Lethbridge & District Business Development Centre Association

Southern Alberta New Product Processing Centre

Market Demand Study and An Analysis of Alberta's Agriculture Food Processing Industry

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Section 1 – Executive Summary

The Lethbridge & District Business Development Centre (LDBDCA), in conjunction with Alberta Agriculture, Food and Rural Development (AAFRD) and the South Grow Regional Initiative, recognized a need in Southern Alberta for a value-added processing facility in order to allow the expansion of the food-processing industry within the region.

A market demand study was conducted using surveys, interviews and focus group meetings in order to determine if sufficient demand exists in Southern Alberta to warrant the development of a food-processing facility in the region.

The study determined that sufficient demand exists for a food-processing centre in Southern Alberta to warrant progression of the project on to the next phase in which a engineering feasibility study will be completed in order to determine the suitability of the potential location. The delivery of agricultural business training programs offered by the LDBDCA will begin immediately in order to meet the demand for agriculture specific business training among processors, and maintain momentum of the project.

Southern Alberta currently has a strong agricultural and food-processing industry. The development of additional infrastructure to support the industry would assist with the Alberta Government's goals of increasing value-added food production and creating economic diversification within the province.

The food-processing facility would provide a physical location for value-added processing activities such as baking, canning, meat processing and developing skin care products. In addition to the food-processing facilities, the study identified a need for storage facilities at the centre and a strong need for agricultural business training programs.

The study allowed the steering committee to conclude that existing food-processing facilities, such as those in Leduc and Brooks, are currently under utilized by Southern Albertans. Two primary reasons for this under usage were identified throughout the course of the study. The costs involved, both the rental of the facility itself and transportation and living expenses, were identified as deterrents. The proximity of the facility in Leduc to Southern Alberta was also identified as a significant barrier for many Southern Albertan processors. The costs associated with the travel, transportation of raw materials and finished goods and the distance to Leduc, makes the Leduc facility less accessible to Southern Alberta.

Section 2 – Project Overview

A market demand study was conducted by the LDBDCA as the second stage of the overall project development plan. The study had the following two objectives:

1. Determine the extent of the demand that exists for a commercial food-processing centre in Southern Alberta, in order to determine if the demand is sufficient to support the creation of a food-processing centre
2. Determine the primary types of processing activities that will occur at the facility in order to design the commercial kitchen accordingly

The proposed commercial food-processing centre will operate with a two-fold mandate. First, food-processing centre will operate to assist in the development and production of value-added food products. Secondly, the centre will provide business training and support services in order to assist food processors in creating and maintaining viable business opportunities in Southern Alberta. The commercial kitchen facilities will be available for rent to individual processors and businesses that add value to agricultural products. The centre will operate using a not-for-profit model, operating on a cost recovery basis in order to keep the rental costs affordable and encourage small processors and start up businesses to use the facility.

The food-processing centre will compliment existing processing facilities and agricultural support services in the province to ensure the benefits of the proposed processing facility are wide reaching throughout the province. Creating a network between the proposed facility and other industry members, in which information and resources can be shared, will provide the necessary system of cooperation rather than competition, to allow the centre to maximize the benefits of its resources for Alberta food processors.

The food-processing centre will primarily function as an incubator where agricultural processors can process their value-added product(s) in an affordable facility to determine the feasibility of investing in their own facility in the future or processing in a larger scale facility, such as that in Leduc. The centre will provide a stepping-stone for processors, taking them from processing in their personal kitchens to processing on a larger scale. The facility's position as a "launching ground" for food processors will ensure the centre is complimenting rather than competing with existing larger food-processing centers.

A potential location has been identified for the processing facility in Picture Butte. The town of Picture Butte is actively searching for possible uses for the recently closed hospital building and supports the proposed conversion of the basement of the hospital into a commercial processing facility. The hospital building is currently equipped with a commercial kitchen area including walk in freezer space and a loading ramp. An engineering feasibility study will be scheduled with Trimark Engineering Ltd, which has extensive knowledge of the design of food processing facilities, to determine the suitability of the hospital building for a commercial processing facility. The engineering study will commence following the completion of the market demand study in order to ensure there is adequate demand for the facility to warrant moving forward with the project.

Section 2.1 – Project Development Plan

The development of the project has been broken down into five stages, which are as follows:

Stage One: Initial feasibility study to determine the general demand for a value-added processing facility, including conducting initial interviews and developing a proposal.

- Completed, December 31, 2004

Stage Two: Market demand analysis and feasibility study to determine the demand for a food-processing centre. The study will determine if the demand for the facility is sufficient to make the centre viable.

- Completed, September 1, 2005

Stage Three: Engineering feasibility study to determine if the proposed location, the recently closed Picture Butte hospital, would be a suitable location.

- Completion Scheduled for January 1, 2006

Stage Four: Develop an initial operational plan for the centre, to identify the important policies and guidelines for the centre. Conduct a funding search and arrange the implementation of the project, including staffing the facility. Make appropriate structural changes, buy equipment for the facility, and prepare the facility to commence operations.

- Completion Scheduled for September 2006

Stage Five: Commence operations of the food-processing centre on a three-year pilot project, cost recovery model.

- Operations Scheduled to Commence January 1, 2007

Section 3 – Organizational Background

The LDBDCA is a community driven, non-profit Community Futures Development Corporation, and as such has two primary roles in its region. The LDBDCA is an entrepreneurial development centre that provides individual and group business training to assist individuals who are interested in self-employment or in expanding their business. Community economic development is the LDBDCA's other primary role as a proactive, progressive community organization dedicated to strengthening community's entrepreneurs and community's economies as a whole.

The development of a food-processing centre in Southern Alberta allowed the LDBDCA to work within the mandates of both the entrepreneurial assistance and community economic development aspects of the organization. The proposed processing facility would be a valuable asset to the region, stimulating the agricultural food processing industry, as well as provide a valuable resource to agricultural entrepreneurs in the area allowing them further opportunities to continue and expand their operations.

Section 4 – Methodology

The market demand study for the proposed food-processing centre in Southern Alberta was conducted using two complimentary aspects, each with separate methodologies. The purpose of the two stage approach was to ensure the quality and consistency of the information gained from those individuals who would be using the food processing facility in Southern Alberta.

- A written survey was used to obtain initial feedback about the project. The survey provided background information regarding the current food processing activity the participants were involved in and gathered general information about their future processing needs. The survey results were used to determine the extent to which a general demand exists in Southern Alberta for a food-processing centre. It was also used to identify potential participants for the focus group meetings, by determining who would be primary users of the facility.

  The surveys were distributed using a variety of methods in order to reach as many processors as possible. Surveys were hand delivered to farmers' market vendors, emailed to agricultural participants of the Chinook Entrepreneur Challenge and distributed to agricultural processors through the New Venture Specialists at Alberta Agriculture, Food and Rural Development. Brief interviews occurred when possible with the survey participants in order to begin developing a network within the Southern Alberta food processing industry.

- Discussions and small focus group meetings, consisting of five to eight people followed the surveys, which provided a more in depth understanding of the current value-added and food-processing industry in Southern Alberta, expanding on the information obtained in the initial survey. The primary objective of the focus group meetings was to identify several processors that could act as "anchors" for the food-processing centre. An anchor can be identified as someone who would be willing to commit to using the processing facility for a recurring amount of time. Identifying key anchors demonstrates the demand for a food-processing centre in a quantifiable manner, justifying the progression of the project to the next stage.

The focus group meetings provided an opportunity to expand on the answers given in the survey, and were conducted in Lethbridge and Medicine Hat in order to ensure food processors were included from a wide range of Southern Alberta locations.

Section 4.1 – Limitations

Several limitations were faced when conducting the market demand study. The primary limitation deals with securing processors' commitments to use the potential processing facility. The steering committee for the project decided against collecting deposits from processors to ensure their use of the processing facility, and as a result obtained only a verbal agreement from processors to use the facility and a rough estimate of their usage times. However, all of the processors who participated in the focus groups were excited about the project and confirmed they had a need for a processing centre in Southern Alberta. The resulting overwhelming support indicated a strong demand for the centre.

The survey also had a lower response rate than was targeted. This can be attributed primarily to the timing of the survey. The survey was conducted during the summer months, which are particularly busy for processors because the majority of the produce is available for processing, and demand for their products is high. Multiple processors expressed a strong interest in the project and participating in the survey and a focus group, but were unable to do so because the summer months are their busiest season. To minimize this limitation, the survey will be available to processors into the fall and a second round of focus group meetings have been scheduled for later in the fall, in order to include as many Southern Alberta food processors in the study as possible.

Section 5 – Industry Overview

Section 5.1 – Alberta's Agriculture and Food Processing Industry

Agriculture is a significant industry in Southern Alberta, with over 10,000 farms operating within the province.[1] Alberta has more than 51 million acres of land, used for crop and livestock production, resulting in a productive agricultural economy. As a result, Southern Alberta is home to many developing and thriving value-added food-processing businesses. A strong food and beverage industry has been developed in Alberta due to a number of factors that together represent the "Alberta Advantage". The Alberta Advantage is based on:

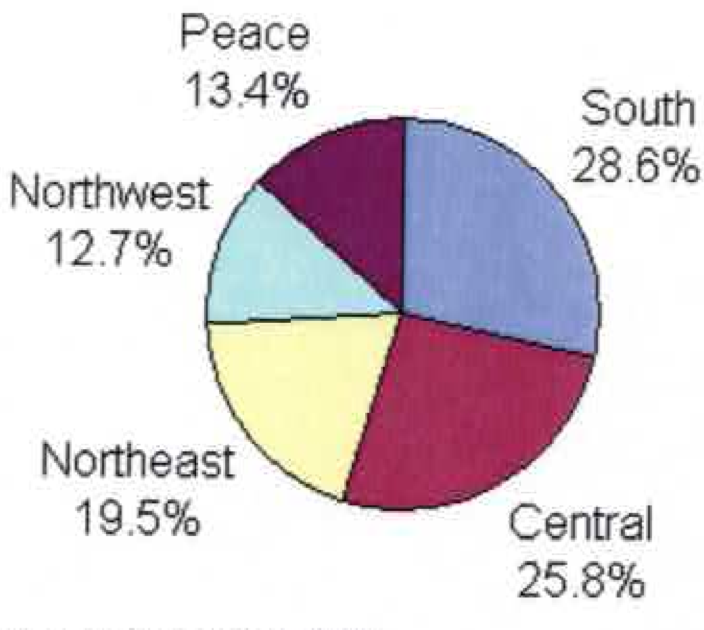
- The substantial supply of agricultural raw materials and resources in the province

[1] "2001 Census of Agriculture – Southern Region 2001 Agricultural Profile." Statistics Canada. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/afi1901?opendocument

- The growing population of 3 million people places Alberta at the centre of the Western Canadian economy
- Increasing economic growth supported by Alberta's vast supply of natural resources, such as oil, natural gas and forests
- Central location as a distribution hub for Western Canada provides opportunities to expand the food and beverage industry throughout Canada, The United States and the Pacific Rim countries
- Liberal trade agreements such as the Canada-US Free Trade Agreement and NAFTA provide greater opportunities to US and Mexican markets
- Alberta is currently equipped with a wide range of cost effective transportation and distribution links to various markets using road, rail and air
- Alberta also provides financial advantages, with a low tax regime, no provincial sales tax and low energy costs.[2]

Southern Alberta also has the largest distribution of farm area and the largest distribution of gross farm receipts in the province, as shown in Figure 1 and 2 below.

