Trader/ Handler/Broker/ Marketer
Distributor/Shipper
Retailer
Other (Please specify)_______________

1b. Which sub-sector do you primarily operate in? <u>Please select all that apply.</u>
Dairy
Poultry (meat birds)
Beef
Pork
Eggs
Crops (grains, legumes, oilseeds, etc.)
Viticulture
Processed and Value-Added Food Products

Horticulture (vegetables, fruit, flowers, herbs)
Non edible products, i.e. personal care, fibre, etc.
All of the above
Other, please specify ___________________

1c. Is any part of your farm or business certified to the Canadian Organic Standard? Please select one below

Yes my business/farm is certified organic (ASK q 1d)
My farm/business is currently in transition SKIP TO Q. 1f…
No my business/farm is not certified organic? SKIP TO Q. 1f…

1d. How long has your farm or business been certified? Please select one below.

Less than 1 year
1 - 2 years
3 - 4 years
5 - 10 years
More than 10 years

1e. What percentage of your business is devoted to certified organic products/services? Please select one below.

Less than 25%
26 – 50%
51 – 75%
75 – 99?
Exclusively organic - 100%
Don't know/can't recall

1f. Does your farm/business deal with certified organic products provided by other sources?

Yes ASK Q. 1g
No SKIP TO Q 1i.

1g. How long has your business dealt with certified organic products? Please select one below.

Less than 1 year
1 - 2 years
3 - 4 years
5 - 10 years
More than 10 years

1h. What percentage of your business is devoted to dealing with certified organic products/services? Please select one below.

Less than 25%
26 – 50%
51 – 75%
75 – 99?
Exclusively organic - 100%
Don't know

ASK ALL

1i. What is the size of your farm/business operation, based on gross annual sales ? Please select one below.

Less than $20,000
$20,000 - $49,999
$50,000 - $99,999
$100,000 – 249,999
$250,000 - $499,999
$500,000 - $999,999
$1 million - $4,999,999
$5 million – $9,999,999
$10 million or more

ASK ALL

1j-. How many employees, including yourself and family members, does your farm/ business employ full time, part time , seasonally and non-waged in Ontario ? Please select one for each employee category. Include yourself as a waged employee if you draw a salary from the business/farm OR as an unwaged/family member if you do not draw a wage from your business/farm.

No. Full time Employees	No. of Part time/ Year Round	No. of Seasonal Employees	Non Waged Help (self/family, volunteers, interns, bartered help)
1 - 4	1 - 4	1 - 4	1 - 4
5- 9	5- 9	5- 9	5- 9
10 - 49	10 - 49	10 - 49	10 - 49
50 - 99	50 - 99	50 - 99	50 - 99
100 – 499	100 – 499	100 – 499	100 – 499
500 or more	500 or more	500 or more	500 or more
None	None	None	None
Don't know	Don't know	Don't know	Don't know

1k. In which region of Ontario is your farm/ business located? If there are several Ontario locations, please select where your head office is located.

Eastern Ontario - Postal Codes Beginning with K
Central Ontario – Postal Codes beginning with L
Metro - Postal Codes beginning with M
Western - Postal Codes beginning with N
Northern - Postal Codes beginning with P

My farm/business/ is not located in Ontario

1l. In which regions do you offer products/services? Please select all that apply.

Eastern Ontario - Postal Codes Beginning with K
Central Ontario – Postal Codes beginning with L
Metro - Postal Codes beginning with M
Western - Postal Codes beginning with N
Northern - Postal Codes beginning with P
All of Ontario
Outside Ontario, but within Canada
Outside of Canada

Business Challenges ASK ALL

The next group of questions focuses on different kinds of challenges you might face.

Marketing Challenges

2a.Here is a list of marketing challenges. Please rate each in terms of the economic impact it has on your operations using a scale of 1 to 5 where I is No Impact and 5 is High Impact. Select Not Applicable if it does not apply.

