Perspective

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Buying local: a phenomenon not to be ignored

"Buying local" is a phenomenon that is expanding in the economic landscape and in the media. One need not search for long before one realizes that this is not a new idea, and that its current proponents have developed a plentiful and diversified series of arguments in support of their cause. The food sector is the vanguard of this movement, but buying local extends far beyond that sector. This overview shows that this trend appears to be a case of the pendulum swinging back after a period of industrial offshoring and massive imports of products. The weakness of the Canadian dollar could support this momentum for some time to come.

VAGUE PARAMETERS

There is no formal definition of buying local: one might say that this is a concept with variable dimensions. Most of the time, those who attempt to define the boundaries of this concept focus on the aspect of distance. For some, it means buying something within a radius of 150 km. For others, there are precise criteria to be met regarding how the good was produced and sold. For others still, the acquisition must be made as near as possible to the place where the good was produced and processed. That distance fluctuates according to availability and the seasons. In any event, proximity to the production and processing site is a core criterion.

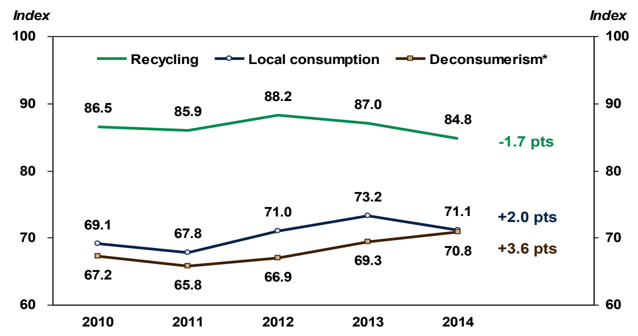
Without a doubt, this way of choosing what consumer goods and services to buy is gaining ground in Quebec. Many signs give that impression. On this point, the *Baromètre de la consommation responsable*[1] (barometer of responsible consumption) shows that a majority of Quebecers (over 70%) seem to have adopted this behaviour (graph 1). Consumers embracing this movement have increased slightly since 2010. On the supply side, the food sector is multiplying its "Quebec product" campaigns. In retail trade, showcasing increasingly stresses the local, regional or provincial nature of merchandise.

AS MANY REASONS AS THERE ARE BUYERS

There are many reasons for buying local. For some people, it is an environmental issue. The arguments are as follows: shipping goods over long distances is a waste of energy, causes traffic congestion, can lead to a loss of nutrients, requires extra packaging to protect the merchandise, and generates more greenhouse gas (GHG) emissions, which are harmful to human health.

[1] Observatoire de la Consommation Responsable, ESG, UQAM, *Baromètre de la consommation responsable, 2014, Retour sur cinq ans d'évolution des attitudes et comportements*, http://consommationresponsable.ca/barometre-2014-de-la-consommation-responsable-au-quebec-5-ans-devolution-des-pratiques/, 2014, 27 pages.

Graph 1 – Index trends by type of responsible behaviour since 2010



* Foregoing a purchase, reducing consumption
Source: Observatoire de la Consommation Responsable, ESG, UQAM, Baromètre de la consommation, responsable 2014

Some people see this approach to consumption as a way of supporting the local economy, preserving jobs and promoting economic spinoffs in their municipality, region, province or country. Others consider the social aspects, i.e. giving support to companies that adopt working conditions that are respectful of the employees, and that give fair pay to the workers.

To these reasons we can add health issues, especially in the case of food. Promoting recognized agricultural practices and ensuring the strict and disciplined observance of accepted standards for crops and animals constitute another reason to promote buying local.

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Preserving diversity, encouraging exclusivity and supporting creativity are among the motivations inspiring some buyers. These reasons come into play when buying handicrafts, for which the distribution channels are sometimes limited to one boutique, one municipality or one region. Proximity is also a factor for those who do not wish to wait to acquire a product. Books, which can also be ordered via the Internet, constitute a concrete application of this.

Where does buying local stop? At this point, pretty much where consumers decide it should. The movement gets its energy from buyers' personal convictions, from those of pressure groups (ecologists, workers' associations, producers, etc.), from merchants who showcase local and regional products, from various organizations (e.g. Aliments du Québec, Équiterre, chambers of commerce, etc.) and even from governments through targeted campaigns.

BUYING LOCAL: NOT ONLY A QUEBEC INITIATIVE

Initiatives to promote buying local are proliferating around the world. In Japan, baskets of organic food sourced from nearby farms were already being promoted in the 1970s. This practice was subsequently adopted in Europe and in North America in the 1980s. In France, 10 or so years ago, major food distributors launched their own house brands of local products. In Germany, there is growing interest among consumers in locally made food and drink.

In the United States, sellers have never been shy about promoting U.S. products and proclaiming the quality thereof to households and businesses. This is an institutionalized practice, especially in government procurement. In the food sector alone, there were around 2,500 campaigns of all sorts in 2010 with the objective of supporting agricultural development in the United States, whereas there were only about 760 of them at the beginning of the 2000s[2].