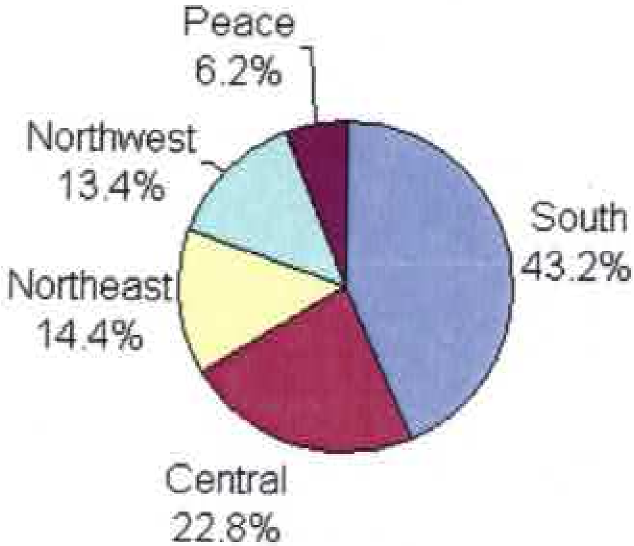
Figure 1: Distribution of Total Farm Area in Alberta



Source: "2001 Census of Agriculture." Statistics Canada, http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd9532/$FILE/alberta%20highlights.pdf

[2] "Processed Food: A Growing Western Market." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agp6160

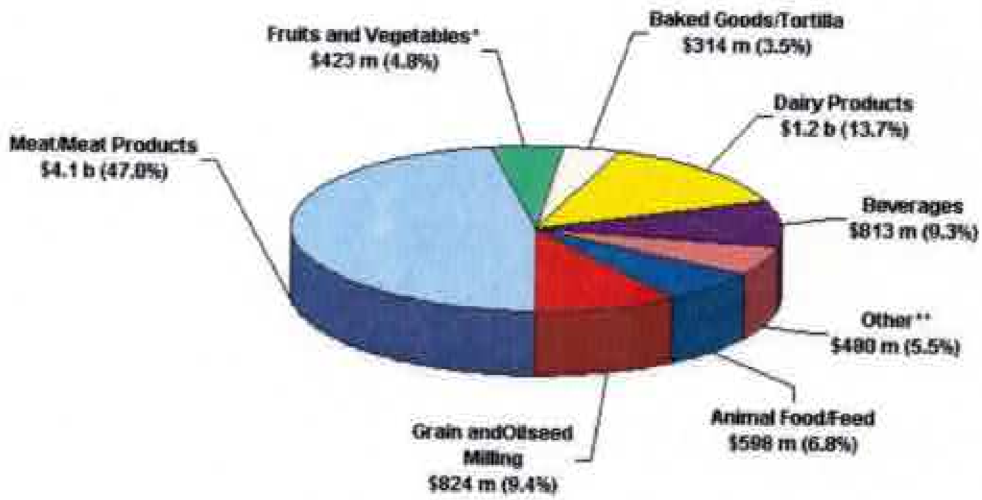
Figure 2: Distribution of Total Gross Farm Receipts in Alberta



Source: "2001 Census of Agriculture." Statistics Canada. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd9532/$FILE/alberta%20highlights.pdf

Alberta accounts for 38% of the national total of cattle population, along with abundant supplies of grain, barley, poultry, pork, dairy products, and vegetables.[3] The composition of Alberta's agri-food industry is represented in Figure 3.

Figure 3: Value of Alberta's Agri-Food Shipments (% Share of Total Agri-Food Shipments)

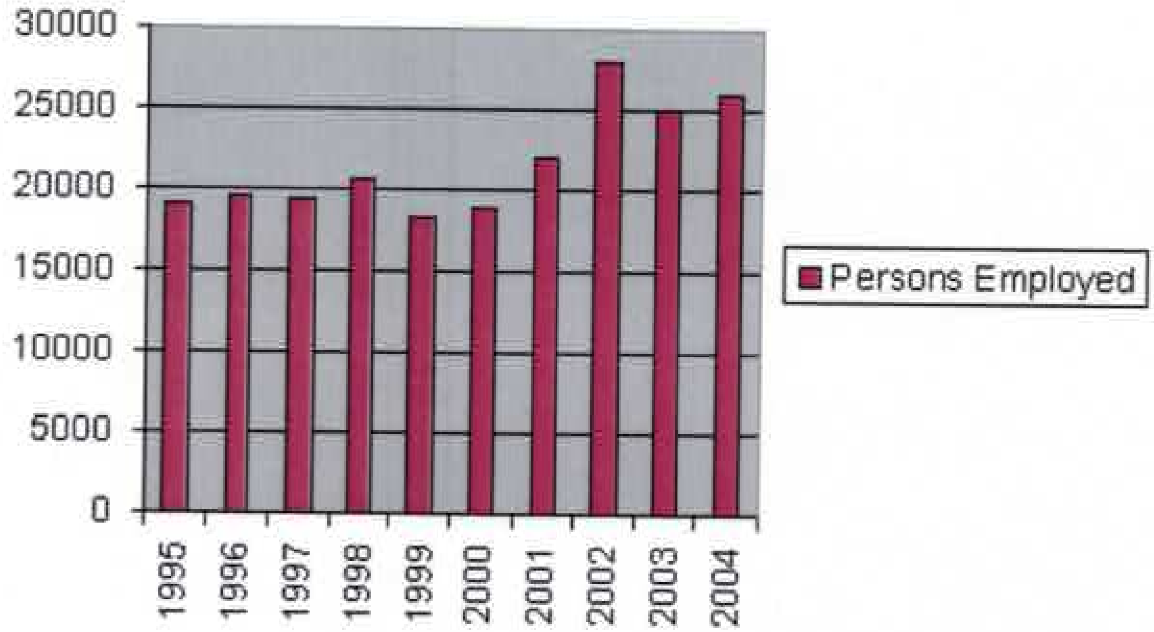


Source: "Alberta Advantage: Food and Beverage Industry." Alberta Agriculture, Food and Rural Development, http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/afi1901?opendocument

[3] "Agricultural Statistics Fact sheet." Alberta Agriculture, Food and Rural Development.

The food and beverage industry is a vital part of the Albertan economy, as the province's largest manufacturing sector in terms of the value of shipments and employment, it accounts for generating over $9.9 billion in Alberta, which was over 19% of the total manufacturing in the province in 2004.[4] The food and beverage industry has shown a growth rate of 7.6% over the past five years, a trend that indicates the importance of the industry to Alberta's economy.[5] The agricultural and food processing industries employed 91,800 people in Alberta in 2004. Of these, 65,800 people in primary agriculture and 26,000 in the food and beverage industry.[6] The employment growth pattern in the agri-food industry is depicted in Figure 4.

Figure 4: Alberta Employed Labour Force in Agri-Food Industries (1995 – 2004): Food and Beverage Industries



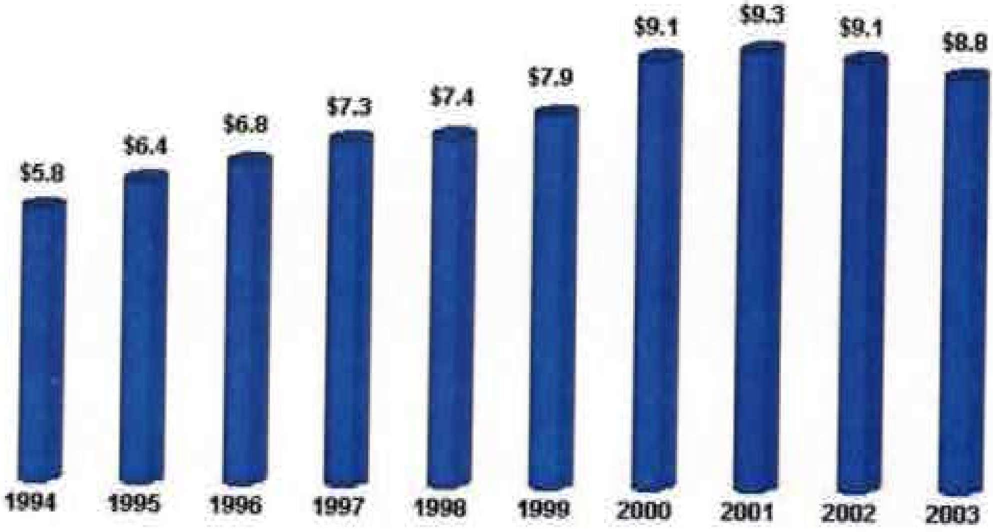
Source: "Alberta Employed Labour Force in Agri-Food Industries, 1995 – 2004." Alberta Agriculture, Food and Rural Development, http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd9744

The Alberta Government has set growth targets to reach $20 billion in the agricultural value-added industry by the year 2010. The industry was valued at $8.8 billion in 2003.[7] The growth trends of Alberta's food and beverage shipments can be seen in Figure 5 below. The creation of a food-processing centre

[4] "Agricultural Statistics Fact sheet." Alberta Agriculture, Food and Rural Development.
[5] "Processed Food: A Growing Western Market." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agp6160
[6] "Agriculture and Food Value Chain Facts." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/newslett.nsf/all/agnw7411
[7] "Alberta Advantage: Food and Beverage Industry." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/afi1901?opendocument

in Southern Alberta will support this goal by providing the facilities to encourage food processors to begin or expand a value-added business venture. The facility would add to value-added industry development and support the Alberta Government's economic diversification strategy. The facility also has the potential to develop the agri-tourism sector of the economy, assisting with the development of unique agricultural products that can draw people to the region.