	1 No Impact	2	3	4	5 High Impact	Not Applicable
Consumers' confusion about what organic means.						
Consumers not able/willing to pay the price premium for organic.						
Competition from larger organic farms/businesses.						
Competition from non certified 'organic' farms/ businesses						
Competition from organics grown/processed in other parts of Canada						
Competition from imported organics						
An unlevel playing field in the marketplace by competitors claiming they are 'natural'.						
Lack of funds or skills to market/promote my products/services						

Regulatory Challenges

2b. Here is a list of regulatory challenges. Please rate each in terms of the economic impact each has on your operations using a scale of 1 to 5 where I is No Impact and 5 is High Impact. Select Not applicable if it does not apply.

	1 No Impact	2	3	4	5 High Impact	Not Applicable
Municipal by-laws and land use/zoning policies						
Food safety/food quality regulations						
Food labeling regulations						
Challenges posed by organic standards e.g. substances not permitted						
Cost of obtaining organic certification						

Human Resource Challenges

2c. Here is a list of human resource challenges. Please rate each in terms of the economic impact it has on your operations using a scale of 1 to 5 where I is No Impact and 5 is High Impact. Select Not applicable if it does not apply.

	1 No Impact	2	3	4	5 High Impact	Does not Apply
Skills in managing employees/volunteers						
Recruiting trained, work-ready employees						
Locating a pool of part time labourers						
Aging business/farm owner and succession planning						

Financial Challenges

2d. Here is a list of financial challenges. For each please indicate if it is a Major Challenge, Minor Challenge or Not a Challenge.

	Major Challenge	Minor Challenge	Not a Challenge	Does not Apply
Labour costs				
Access to risk management programs				
Lack of benchmarking information to compare myself to				
Cash flow				
Start Up Capital				
Access to capital for expansion – more land, equipment, etc.				
Access to capital for operations				
Developing the right pricing				

<u>Business Management Challenges</u>

2e. Here is a list of business management challenges. For each please indicate if it is a <u>Major Challenge, Minor Challenge or Not a Challenge.</u>

	Major Challenge	Minor Challenge	Not a Challenge	Does not Apply
Regional isolation – no/weak regional organic development strategy				
No overall business plan				
Lack of production information/advice				
Limited efficiencies at current scale of operation				
Lack of time/no personal time				
Access to reliable sources of organic inputs or ingredients				

<u>Information Needs And Sources</u>

<u>ASK ALL:</u> 3. Here is a list of organizations that can be information sources. For each, please indicate if it is Helpful or Not Helpful for your farm/ business. <u>Other options include: Not Applicable and Have Not Used</u>

	Helpful	Not Helpful	Not Applicable	Have not used
Provincial government programs				
Federal government programs				
Local government programs				
Not-for- profit farm organizations such as OFA, CFA, NFU, EFAO, COG, FarmStart, etc.				
Commodity specific (but not necessarily organic) organizations				
Organic industry associations, e.g. Organic Council of Ontario, Organic Trade Association,				
Other producers/peers				
Internet information				
Farm publications				
Private sector suppliers/consultants				

ASK TRADERS /HANDLERS /BROKER/MARKETERS AND DISTRIBUTORS/SHIPPERS:
4a1. The Ontario organic sector is growing rapidly. This has prompted discussion about potentially creating a database that would provide Ontario organic sector businesses with key information in a timely manner. Here is a list of the types of information that could be included in the provincial database. Please indicate how helpful each of the following types of information would be using a scale of 1 to 5 where 1 is Not Helpful and 5 is Very Helpful .