On this side of the border, people are organizing throughout Canada. Quebec has its own initiatives, as we shall see later, but it is not alone. In 1977, the Ontario government launched Foodland Ontario to promote products grown and processed in Ontario[3]. This campaign is now carried out in several languages and even on social media.

A FEW NUMBERS TO PUT INTO THE EQUATION

Given that the concept of buying local takes many forms, there is no consensus on a particular measurement. However, certain indicators can help us understand various aspects of the issue. A case in point is the Barometer shown in graph 1. The analysis that was associated with it revealed that: *"local consumption is clearly a deep-rooted trend in Quebec. It ranks second among responsible consumption behaviours in terms of practices, and has advanced by 2.0 points since 2010. Nine local products are among the top 20 responsible products most purchased by Quebecers, and four of them are among the top 5. Buying local is widespread among all consumers, from the most responsible to the least responsible."*[4]

Meanwhile, the Business Development Bank of Canada (BDC) commissioned a survey from IPSOS Marketing whose findings speak volumes. Carried out and published in 2013, the survey showed that Quebec had the smallest percentage of respondents who had made no effort to shop for, or buy, local products (27%), although it did not specify how frequently the others did so (table 1 on page 3). We also note that the patronage of Quebec consumers is spread quite evenly, according to the source of products (between 30% and 40%). In other parts of Canada, a greater preference is expressed for Canadian products (45% to 57%) (except in Saskatchewan and Manitoba).

The survey also shows that the local nature of a product is not the only argument that wins buyers. Quebec consumers are still sensitive to cost (paying the lowest possible price, 67%), to their health (buying a product that is healthy, 53%) and to recognized brands (45%) (table 2 on page 3). If we compare the Quebec data with those of Canada overall, we note that there is very little difference between the two groups in this regard.

THE FOOD SECTOR: VANGUARD OF THE BUYING-LOCAL MOVEMENT

As far as the food sector is concerned, many statistics exist telling us what share of consumers' food basket is reserved for Quebec products. According to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec (MAPAQ), *"the majority (53%) of food products purchased by Quebecers are sourced from Quebec suppliers (producers and processors)."*[5] Meanwhile, the Union

[2] MAPAQ, *Bioclips*, volume 19, issue 9, March 15, 2011.

[3] Conference Board of Canada, *Canada's Growing Appetite for Local Food*, 2013, 66 pages.

[4] Observatoire de la Consommation Responsable, ESG, UQAM, *Baromètre de la consommation responsable, 2014, Retour sur cinq ans d'évolution des attitudes et comportements*, page 2.

[5] MAPAQ, *Bottin statistique de l'Alimentation*, http://www.mapaq.gouv.qc.ca/fr/Publications/Bottin_statistique_alimentation.pdf, édition 2013, 105 pages.

Table 1 – Efforts to shop for, or buy, local products
Results by region

	Total Canada	B.C.	Alberta	Sask/Man.	Ontario	Quebec	Atlantic
Base	(n=1023)	(n=137)	(n=109)	(n=67)	(n=392)	(n=246)	(n=73)
In Canada	45%	45%	48%	38%	46%	39%	57%
In your region	24%	21%	21%	11%	20%	36%	27%
In the province where you reside	24%	14%	25%	16%	22%	30%	33%
In your city/municipality	23%	21%	19%	17%	19%	34%	18%
I have made no specific effort to shop for or purchase such products	35%	37%	35%	49%	38%	27%	28%

Sources: Ipsos Marketing, *Omnibus Web, Major Consumer Trends* , a survey commissioned by the Business Development Bank of Canada, September 2013

Table 2 – Important factors when buying a product or service

	Total Canada	Quebec
Base	(n=1023)	(n=246)
Pay the least possible	64%	67%
Buy a recognized brand	49%	45%
Buy a product that is good for the health	49%	53%
Obtain information on the Internet before buying	41%	38%
Buy a locally made product	39%	40%
Obtain points, a cash back or gift upon purchase	35%	30%
Buy an eco-friendly product / a product made by an eco-friendly business	26%	30%
Buy a product or service offered by a socially responsible business	26%	27%
Be able to buy online	18%	18%
None of these factors are important to me	4%	3%

Sources: Ipsos Marketing, *Omnibus Web, Major Consumer Trends* ,
a survey commissioned by the Business Development Bank of Canada, September 2013

Table 3 – International trade in biofood products in Quebec at a glance

a) Quebec exported more than it imported in 2014
- $7.0B in exports and $6.6B in imports

b) Quebec imports mainly:
- alcoholic drinks, 22.3%
- fruits and nuts, 10.7%
- cocoa, coffee and tea, 10.3%

c) Quebec imports mainly from:
- the United States, 27.2%
- Brazil, 7.6%
- France, 8.1%
- Italy, 5.3%

d) Quebec exports mainly:
- meat, 27.8% (over 75% is pork)
- oilseeds and oilseed products, 12.3%
- grains and grain products, 9.6%

e) Quebec exports mainly to:
- the United States, 61.7%
- the Netherlands, 4.1%
- Japan, 6.5%
- China, 3.2%

Sources: Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec and Desjardins, Economic Studies

des producteurs agricoles (UPA) estimates a very similar percentage, and specifies that *"nearly 33% of food products consumed by Quebecers come from Quebec farms."*[6]

It is also interesting to note that the value of Quebec biofood exports was greater than that of imports in 2014. Table 3 provides a quick overview of the Quebec dynamic. We note that fruits and nuts (10.7% of the value of imports) and cocoa, coffee and tea (10.3%) rank second and third among imported products, and that, together, they account for 21% of Quebec's biofood imports. These foods are part of Quebecers' diet, and these findings point to the limits of near-sourcing for a number of foods that cannot be produced here. In a situation where consumption habits remain unchanged and there is no substitution, buying local cannot meet every need.