Figure 5: Alberta' Food and Beverage Shipments 1994 – 2003 ($ billions)



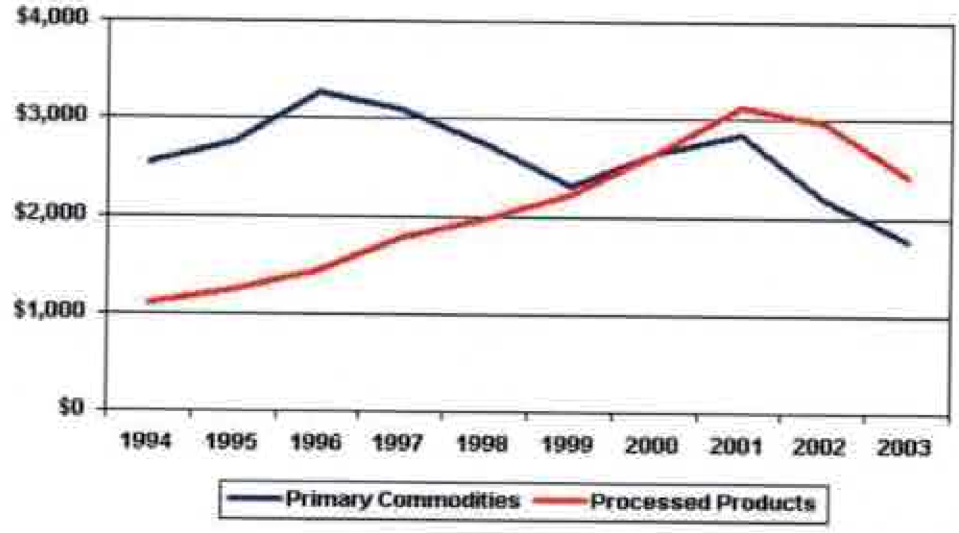
Source: "Alberta Advantage: Food and Beverage Industry." Alberta Agriculture, Food and Rural Development, http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/afi1901?opendocument

Section 5.2 – Alberta's Agri-Food Exports

Alberta's agri-food industry is export oriented, with value-added products leading the way. Between 1996 and 2000, value-added export revenue grew 62%, as opposed to the 22% decrease in exports of raw commodities.[8]

[8] "Processed Food: A Growing Western Market." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agp6160

Figure 6: Alberta's International Agricultural Exports, 1994 – 2003 ($, 000)



Source: "Alberta Advantage: Agri-Food Exports." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/afi1902?opendocument

This trend has continued in 2004 as exports of value-added products rose by 28.6% to a total of $3.1 billion, accounting for 64.4% of Alberta's total agri-food exports in 2004.[9] In 2004, for the third consecutive year, exports of food products were higher than exports of raw agricultural commodities, reaching a record high in 2004.[10] This indicates the growing importance of Alberta's food processing industry. Creating infrastructure now to support the food processing industry in Alberta will encourage the continuation of the trend to expand Alberta's food processing industry.

Section 5.3 – Canada's Agriculture and Food Processing Industry

Food processing is the third largest manufacturing industry in Canada, employing 238,000 people in 2001, 9% of which were employed in value-added activities. On average, food-processing industries add approximately 32% to the value of the products they process. Overall, farm and food processing industries accounted for 3.7% of the gross domestic product (GDP). When the 2.6% contribution to the GDP from food retailing and wholesaling is factored in, the overall food and agriculture industry represents 6.3% of the Canadian GDP.[11]

Meat processing is the largest sector of the food-processing industry in Canada when measured in terms of shipments and value-added activity. The sugar and

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[9] "Alberta Agri-Food Exports, 2000 – 2004 (tables)." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd8530

[10] "Alberta Food Data Facts (No. 3) – Alberta Value of Food Exports." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/sdd9842

[11] "Industry Profile (Canada's Food Processing Industry)" Statistics Canada, http://www.statcan.ca/english/freepub/15-515-XIE/2004001/index.htm

confectionary sector is the smallest in terms of shipments and seafood processing is the smallest in terms of value-added. The number of establishments and employees of the various sectors of the food processing industry, exhibited in Table 1 below, indicate the importance of the food processing industry in Canada.[12]

Table 1. Number of Establishments and Workforce, by Food Processing Industry Group, Canada, 2001

Food processing industries[1]	Establishments	Production workers	Administration, office and other non-manufacturing employees	Total workforce
Animal food manufacturing	562	10,252	2,954	13,206
Grain and oilseed milling	177	6,525	1,633	8,158
Sugar and confectionery product manufacturing	189	9,872	1,748	11,620
Fruit and vegetable preserving and specialty food manufacturing	372	20,849	3,737	24,586
Dairy product manufacturing	434	15,024	5,190	20,214
Meat product manufacturing	769	58,680	9,229	67,909
Seafood product preparation and packaging	700	31,743	3,096	34,839
Bakeries and tortilla manufacturing	1,779	30,972	5,108	36,080
Other food manufacturing	563	16,449	4,683	21,132
All food manufacturing	**5,545**	**200,366**	**37,378**	**237,744**
All manufacturing	**54,031**	**1,602,958**	**373,147**	**1,976,105**

1. North American Industry Classification System, four-digit groups 3111 to 3119.

Source: Statistics Canada, Annual Survey of Manufacturers, CANSIM, Table 301-0003.

Section 6 – Survey Results

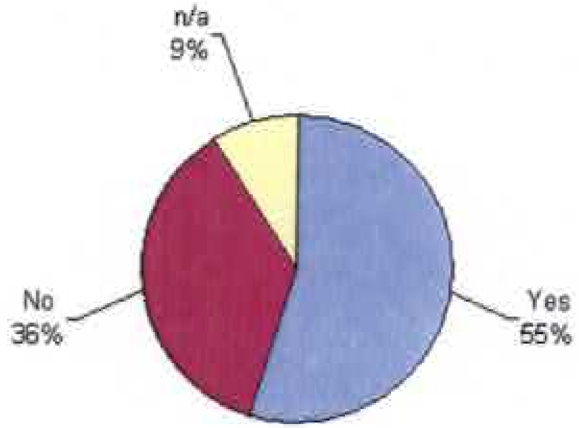
The survey was the initial stage in the market demand study, providing an overview of the current processing activity in Southern Alberta and a basic understanding of the processing needs in the region. Overall eleven surveys were returned, a lower response rate than anticipated, however, when combined with the focus group meetings, they provided valuable insight into the food processing industry in Southern Alberta.

[12] "Industry Profile (Canada's Food Processing Industry)" Statistics Canada, http://www.statcan.ca/english/freepub/15-515-XIE/2004001/index.htm

Section 6.1 – Questions and responses

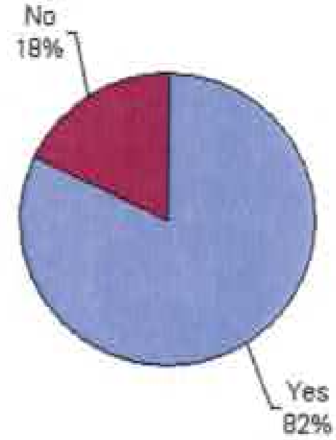
1. ***Contact Information (optional)***
   This information was requested in order to begin to build a database of food processors in Southern Alberta. The names collected and contact information provided will be used to keep participants updated on the progress of the project and to contact them for upcoming events such as agricultural business training seminars.

2. ***Are you a producer of primary agricultural products?***



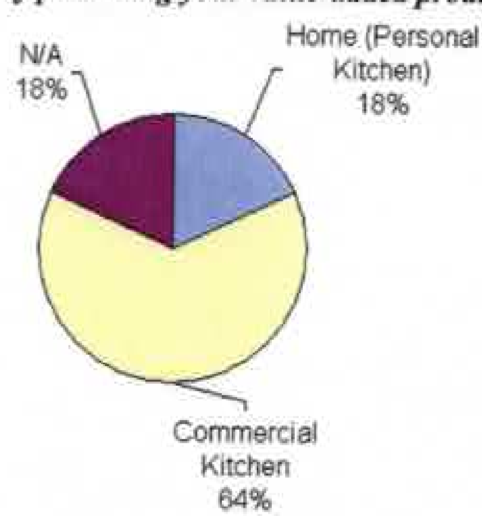
Throughout the course of the survey it was discovered that not all value-added food processors are producers of primary agricultural products. This is an important finding because it will influence the marketing plan for the food-processing centre. The marketing of the centre should be directed towards both agricultural producers and the general public, in order to reach those food processors that do not produce their own primary agricultural products.

3. ***Do you currently add value to an agricultural (or a related) product?***
   The individuals who participated in the survey were selected because of their food processing activity. However, several participants are still at the "Idea Stage" of their food-processing venture and are have currently not begun to add value to a product yet, but are intending to in the near future as indicated in question 12 of the survey. Selecting only food processors to participate in the market demand study ensured the feed back received from both the survey and the focus group meetings was an accurate representation of the current food-processing industry in Southern Alberta.



4. ***What type of value-added product(s) are you currently producing?***
   A wide range of value-added products are currently being produced in Southern Alberta. The diversity of the industry builds confidence that the industry will be sustainable over time. The types of food processing that were identified in this study are identified below.
    - Bread and pies, fruit based products
    - Fluid milk, yogurt and chocolate milk
    - Buffalo sausage, jerky and steak
    - Baked goods – organic, whole grains, spelt and sugar-free
    - Peanut brittle using Alberta sugar and canola margarine
    - Black currant wine and wine kits
    - Canned vegetables, cabbage rolls and prorogues
    - Beeswax and honey creams, lotions, lip balms and soap
    - Potentially fruit and vegetable processing (dehydration)
    - Small animal food
    - Juices, frozen ice snacks, cookie dough

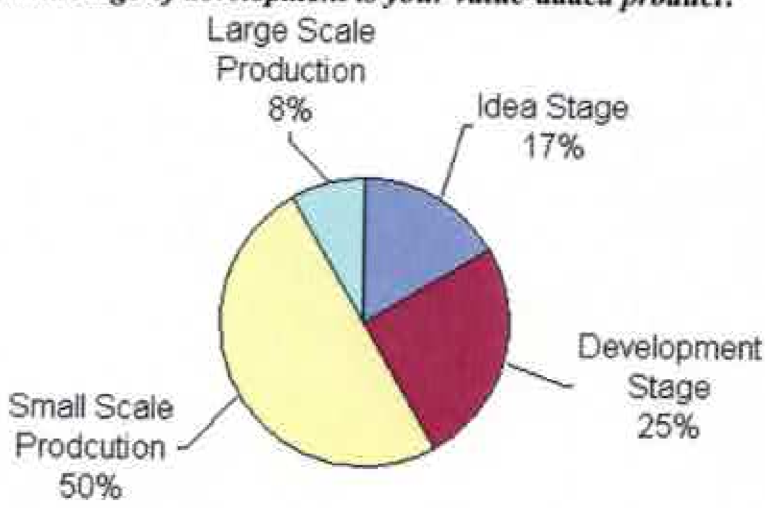
5. ***Where are you currently producing your value-added product(s)?***



The majority of participants in the study indicated that they were currently producing in a commercial facility at this time. However, the focus group meetings identified that most food processors would be interested in either leaving their current commercial space in favor of using a rental processing facility or using a rental processing facility in addition to their current commercial processing facility. Cost savings was one reason for using a rental facility as opposed to a private processing facility. However, the opportunity to increase production by using a rental facility in conjunction with their current processing facility was identified as an important benefit of having a commercial processing facility in Southern Alberta. Only one respondent currently operating out of a personally owned commercial kitchen indicated they would not be interested in utilizing a rental processing facility. When interviewed, this participant indicated she was in need of a food-processing centre in Southern Alberta for many years, and eventually had to build her own because her business could no longer operate without it. She expressed support for the project stating there was a strong need for such a centre in Southern Alberta.