	1 Not Helpful	2	3	4	5 Very Helpful	Don't Know
Ontario products database - sourcing information (locations, volumes) about selected Ontario products/commodities						
Benchmarks of fixed and variable costs for your business						
Organic Market size of different retail channels in Ontario s						
Current price data - wholesale and retail by major commodities and product						
Imports and Exports of organic products into and out of Ontario						
Regular consumer studies detailing what consumers are looking for in the market						

ASK PROCESSORS/PACKERS
4a2. The Ontario organic sector is growing rapidly. This has prompted discussion about potentially creating a database that would provide Ontario organic sector businesses with key information in a timely manner. Here is a list of the types of information that could be included in the provincial database. Please indicate how helpful each of the following types of information would be using a scale of 1 to 5 where 1 is Not Helpful and 5 is Very Helpful .

	1 Not Helpful	2	3	4	5 Very Helpful	Don't Know
Used and available processing/packaging capacity						
Amounts and types of inputs sourced from Ontario, other provinces, other countries						
Organic Market size of different retail channels in Ontario						
Ontario organic ingredients database - sourcing information (locations, volumes)						
Benchmarks of fixed and variable costs for your business						
Imports and exports of organic products into and out of Ontario						
Regular consumer studies detailing what consumers are looking for in the market						

ASK PRODUCERS ONLY

4a3. The Ontario organic sector is growing rapidly. This has prompted discussion about potentially creating a database that would provide Ontario organic sector businesses with key information in a timely manner. Here is a list of the types of information that could be included in the provincial database. Please indicate how helpful each of the following types of information would be using a scale of 1 to 5 where 1 is Not Helpful and 5 is Very Helpful .

	Yes	No	Don't Know/Maybe
Sales by channel channels (e.g. Direct to consumer, distributor, …)			
Yields - by crop yields of various crops by product (similar to the way the farm census tracks information)			
Acreage by crop			
Production practices/inputs used			
Farm gate prices for common commodities			
Benchmark of Fixed and Variable Costs of Production for different farm types			
Inputs Database - where to source organic inputs in Ontario			
Organic Market size of different retail channels in Ontario			
Regular consumer studies detailing what consumers are looking for in the market			

ASK RETAILERS ONLY 4a. The Ontario organic sector is growing rapidly. This has prompted discussion about potentially creating a database that would provide Ontario organic sector businesses with key information in a timely manner. Here is a list of the types of information that could be included in the provincial database. Please indicate how helpful each of the following types of information would be using a scale of 1 to 5 where 1 is Not Helpful and 5 is Very Helpful .

	Yes 1 Not Helpful	2	3	4	5 Very Helpful	Don't Know/Maybe
Benchmark organic product sales from various retail store types						
Benchmark retail prices for major Ontario organic products/commodities)						
Benchmark wholesale prices for major Ontario organic products/commodities						
Benchmark fixed and variable costs for different retail store sizes						
Organic Market size of different retail channels in Ontario						
Regular consumer studies detailing what consumers are looking for in the market						
Ontario products database - sourcing information (locations, volumes) about selected Ontario products/commodities						

ASK ALL 4b. Here is a list of ways that businesses could access the kinds of information from the provincial database that we asked about above. For each below, which ones do you Most Prefer? Least Prefer?

	Most Prefer	Least Prefer
Online via a "self-serve" website		
Periodic print publications and mini sector reports for your business type		
Audio/video recordings with summarized information for your business type		
In person/face-to-face meetings/workshops with summarized information for your business type		
Other – Please specify:		

TRADERS /HANDLER/BROKER/MARKETER AND DISTRIBUTORS/SHIPPERS ONLY:
5a. Which of the following types of information would you be willing to provide to build an information system in Ontario that will help the sector develop further? Please select your answer for each item below.

	Yes	No	Don't Know/Maybe
Volume of organic goods/products sourced from Ontario, other provinces and/or other countries			
Volume of organic goods/products sold to different Ontario channels/buyers e.g. retail, processor, other handlers, institution, direct to consumer			
Value of purchases made or brokered through contract arrangements and spot markets			
Value of purchases made or brokered from Ontario, other provinces and/or other countries			
Fixed and variable production costs for your business			

PROCESSORS/PACKERS ONLY
5b. Which of the following types of information would you be willing to provide to build an information system in Ontario that will help the sector develop further? Please select your answer for each item below.