[6] *http://www.upa.qc.ca/en/agriculture-in-quebec/agriculture-by-the-numbers/*

Initiatives to promote buying local foods have been proliferating. In 2008, the Quebec government launched the first phase of the *"Put Quebec in your plate"* campaign with the goal of increasing purchases of Quebec food products in the provincial market. It provides support to the Aliments du Québec organization (founded in 1996), whose mission is, among other things, to promote buying Quebec products and to grant certifications. As of March 31, 2015, 18,917 products had been certified as *"Aliments du Québec"*, *"Aliments du Québec – Bio"*, *"Aliments préparés au Québec"* or *"Aliments préparés au Québec – Bio"*. This is just one component of the Quebec strategy. It affects widespread distribution via supermarkets in particular, but not exclusively.

However, the strategies employed by the government and by Aliments Québec go further than that, and the examples provided are not exhaustive. The *"Stratégie de positionnement des aliments du Québec sur le marché institutionnel"* (strategy for positioning Quebec foods in the institutional market), which was published in 2013, is another example of this. The restaurant sector also takes actions to showcase and display Quebec food. And the large supermarket chains have programs dedicated to food produced and processed in Quebec that include many activities, such as simplifying procedures for small suppliers, setting up special displays or holding tastings in stores, and initiating pilot projects to expand the range of regional products offered.

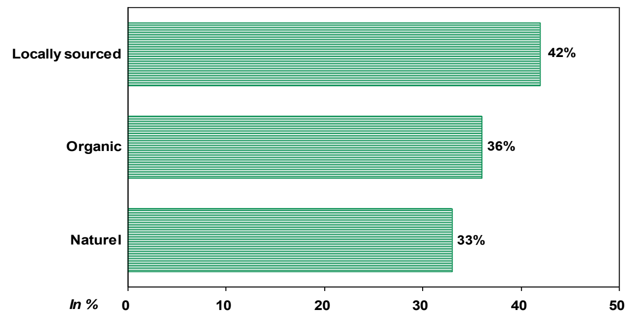
Buying local goes far beyond the food sector. Numerous initiatives are undertaken annually by chambers of commerce and business associations to promote shopping in the municipalities where consumers live, rather than in commercial centres.

While buying local seems to be gaining popularity and is becoming increasingly prevalent, it does not have unanimous support. Those who object to it believe that it *"leads to the bankruptcy of the economies that practise it"*, and that these are policies supported by protectionists who are opposed to the liberalization of trade.

THE FLIP SIDE OF THE COIN: SELLING LOCAL

Do businesses have an ace in their hand? Some organizations that promote buying local insist that companies that want to be successful must *"showcase the local characteristics of their products"*[7]. This can be accomplished through signposting and labelling, among other things. Graph 2 shows that this strategy can be promising since a survey conducted by IPSOS for the BDC showed that a little over 40% of Canadians trust the labels of products that come from local sources. However, as we saw earlier, this strategy will not do it all. Price is still an argument that carries a good deal of weight.

Graph 2 – Proportion of Canadian consumers who trust various product labels



Source: BDC – Ipsos survey in *Five Game-changing Consumer Trends*, October 2013

A report aimed specifically at the food sector, *"Cultivating Opportunities: Canada's Growing Appetite for Local Food"* published by the Conference Board in 2013, presents some strategies for optimizing local food systems in Canada. These include labelling, information on direct marketing, advice on selling local products to large customers, cooperation between retailers, suppliers and distributors, and promotion on a massive scale.

MUCH MORE TO DISCOVER

Buying local is not a myth, but it is difficult to measure. In these conditions, quantifying its effects is all the more complex. However, a brief overview shows that around 70% of individuals believe that they do buy local, to varying degrees. It would be interesting to find out how intensely (amounts, frequency, etc.) they do so, and how things stand from the point of view of businesses. This trend appears to be a case of the pendulum swinging back after a period of industrial offshoring and massive imports of products. Growing consumer concerns about the environment and health issues, combined with the shock of the recent financial crisis, seem to have promoted the practice of buying local. The current weakness of the Canadian dollar could strengthen this movement in the years to come.

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[7] BDC, *Five Game-changing Consumer Trends*, http://www.bdc.ca/EN/Documents/analysis_research/Report_BDC_Mapping_your_future_growth.pdf#search=%22five%22, October 2013, 40 pages.