Those processors who are currently processing at home in a personal kitchen indicated a strong interest in having a processing facility in Southern Alberta. A rental processing facility would allow increased production volume without the individual investment in the necessary equipment. Those processors who are still developing their product and have not began to process their product, indicated a rental processing facility would be ideal for them because it would save them from having to invest in their own facility.

6. ***Currently at what stage of development is your value-added product?***



The food processors involved in both the survey and the focus group meetings covered a wide developmental range. All of the participants are currently involved in food processing, either in the process of developing a product, continuing or expanding an existing product, or developing a new product to compliment existing product lines. For example, one participant is currently producing a fruit wine and is in the process of developing a fruit wine kit to compliment her existing line. Another participant was producing honey and is developing a line of beeswax and honey skin care products.

Identifying processors in a variety of stages of development was important to the market demand study in order to allow input from a full range of food processors. Gathering a wide range of input ensures the proposed food-processing centre could meet the needs of both developing businesses and full-scale commercial businesses. It should be noted that one respondent to the survey indicated they were at both a developmental and small scale production stage, meaning they are currently in the process of transitioning from developing their product to begin to process it on a small scale.

The vast majority of participants in the market demand study indicated they are currently producing small-scale production runs. This is important to identify because the proposed food-processing centre can be designed to meet the needs of small-scale processors and fill a niche for Southern Albertans.

7. ***To what size do you plan to grow your business?***

The following graph indicates where the survey and focus group participants indicated they plan to distribute their products.

The majority of survey participants indicated they planned to grow their business to a provincial or national level. These plans demonstrate the expectation of continued growth among Southern Alberta's food processors. It should be noted that several respondents indicated they are currently distributing to two or more market levels and therefore are included in the total for each appropriate market.

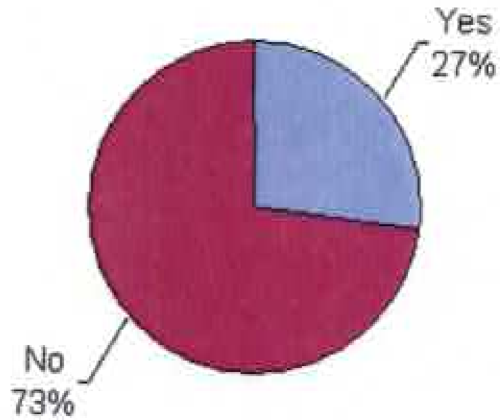
8. ***What would your ideal annual production volume (quantity produced) for your value-added enterprise be?***

Although each individual response varied to this question on the survey, the common theme among all responses was to increase production volume from the current levels. Participants saw a rental food-processing facility as an opportunity to increase the volume of production of their value-added product, as it would offer the equipment and resources to reach a higher capacity than they could afford individually. Although some participants indicated they were unsure of the production volume they would like to obtain, the focus group meetings allowed them to clarify that ideally they would hope to increase production volume. The responses to this question indicate the potential for growth within the Southern Alberta food-processing industry if given access to the appropriate facility, resources and equipment. Those participants who are currently still in the development stages and have not began production of their value-added product were either unsure of their ideal production volume, or made an approximation.

The individual responses were as follows:

- Unsure at this time
- No limit
- 600,000 liters of milk per year
- 500 – 750 loaves of bread per week (Currently producing 50 loaves per week)
- 350 wine kits per year
- A lot
- 1 million pounds of raw product, would become approximately 100,000 pounds of dehydrated product
- Not answered
- Not answered

9. ***Do you utilize any existing processing facilities, such as those in Leduc or Brooks?***



Only three participants in the market demand study are currently using the Leduc facility. Most participants were aware of the facilities, however a strong trend was apparent that few food processors from Southern Alberta are currently utilizing these facilities.

10. What barriers are keeping you from being able to use the Leduc or Brooks facilities?

Those respondents who are currently not using the Leduc or Brooks processing facilities identified the cost of using the facility and the distance of the facility from Southern Alberta as the two primary barriers from using these facilities. These responses were expanded upon in the focus group meetings where the participants indicated the rental costs of the facilities were too expensive to be economically feasible for long-term processing because the Leduc processing center's fee schedule is designed to provide the facility for short-term use only. The cost structure was seen as a deterrent for many food processors from Southern Alberta to begin processing at the Leduc facility. Another barrier related to cost, is the cost of producing in such large quantities, both paying for a larger amounts of raw materials and carrying larger batches of inventory. The second primary barrier was the distance of the facilities from Southern Alberta, particularly the Leduc facility. The respondents identified not only the time and money required to travel to Leduc, but also the transportation cost for materials and finished products as well as the living expenses associated with the trip as barriers to begin using these facilities.

Due to the fact that the two primary barriers are the cost of the existing facilities and the distance to the facilities from Southern Alberta, the proposed food-processing centre must deal with these in order to be effective.

The individual responses were as follows:

- Distance
- Distance
- Federally approved product
- Lack of awareness
- Difficulty formulating recipes for large batches
- Not applicable (currently using the Leduc facility)
- Distance and cost of travel
- Cost and distance
- Not applicable (currently using the Leduc facility)
- Not applicable (currently using the Leduc facility)
- None, still in product research stage

11. What "stepping stone" services do you need access to in order to use processing facilities such as those in Brooks or Leduc?

The survey respondents did identify a number of "stepping stone" services that would aid in using a larger processing centre, such as those in Brooks or Leduc. The responses were as follows:

- No answer
- Transportation
- Have animals slaughtered in a federally approved plant
- No answer

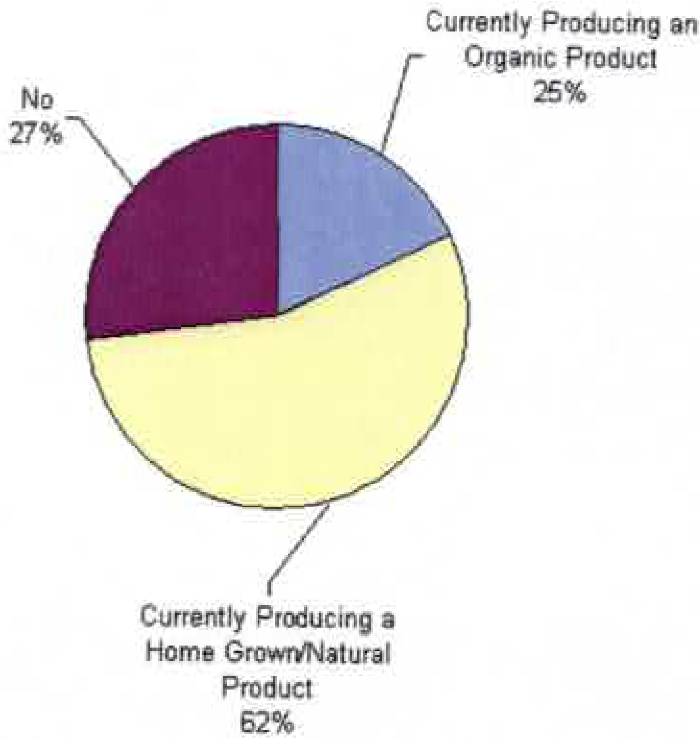
- Test marketing for quality in large batches and help in the amounts to use for large batches
- Not applicable (currently using the Leduc facility)
- Transportation, delivery, storage and finances to produce in large volumes
- Fixed, affordable, long-term cost structure
- Not applicable (currently using the Leduc facility)
- Not applicable (currently using the Leduc facility)
- Unsure, still working on product research

These suggestions provide some examples of the services the proposed food-processing centre could provide in Southern Alberta.

12. *Do you plan to begin or continue adding value to an agricultural product?*

All of the participants in the survey and focus groups are currently adding value to an agricultural product or developing a value-added product and indicated they plan to add value to a product in the future. This finding was important as it indicates the processors contacted for the study are currently active members in the food-processing industry and plan on continuing to be active in the future as well. As the initially identified potential users of the proposed facility, it is important to ensure they will continue processing in the future.

13. Do you intend to produce, or are you already producing, an organic or "home grown"/natural product?



Only three food processors are currently not involved with either an organic or home grown/natural product. This trend indicates the importance of "natural" products in Southern Alberta. With the increasing market for healthy food choices, organic and natural products are being met with increasing demand.[13] This trend may have design and maintenance implications for the proposed food-processing centre if the steering committee decides to have the facility available for organic processing. Organic processing requires adherence to specific regulations and standards in order to obtain organic certification. Two organic food processors were identified in the market demand study.

14. What pre and post-processing services would you be interested in, or think are important to the agricultural value-added industry?

The participants of the survey indicated which services they would be interested in receiving assistance with. The responses were as follows:

The participants in the study indicated access to business training services was important to their development and indicated training services as being a valuable addition to Alberta's food-processing industry.