	Yes	No	Don't Know/Maybe
Value of inputs sourced through contract arrangements and spot markets			
Value of inputs sourced from Ontario, other provinces and/or other countries			
Production volumes			
Unused processing/packaging capacity			
Sales to different channels e.g. to retail, to institutions, direct to consumer…			
Sales outside of Ontario e.g. to different provinces, to different countries			
Your selling price for a list of indicator organic products/ commodities			

tracked annually			
Fixed and variable production costs for your business			

PRODUCERS ONLY 5c. Which of the following types of information would you be willing to provide to build an information system in Ontario that will help the sector develop further? Please select your answer for each item below.

	Yes	No	Don't Know/Maybe
Annual crop yields and acres grown for a specified list of crops			
Inputs used and other specific production practices			
Annual Sales by different channels (e.g. Direct to consumer, distributor, …)			
Farm gate prices for a specified list of crops			
Fixed and variable production costs for your farm			

RETAILERS ONLY: 5d. Which of the following types of information would you be willing to provide to build an information system in Ontario that will help the sector develop further? Please select your answer for each item below.

	Yes	No	Don't Know/Maybe
Your store's product sales - if tracked through an electronic system (such as SPINS in the US)			
Your retail prices for a basket of organic products/commodities annually			
Your purchase prices for a basket of organic products/commodities annually			
Fixed and variable costs for your business			

Market Growth Opportunities

FOR TRADER/HANDLERS/BROKER/MARKETER AND PROCESSORS/PACKERS ONLY 6a. Here is a list of market growth opportunities. Thinking of your business, please select for each item Yes, No, Not Applicable or Don't Know.

	Yes	No	Not Applicable	Don't know
Sourcing more local and Ontario inputs/ products				
Packaging/processing for direct to consumers				
Selling at farmers' markets				
Packaging/processing for institutions				
Smaller retail channels (small on-farm markets, home delivery programs etc);				
Large conventional retail channels (supermarkets)				
Working in a co-operative business structure				
Plan to increase out of province exports				
Plan to increase out of country exports				

ASK PRODUCERS ONLY 6b. Here is a list of market growth opportunities. Thinking of your business, please select for each item Yes, No, Not Applicable or Don't Know.

	Yes	No	Not Applicable	Don't Know
Selling at farmers' markets				
Selling through alternative channels such as: Community Supported/Shared Agriculture, farm gate, buying clubs, worksites				
Creation of value-added/processed products				
Selling to retail e.g. supermarket, natural food etc.				
Selling to local, independent restaurants				
Selling to institutions, i.e. schools, hospitals, daycare centres, seniors residences, etc.				
Selling to Foodservice companies				
Plan to increase out of province exports				
Plan to increase out of country exports				
Diversifying products grown/raised				

ASK RETAILERS ONLY 6c. Here is a list of market growth opportunities. Thinking of your business, please select for each item Yes, No, Not Applicable or Don't Know..

	Yes	No	Not Applicable	Don't know
Sourcing more Ontario organic products				
More direct partnerships with local organic producers				
Becoming a CSA drop off location				
Starting a buying club				
In-store processing or value adding				
Working in a co-operative business structure				

ASK DISTRIBUTOR/SHIPPER AND TRADERS/HANDLER/BROKERS/MARKETERS ONLY: 7a1. Looking forward to the next 3 years - what are your business plans? Please select all that apply.

Continue as I am doing today
Downsize my operation
Expand into new Ontario markets/channels
Expand into Canadian markets outside of Ontario
Expand into markets outside of Canada
Pursue organic certification for my business
Increase the proportion of organic product in my total sales
Decrease the proportion of organic product in my total sales

Increase trade of non-certified natural
Increase trade of local products
Expand capital investment in my business
Diversify investors in my business

ASK PROCESSORS/PACKERS ONLY: 7a2. Looking forward to the next 3 years - what are your business plans? Please select all that apply.