The LDBDCA currently has the resources to offer assistance in many of the areas indicated by the participants of the survey. Contacts with AAFRD allow the LDBDCA to bring in experts with specific areas of expertise related to the food-

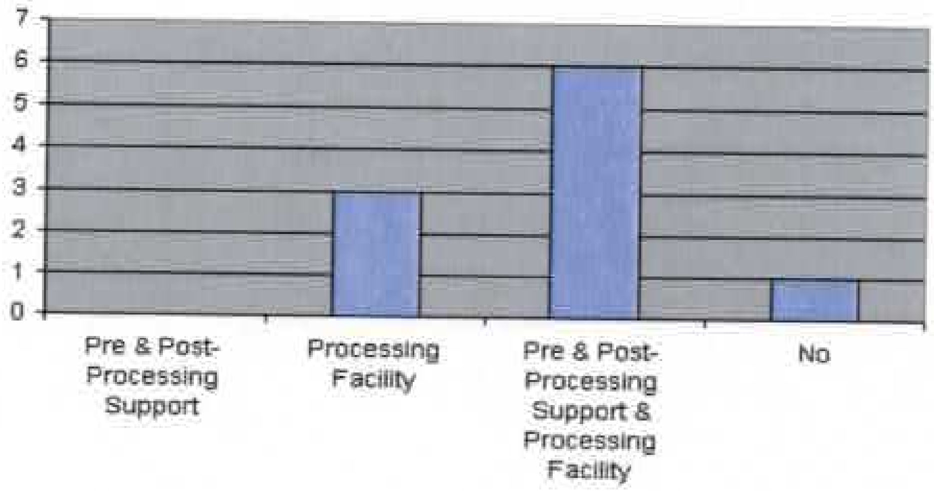
[13] "Organics – Frequently Asked Questions." Alberta Agriculture, Food and Rural Development. http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/faq7484

processing industry for further assistance as required. For example, a food-processing seminar regarding accessing alternative funding sources, such as AVAC's Idea Builder grant program, and marketing processed food products is scheduled for late September through the LDBDCA. Several participants in the study indicated the difficulty they had experienced using AVAC's Idea Builder program. A training seminar explaining AVAC's programs and application processes was very well received by the participants, and demonstrates the need for training in areas specific to agriculture.

Providing a one-stop directory to a wide variety of government programs and services related to the agricultural industry was viewed as an important service the processing facility, in conjunction with the LDBDCA, could offer to the region. The participants agreed that government programs do exist to help them, however, they said the lack of awareness of where to find the programs made it difficult to know what is available for them. Providing a comprehensive database of the various programs and services offered to the food processing industry throughout the province would be a valuable contribution to the food-processing industry. Creating awareness of the alternative funding programs available in Alberta, such as AVAC's Idea Builder program, could be tied in to the database of industry programs and services available for food processors.

Other areas that were identified by participants of the study where pre and post-processing services could be provided are food safety and quality training, access to business loans, product development and market research. By identifying the areas where food processors are most in need of assistance and offering individual or group training, the LDBDCA in conjunction with the proposed food-processing centre will be able cater to the needs of the industry in Southern Alberta. Ongoing surveys, similar to this question, would be conducted with food processors in Southern Alberta to continuously identify where training and assistance is required.

15. Would you consider adding value to an agricultural product if there were pre and post-processing support and/or a processing facility in the area?



The survey indicated that the majority of participants would like to have access to both a processing facility and pre and post-processing support services in Southern Alberta. However, the processing facility was indicated to be more important than the pre and post-processing support services alone. One respondent indicated "No" and in an interview said because she had her own processing facility she would not be interested in using a rental facility at this time. This demonstrates the primary need in Southern Alberta is a processing facility and the pre and post-processing support services are a secondary benefit to the processing centre. However, focus group meetings indicated the demand for agricultural business training programs is still strong in Southern Alberta and viewed as a valuable resource.

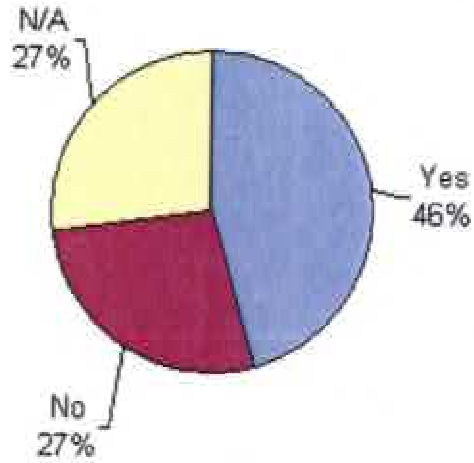
On participant did not respond to this question, as a result the conclusions are based on the ten participant's responses.

16. ***Would you extend your existing product line if you were able to process in a processing facility or inspected kitchen in Southern Alberta? If so, what products would you introduce?***

The responses to this question were mixed, some participants would expand their product line if a processing facility was available, others would continue to process their existing product line on a larger scale, and others would make no changes to their product line or output. The responses to this question were as follows:

- Yes
- Cheese, jams for fruit yogurt, fluid milk yogurt
- Jerky, sausages, marinated steaks
- Organic grains made into breads, cakes, pies, muffins, cookies, etc. Specializing in spelt
- Not applicable – respondent would not use a processing facility
- Focusing on wine kits
- Increase volume of present lines and also add new product lines
- Would not expand line at this time
- Small animal food
- Not answered
- Not answered

The majority participants indicated they would expand their product line to include new products or increase volume produced of current products if a processing facility was available. Expansion of product lines is desirable, as it would help to ensure full usage of the potential processing centre. Two respondents indicated no plans for expansion at this time, continuing to produce at their current level. One respondent stated not applicable because she is not planning to use the processing facility because she currently operates out of her own commercial kitchen that fills her processing needs.



17. ***Where do you plan to get the raw materials for your product(s)? Would you be interested in participating in bulk-purchasing opportunities organized by the processing facility coordinator for standard supplies and raw materials?***
    Three participants expressed an interest in a bulk-purchasing program, however, there seemed to be some confusion regarding this question in the survey, so the question was explained and posed again in the focus group. The focus group results in the following section indicate a bulk-purchasing program organized through the food-processing facility would be beneficial to the tenants. Bulk purchasing would allow smaller processors the opportunity to receive volume discounts on standard materials they normally would be unable to receive. For example, instead of each individual processor purchasing fifty cases of jars per year, the centre could purchase 500 cases of jars and distribute them between ten processors at a volume-discounted price.

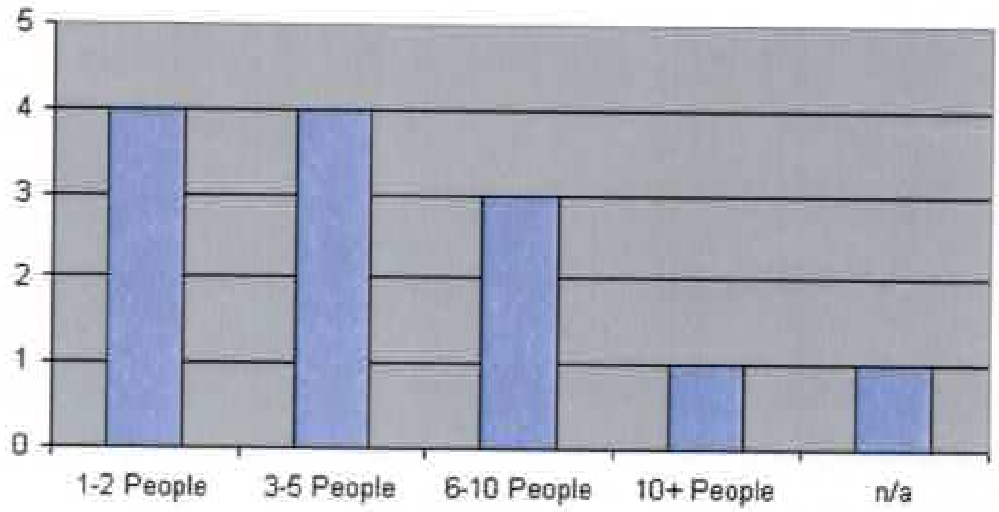
    The participants were asked to identify the sources of their raw materials to give the steering committee some background knowledge as to whether or not the processors were using local suppliers. The responses indicated the participants utilized local sources as much as possible. However, the focus group meetings revealed international sources were often used for produce and fresh products due to the lower costs available.

    The responses in the survey to this question were as follows:
    - I grow the produce myself
    - I produce the milk myself and plan to get fruit for jams for yogurt from an organic grower
    - I own 150 bison and purchase meat from other producers
    - Utilize local farms and organic grain distributors
    - Not answered
    - I grow black currants, but would purchase them from other growers if more were required

- Materials from local sources, bulk purchasing would be a distinct advantage
- Interested in bulk purchasing if it is feasible
- Farmers for grain, hay and honey; would like to buy in bulk
- Western Canada
- Provincially, nationally and if required internationally

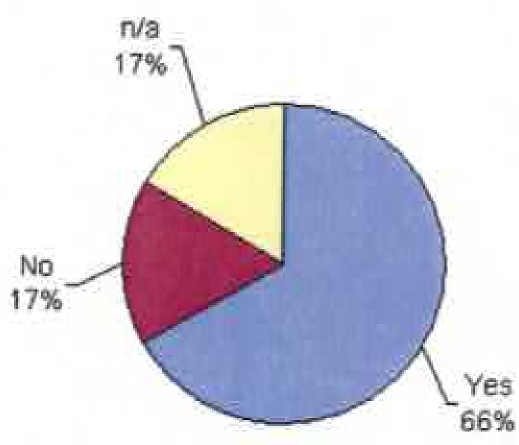
18. How many people do you feel will work on this enterprise upon start-up?

This question was posed in order to determine the potential impact a food-processing centre would have on the economy and employment rates in Southern Alberta. The responses were as follows:



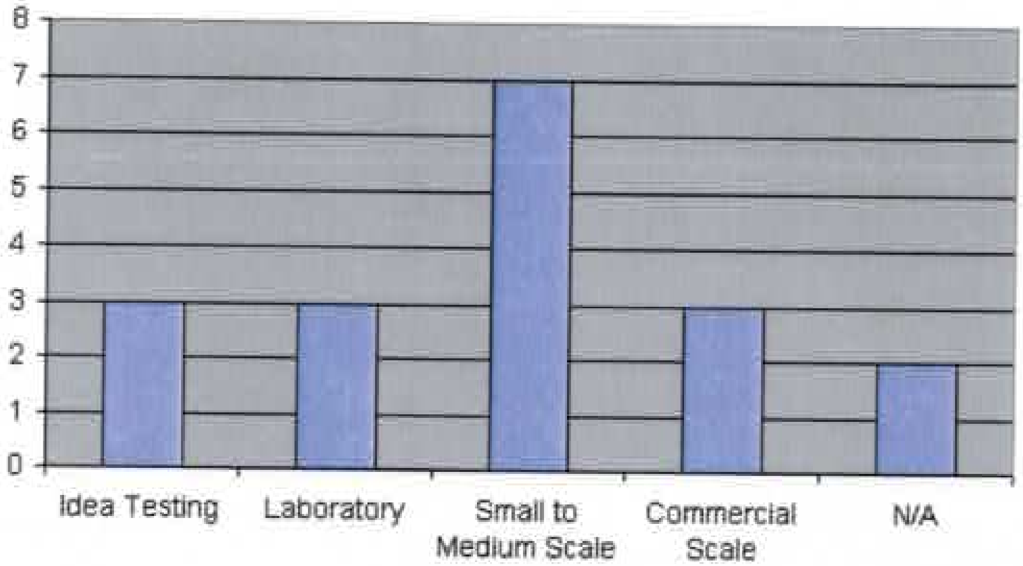
The numbers indicate a good potential to bring employment opportunities into Southern Alberta by creating a food-processing centre to develop the agri-food industry in the region. Creating employment opportunities is a positive impact of creating a food-processing centre, and a goal of the steering committee organizing this project.

19. Would you begin/continue producing this product if there is not a processing facility in Southern Alberta?



The majority of survey participants (66%) indicated they would continue with their value-added operation even if a processing facility was not built. This is a positive result because it indicates the strength and the anticipated longevity of the industry among processors.

20. *What type of processing facility would be suitable for your business needs?*

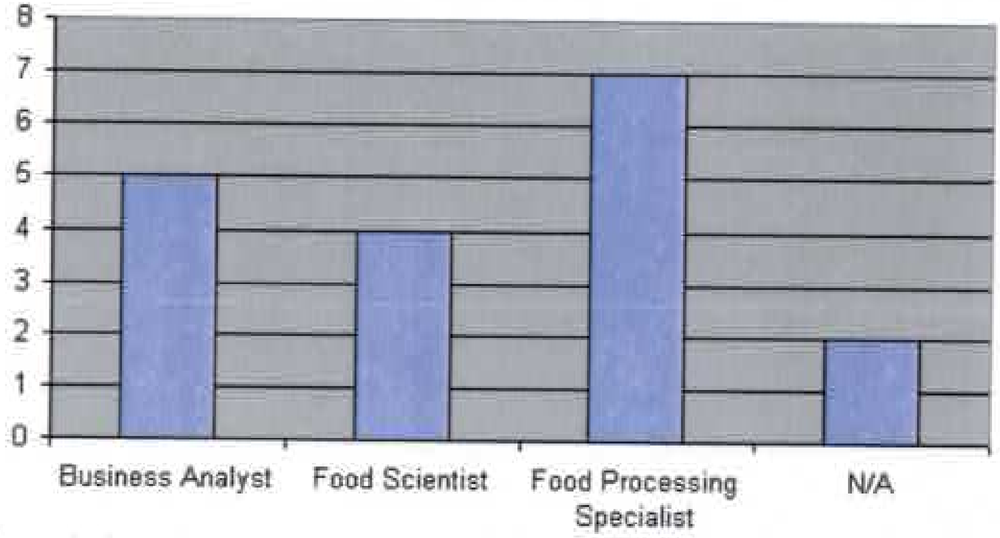


A small to medium scale processing facility was identified as the type of facility with the most in demand. A facility that could offer some degree of flexibility in terms of production capacity would be beneficial to offer in Southern Alberta as it could accommodate a wider range of processing requirements. However, focusing on small to medium scale processing would ensure the proposed centre would not compete with existing larger facilities and would meet the primary demand in Southern Alberta. It should be noted that survey participants were invited to indicate multiple types of facilities if they would be applicable to their business venture.

21. ***What technical staff would be valuable to you as a producer at a food-processing centre?***

As the development of the proposed processing facility progresses, staffing of the facility will be required. In order to determine what staff positions would be valuable to the potential tenants, an initial inquiry was included in the market demand study. The staffing requirements of the facility will be further assessed as the project continues.

The results from the initial survey are as follows:

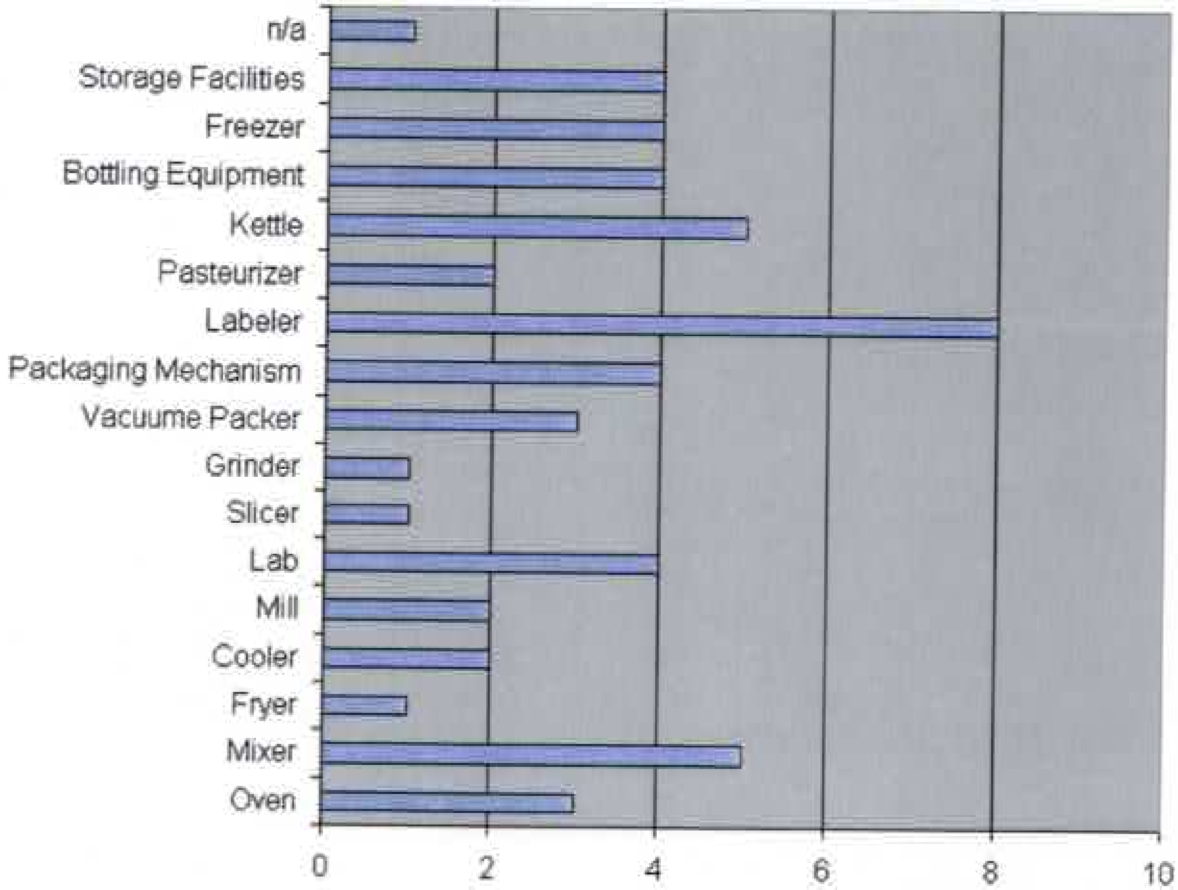


The majority of survey participants are interested in having a Food Processing Specialist, with knowledge of processing equipment and common industry practices, staffing the potential facility. The ideal individual would have personal experience in the food-processing industry together with the specialized technical knowledge in order to offer a well-rounded perspective to the processing facility. Business analysts are available through any of the Community Futures Development Corporations in Alberta, including the LDBDCA. Two organizations, The Crop Diversification Centre in Brooks and Norwest Labs in Lethbridge, have been identified as organizations involved in food science and lab work. The possibility of making arrangements with these organizations and the proposed food processing centre for analysis and testing of food products is an option as the project continues. By staffing the processing facility with a food-processing specialist and outsourcing the other positions from various locations in Southern Alberta would allow overhead costs for the facility to remain lower while still providing a wide range of services to Southern Alberta food-processors.

22. *What type of equipment would you require in a processing facility?*

The type of equipment required by each individual processor varies with each type of product. The steering committee for this project wishes to identify some of the generic equipment that can be used with a wide range of food-processing operations. The final equipment decision will be based on demand among processors for the equipment and versatility of the equipment itself.

In the survey the participants were asked to identify what type(s) of equipment are required by their business and the results will be used to determine what equipment is most in demand and what equipment can be used for a variety of processing requirements. The list in the survey was non-specific, more specific requirements will be sought as the project continues. Survey participants were instructed to select all equipment that applies to their processing needs.



Several other types of equipment were included in the participants' surveys under the category of "other", which included:

- Dehydrator
- Smoke house
- Juice extractor
- Canners – hot water baths

Although not all types of equipment can be housed within the proposed processing centre, this question has allowed a few pieces to be pinpointed as being in high demand. For example, a kettle, labeler and mixer all seem to have well distributed demand. As the project continues, the needs of the primary "anchors" for the facility will be addressed, and the facility will cater to some degree to the needs of those processors who can commit to full time use of the facility.

23. ***What would be the approximate time frame required for processing your value-added product in a processing centre?***

In order to gage the estimated usage of the facility, survey participants were asked to approximate the time they would require in a processing facility. The responses reinforced that a high level of demand exists for a processing facility in Southern Alberta. The responses were as follows:

Days per Production Run	Production Runs per Year
1 month to start	1 time
3 – 4 days	Weekly
4 – 5 days per month	10 months per year
Full time	Full time
N/A	N/A
1 day	12 times
Unsure	Unsure
3 – 5 days	3 – 4 times
Unsure	Unsure
2 shifts per day	Full time
Unsure	Unsure

Overall, the responses to this question indicate one full time user of the facility as well as 247 – 320 days of estimated usage per year. This is a strong result, indicating even a small group of producers could utilize the facility on a relatively full time basis.

24. *If you had access to a processing facility and/or pre and post-processing support services in Southern Alberta, when would you like to start production of your product?*

Due to the fact that all of the participants in the survey are currently developing or processing a value-added product already, the responses to this question were all within the next two years. This again demonstrates the processors are serious about continuing or expanding their food-processing venture, and the industry is growing in Southern Alberta.

One participant stated 'not applicable' because she has her own processing facility and is not interested in using a rental facility.

25. What would be your product's biggest competitive advantage, in other words what would be unique about your product?

This question was included in order to obtain some background information about the survey and focus group participants, as well as to judge the viability of their businesses. Judging the viability is important when selecting "anchors" for the facility because an anchor must have a business idea with strength and longevity in order to justify the continuation of the project.