Continue as I am doing today
Expand into new Ontario markets/channels
Expand into Canadian markets outside of Ontario
Expand into markets outside of Canada
Pursue organic certification for my business
Increase the proportion of organic product in my total sales
Decrease the proportion of organic product in my total sales
Increase the proportion of natural product in my total sales
Increase the proportion of local (Ontario) products in my total sales
Downsize my operation
Expand capital investment in my business
Increase supply of ingredients sourced from Ontario
Diversify business into additional and different types of processing activity
Expanding volume processed
Expanding co-packing arrangements
Expanding production capacity or plant size

ASK PRODUCERS ONLY: 7a3. Now thinking about your situation specifically, what are your business plans for the next 3 years? Please select all that apply

Continue as I am doing today
Pursue organic certification or expand acres certified
Drop acres from organic certification
Downsize production
Increase production
Produce new products/diversify production
Specialize more - focus production
Expand or diversify marketing channels
Transfer some/more responsibilities to other family members
Transfer some/more responsibilities to non-family members
Sell my farm

ASK RETAILERS ONLY:

7a4. Looking forward to the next 3 years - what are your business plans? Please select all that apply.

Continue as I am doing today
Move toward organic certification for my retail outlet/store
Drop organic certification for my retail outlet/store
Expand the proportion of organic product in my total sales
Decrease the proportion of organic product in my total sales
Expand the proportion of natural products in my total sales
Expand the proportion local (Ontario) products in my total sales
Expand size or number of retail outlets/stores
Downsize my operation
Expand capital investment in my business
Explore different ownership models for my business

Organic Sector – Now and in the Future

7b. In closing, here is a list of statements about the organic food sector in Ontario. For each, do you Agree or Disagree.

	Agree	Disagree	Don't Know
The consumer demand for organic food has peaked.			
Consumers are more willing to pay a fair price for organic food grown/produced in Ontario.			
More alternative channels of distribution are being created including food hubs and buying clubs that are expanding the organic sector.			
The price of imported organic food will increase with rising energy costs in the near future.			
There will be more science based studies that prove the superiority of organic over conventional in the near future.			
The historic growth of organic at 10%+ per annum is going to continue.			

Thank you very much for participating in this important survey!

INFORMA

Appendix 2: E-invitation

From: The Organic Council of Ontario [mailto:tschumilas@rogers.com]
Sent: August 1, 2012 10:49 AM
To: <respondent email>
Subject: Survey among organic sector

Dear <respondent name>,

The Organic Council of Ontario (OCO) has commissioned Informa Market Research to conduct a survey among organic growers, processors, distributors, retailers and others in the sector. The goal is to understand the information needs and sector interests and to measure changes in the sector. This information will help farms, business owners and other organizations engaged in the organic sector to better position, manage, change or expand.

You recently received an invitation to participate to the survey below. Due to some technical difficulties from our part, you may have not been able to access the survey.

We are truly sorry about any inconvenience this may have caused. Please note the problem has now been fixed and you should be able to access the survey now.

Your participation is valued and all information you provide will be treated in a confidential manner. All individual responses will be pooled with others. This survey provides the option of interrupting and then resuming completion whenever it is convenient without having to start again. All you have to do is simply go back to the survey link in the email and it will pick up where you left off.

Here is your link to the online survey:

http://www.elabs10.com/ct.html?ufl=4&rtr=on&s=x8pa1e,14bhd,4h3f,k74h,clc1,62za,8o5w&PASS=C13029170

If you have any questions or concerns about this survey, please contact: Theresa Schumilas, tschumilas@rogers.com.

-

To unsubscribe, send an email to: unsubscribe-208779@elabs10.com with the address: daniel.corriveau@canview.com in the subject line.