The responses to this question were as follows:

- High quality product
- Certified organic Alberta grown and processed produce
- Naturally raised buffalo, using no steroids, hormones or antibiotics
- The organic grains are freshly ground - increasing nutrition and flavor. The bake goods are made with whole grain. I already have an established customer based. Several baked products are sugar-free
- No answer – participant has her own processing facility and will not be using a rental facility at this time
- The only wine kit made in Alberta, the only 100% black current kit, not flavored red or white wine, has nutritional values other wine kits don't have
- Fresh vegetables, no preservatives, unique product
- They are natural AND highly effective
- Not answered
- Natural product going towards health in animals
- Technique in which the product is processed

26. Where or what would be the most important market(s) for your product?

Also used to determine the viability of the business and obtain background information regarding the business idea. The responses demonstrate a variety of distribution outlets will be utilized. There is a trend towards creating a specialty product to be distributed through specialty outlets, in keeping with promoting the organic or home grown/natural trend identified earlier in the survey.

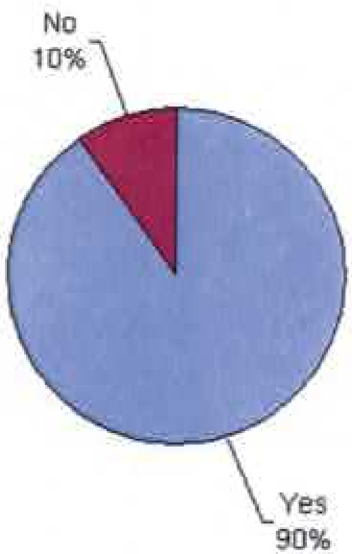
The responses were as follows:

- Alberta
- Farmers' Markets in Calgary, Edmonton and Lethbridge, and health food stores
- Lower mainland BC, Calgary and Toronto
- Farmers' Markets, health food stores and supermarkets
- Basket stores and high end markets
- Larger cities (Calgary or Edmonton), Lethbridge and surrounding area, Internet site is planned so customers' location will not matter
- Specialty food stores, meat shop, etc.
- Specialty and gourmet shops with high tourist traffic

- Unsure, still in product research stage
- Not answered
- Used as a food ingredient, snack mix and a future nutraceutical

27. Would you be interested in participating in an agricultural value-added processing training program?

The vast majority of participants indicated a strong interest in attending agricultural value-added processing training programs. Previously in the survey, participants identified subjects they require further assistance with. This information will be used to compile a series of short training sessions specifically for food processing. With the first training seminar planned for late September 2005, the seminars will continue throughout the year. The topics covered will be tailored to suit the needs identified in this survey and suggestions from participants in the future. The responses to this question indicate the value placed on agricultural business training programs by processors in Southern Alberta. The response to this question and the feed back received about business training programs in the focus group justify moving forward offering agricultural business training programs commencing immediately. By offering these programs prior to the development of a food-processing facility, it will ensure the momentum of the project is not lost and contact will be kept with food processors in order to ensure the strength of the project is maintained throughout the research and development stage of the project.



Section 7 – Focus Group Results

Focus groups were held in order to discuss regional needs for a value added processing centre in Southern Alberta. To ensure that all of Southern Alberta was examined focus groups were held in the following locations:

1. Lethbridge
2. Medicine Hat
3. Pincher Creek

The focus group meetings identified several key requirements food processors had regarding the food-processing industry in Southern Alberta. The focus groups were intended to determine the overall demand for a processing centre in Southern Alberta, the equipment requirements for a processing centre and how the processing centre would fit in with existing facilities such as those in Leduc and Brooks. One aspect of the mandate for the centre is to compliment existing facilities rather than compete with them. In order to ensure this, the participants of the focus groups were asked to identify what factors were keeping them from using these pre-existing facilities, allowing the steering committee for the processing facility in Southern Alberta to provide the services that were identified as missing from the existing infrastructure in Southern Alberta. The primary issues and requirements identified by the participants of the focus groups are summarized below.

In total, eight people participated in the focus group meetings held in Lethbridge and Medicine Hat, offering their input into the current food-processing industry in Alberta and they requirements they had for future food-processing activity.

Section 7.1 – Creation of a Physical Processing Facility

One piece of important information gained from the focus groups was that all of the participants agreed that having access to the processing equipment and facility was more important to them than having access to knowledge about the food-processing industry. Although they did identify a strong need for training, seminars and knowledge based resources to be available in the area, when asked to rank the need for the physical facility versus access to industry and business information, the participants agreed the physical facility had more demand at this point. A small to medium commercial processing facility was identified as the primary type of facility demanded. The close proximity of the facility to Southern Alberta would allow processors to make more frequent production runs and produce smaller quantities in each run, allowing for a smaller facility to be suitable for the area.

Section 7.2 – Underutilization of Existing Facilities

The focus groups included a discussion pertaining to the existing facilities in Alberta, such as those in Leduc or Brooks and the participants' comments regarding these facilities. The primary barriers to using the Leduc facility, identified by both those who use the facility and those who do not, related to the facility's proximity to Southern Alberta. With the rising price of gas, the participants all identified the high cost of traveling to Leduc as a barrier to using the facility. When allowances for meals and hotels are factored in, along with the cost of transporting raw materials and finished goods to and from Leduc, the participants said the logistics of utilizing the Leduc facility were too costly when coming from Southern Alberta. As a result, only three out of eleven processors contacted use the Leduc facility. This indicates a need for a processing facility more accessible to Southern Alberta. The Lethbridge focus group participants agreed that a 45-minute radius from Lethbridge would be the preferred location for a processing facility, which would remove the majority of the traveling expenses. The participants of the Medicine Hat focus group were willing to travel further, but agreed that having a processing facility in Southern Alberta would result in fewer transportation expenses to use the facility.

The Palliser Economic Partnership in Medicine Hat is currently working to develop a food-processing centre in Southern Alberta as well. The focus group findings support the idea that Southern Alberta could sustain two processing facilities, as participants from Lethbridge indicated a 45-minute radius was the maximum they would view as feasible to travel to. Although the participants of the focus group in Medicine Hat were willing to travel further distances to a processing facility, having a facility in South Western and South Eastern Alberta removes many of the travel costs as a barrier for processors in both regions of Southern Alberta.

One participant who is currently a client of the Leduc facility said he had to make fewer, much larger production runs at the Leduc processing facility to offset the travel and living expenses. Doing so forced him to invest in a large stock of inventory, which is costly to store and presents the risk of not being able to sell the inventory in a timely manner.

Although the distance to Leduc and the cost of travel were identified as barriers, the participants did believe the facility to be a valuable resource. The information, the equipment and facilities were believed to be of high value to the industry. This reinforces the idea that food processing is a growing industry, as indicated in the industry overview, and the demand for services related to food processing is growing along with it.

Section 7.3 – Storage

Storage was another primary concern for many of the focus group participants who produced non-perishable goods. Both dry storage space and freezer space is at a premium for food processors. The recently closed hospital in Picture Butte, a potential site for the food-processing facility, has multiple rooms surrounding the commercial kitchen area that could be utilized as rental storage facilities for processors.

Section 7.4 – Bulk Purchasing Program

The idea of a bulk-purchasing program was introduced in the survey and the focus group meetings. The program is designed to allow food processors to each order their basic ingredients, for example sugar, flour, and salt, through the food-processing centre. By combining individual purchases into one group purchase, each processor could benefit from the quantity discount offered when purchasing in bulk. A similar program could be set up for basic raw materials such as jars and labels as well. The concept was well received by the participants and is an example of a service the processing centre could provide to assist processors and increase the viability of their business ventures.

Section 7.5 – Agricultural Business Training

Business training and education is an area of continual learning recognized for all business owners. The focus group participants expressed interest in business training and seminars available in conjunction with the processing facility. The participants agreed that business training is essential for any business, particularly those in the start-up stages. Offering training programs created specifically for agricultural processing businesses is a need that the LDBDCA, as a Community Futures Development Corporation, has the ability to provide to processors, which would add to the viability of the business ventures. Kent McCulloch of the LDBDCA is an authorized NX-Level Canada instructor, Kent is certified to teach NX-Level Canada's "Tilling the Soil of Opportunity" agriculture training program. Additionally, the LDBDCA Executive Director, Mark Fournier is a certified NX Level Program Manager.

Several topics for training programs and seminars have been identified through focus group meetings with processors. For example, labeling regulations and standards is an area identified in the focus group where food processors were unclear about the requirements involved and who to turn to for clarification. The participants demonstrated significant confusion regarding the requirements and were concerned of the inconsistencies resulting from this confusion. Other areas of interest identified through the survey and focus group meetings include, marketing products, product development issues such as packaging, label design, recipe formulation, general business training, and training in food quality and safety regulations. Training in these topics provide processors with the opportunity to increase the viability of the business, and also promote the Alberta Advantage, ensuring Alberta products will remain known for a high level of quality as processors gain more training in regulations and standards. Processors also wanted proper training in the equipment use for all processors using the facility in order to ensure safety of the operator and protection of the equipment. Explanation of alternative funding sources, such as AVAC's Idea Builder program were also identified as important areas of training that are needed in the region. Several focus group participants indicated they had experienced confusion and frustration when gathering information and applying for AVAC's programs. This provides an opportunity for the LDBDCA, in conjunction with the proposed food-processing centre to put on training sessions in order to clarify the sources of alternative funding and explain the application process. The LDBDCA has arranged a training seminar for late September 2005 to clarify AVAC's programs and the application process.

Creating networking opportunities among processors was another area of interest brought up in the focus group meetings. Processors recognized the importance of developing contacts throughout the food-processing industry and felt the creation of networking opportunities either through the LDBDCA or the proposed food-processing facility would provide them with an outlet to do so. One option to create networking opportunities is to schedule them in conjunction with training programs and seminars, allowing time within the training session designated for networking. The members of the focus group in Medicine Hat took this one step further, suggesting groups of processors could market their products together to large stores for the sake of efficiency on both the buyer and processor's part. This suggestion has potential to become a powerful tool for food processors and will be explored as the project continues.

Section 8 – Conclusion and Recommendations

Upon completion of the market demand study, it can be concluded that there is a high demand for a food-processing facility and agricultural business training in Southern Alberta. The positive response received from food processors in the region indicates sufficient demand exists to warrant progression onto the next stages of the project's development, the engineering feasibility study of the potential location. The LDBDCA will utilize it's existing resources to begin offering agricultural business training seminars immediately in order to maintain the momentum of the project and provide the training opportunities the study participants requested.

The feedback received from both the survey and the focus group meetings demonstrated there is a lack of food-processing facilities available for public use in Southern Alberta. Although the response rate for the survey was lower than anticipated, the responses from those who participated in the survey and those who were contacted but did not complete their survey were very enthusiastic. It is recommended that the project progresses based as a three-year pilot project. Upon completion of the three-year period, demand for the facility should be reassessed and a decision should be made as to whether to expand operations, cease operations or continue operations as they are. The development of a food-processing centre in Southern Alberta has the potential to stimulate the economy and provide employment opportunities to the region.

When the primary data gathered in the surveys and focus groups was cross-referenced with data from the food-processing industry in Alberta and Canada, a strong trend emerges, demonstrating the food-processing industry is a vibrant, diverse and growing industry. Creating supportive infrastructure in Southern Alberta to support the food processing industry will help to ensure that Alberta plays a key role in Canada's food-processing activity in the years to come. Creating an affordable processing facility, with the ability to adapt to both the changing needs of the industry and the tenants of the facility, will continue to bolster Alberta's economy and agricultural industry.

A wide range of processing activities have been identified throughout the course of the study. The steering committee for the proposed food-processing centre will ultimately decide what equipment is most needed and will be most versatile in order to build the facility accordingly. Several types of equipment were identified throughout the course of the survey as identified in the survey results.

The study identified that processors have the greatest need for a small to medium scale processing facility. This is in keeping with the mandate for the project because it will prevent duplication and competition with existing food-processing facilities in the province that handle larger scale processing. Creating a smaller scale facility will require a smaller initial investment in equipment, allowing the centre to remain more adaptable to future requirements.

The physical processing facility was identified to be in slightly greater demand than agricultural business training and support services. As such, the steering committee's efforts should be focused on creating a facility as their primary goal. Agricultural business training and support services were still viewed as valuable by food processors in the region, so the recommendation can be made that the LDBDCA offers these services as an extension of their current training programs. For example, the LDBDCA is planning a training seminar to occur in late September 2005 regarding alternative funding sources and marketing food products. These training seminars are viewed as a valuable addition to the LDBDCA's current services and therefore would compliment both the mandate for the LDBDCA and the proposed food-processing facility.

The estimated usage times the participants of the study provided demonstrate even a small group of people can provide significant usage of a food-processing facility. One participant indicated she would be interested in becoming a full-time tenant in the facility, providing a strong anchor. The other processors included in the study account for an estimated usage of 247 – 320 days per year. These numbers indicate a steady rate of usage and demonstrate the demand that exists in the region. Several anchors have been initially identified based on the estimated usage times provided in the survey.

Although other food-processing facilities exist in the province, the study revealed that Southern Albertan food processors are not making full use of these facilities due to the cost and distance factors involved with utilizing them. This information can be used to demonstrate a need for a food-processing facility in the southern region of the province in order to provide convenient access to facilities and resources for food processors in all areas of Alberta.

Overall, a strong demand for a food-processing facility exists in Southern Alberta and it is recommended the project continue on to the next stage of development.

Section 9 – Appendix

Section 9.1 – Food Processing Survey

Attached is a copy of the survey distributed to food processors in Southern Alberta. The results of the individual responses will be kept confidential and only a tabulation of the results and the anonymous responses are made available to the public in this study.

The survey and introduction letter follows.

Lethbridge & District
Business
Development Centre Association
2626 South Parkside Drive Lethbridge, AB T1K 0C4 www.ldbdca.com
Phone: (403) 320-6044 Fax: (403) 327-8476 email@ldbdca.com

December 1, 2005

Dear Food Processor:

The Lethbridge & District Business Development Centre in conjunction with Alberta Agriculture, Food and Rural Development and The SouthGrow Regional Initiative is conducting a study to determine if a demand exists for a value-added processing centre and an agricultural business-training centre in Southern Alberta.

Enclosed is a brief survey inquiring about the processing activity you are currently involved in or would like to do in the future, your processing facility needs, and the business-training services that would benefit your business venture. Please take a few minutes and complete this survey to give the steering committee for this project a better understanding of your processing needs in the region. Your input is important, as the processing centre will be tailored to meet the needs identified in the survey.

If you have any questions regarding the survey or the project, don't hesitate to contact me at (403) 320-6044. Please use the enclosed postage-paid envelope or fax completed surveys to the Lethbridge & District Business Development Centre at (403) 327-8476.

Thank you for your participation!

Sincerely,

Melissa Dunsmore
Business Analyst
Lethbridge & District Business Development Centre Association

Food Processing Survey

Confidentiality Clause:

The individual information provided in this survey will be reviewed and held in confidence by The Southern Alberta New Product Processing Centre steering committee. A tabulation of the individual responses will be made available to the public in the final report.

Background Information:

1. **Contact Information (optional):**
   Name: ______________________________
   Address: ______________________________
   ____
   ____
   Phone: ______________________________
   E-mail: ______________________________

2. **Are you a producer of primary agricultural products?**
   - ☐ Yes
   - ☐ No

3. **Do you currently add value to an agricultural (or a related) product?**
   - ☐ Yes
   - ☐ No (Go to question 10)

4. **What type of value-added product are you currently producing?**
   ____
   ____
   ____
   ____

5. **Where are you currently producing your value-added products?**
   - ☐ At home in a personal kitchen
   - ☐ In a community kitchen (specify location: ____________)
   - ☐ At a commercial processing facility (specify location: ____________)
   - ☐ Other (specify location: ____________)

6. **Currently, at what stage of development is your value-added product?**
   - □ "Idea Stage" – idea formulated, production has not begun
   - □ "Development Stage" – test production has occurred, prototypes are developed
   - □ "Small Scale Production" – production has commenced and is ongoing, product is distributed locally
   - □ **"Large Scale Production" – commercial production is underway, product is distributed regionally, nationally or internationally**

7. To what size do you plan to grow your business?
   - □ **Distributing to local markets**
   - □ **Distributing to provincial markets**
   - □ **Distributing to national markets**
   - □ **Exporting internationally**

8. What would your ideal annual production volume (quantity produced) for your value-added enterprise be?

   ____
   ____
   ____

9. **Do you utilize any existing processing facilities, such as those in Leduc or Brooks?**
   - □ Yes (Go to question 12)
   - □ No

10. **What barriers are keeping you from being able to use the Leduc or Brooks facilities?**

    ____
    ____
    ____
    ____

11. What "stepping stone" services do you need access to in order to use processing facilities such as those in Brooks or Leduc?

    ____
    ____
    ____
    ____

12. **Do you plan to begin or continue adding value to an agricultural product?**
    - □ Yes
    - □ No

13. Do you intend to produce, or are you already producing, an organic or "home grown"/natural product?

- ☐ I already produce an organic product
- ☐ I intend to produce an organic product, but I am not currently producing one
- ☐ I currently produce "home grown" or natural products, not organic products
- ☐ I intend to produce "home grown" or natural products, not organic products
- ☐ No

Assessment of Demand:

14. What pre and post-processing services would you be interested in or think are important to the agricultural value-added industry?

- ☐ Business planning assistance
- ☐ Assistance with business regulations (i.e. licensing, taxes, insurance, etc.)
- ☐ Market research
- ☐ Feasibility assistance
- ☐ Budgeting and cash flow principles and practices
- ☐ Marketing and advertising techniques
- ☐ Product development (i.e. packaging, labeling, recipe formulation)
- ☐ Export training
- ☐ Value chain information training
- ☐ Human resources training
- ☐ Access to business loans
- ☐ Awareness of alternative funding sources
- ☐ Managerial skill development
- ☐ Networking opportunities
- ☐ Training in food quality, safety and labeling regulations
- ☐ Training in equipment use
- ☐ Listings of and access to government and industry programs and services

15. Would you consider adding value to an agricultural product if there were pre and post-processing support and/or a processing facility in the area?

- ☐ Yes, if there was pre and post-processing support
- ☐ Yes, if there was a processing facility
- ☐ Yes, if there was both pre and post-processing support, and a processing facility
- ☐ No, regardless of the facilities and support available (Go to question 25)

16. Would you expand your existing product line if you were able to process in a processing facility or inspected kitchen in Southern Alberta? If so, what products would you introduce?

Economic Impact:

17. Where do you plan to get the raw materials for your product(s)? Would you be interested in participating in bulk purchasing opportunities organized by the processing facility coordinator for standard supplies and raw materials?

18. How many people do you feel will work on this enterprise upon start-up?

- ☐ 1-2
- ☐ 3-5
- ☐ 6-10
- ☐ 10+

19. Would you begin/continue producing this product if there is <u>not</u> a processing facility in Southern Alberta?

- ☐ Yes
- ☐ No

Facility Requirements:

20. What type of processing facility would be suitable for your business needs?

- ☐ Idea testing and actualization facility
- ☐ Laboratory/food science centre
- ☐ Small to medium scale commercial production facility
- ☐ Full scale commercial production facility

21. What technical staff would be valuable to you as a producer at a processing centre?

- ☐ Business Analyst – provide business planning assistance
- ☐ Laboratory/Food Scientist– analysis and testing of food products
- ☐ Food Processing Specialist – knowledgeable of equipment and common industry practices
- ☐ Other: ______________________

22. What type of equipment would you require in a processing facility?

- ☐ Oven
- ☐ Mixer
- ☐ Fryer
- ☐ Cooler
- ☐ Mill
- ☐ Laboratory/testing equipment for product research and development
- ☐ Meat slicer
- ☐ Meat grinder
- ☐ Vacuum packer
- ☐ Packaging mechanism
- ☐ Labeler
- ☐ Pasteurizer
- ☐ Kettle
- ☐ Bottling equipment
- ☐ Freezer
- ☐ Storage facilities
- ☐ Other: ____________________
- ☐ Other: ____________________
- ☐ Other: ____________________

23. What would be the approximate time frame required for processing your value-added product in a processing centre?

Days per production run: ______________________________________

Production runs per year: ______________________________________

24. If you had access to a processing facility and/or pre and post-processing support services in Southern Alberta, when would you like to start production of your product?

- ☐ 2005
- ☐ 2006
- ☐ 2007
- ☐ 2008+

25. What would be your product's biggest competitive advantage, in other words what would be unique about your product?

____

____

____

____

26. Where or what would be the most important market(s) for your product?

____

____

____

____

Pre and Post-Processing Support Assessment:

27. Would you be interested in participating in an agricultural value-added processing training program?

- □ Yes
- □ No

Please return your completed survey to:

Fax: (403) 327-8476
Email: melissa.dunsmore@ldbdca.com
Address: Lethbridge & District Business Development Centre Association
2626 South Parkside Drive
Lethbridge, AB
T1K 0C4

Thank you for your participation in this survey. Your contribution will be valuable to the economic development of Southern Alberta!