



Agriculture and Agri-Food Canada and GlobeScan Incorporated

6th International Sustainability Leadership Symposium 2005

The Market Value of Reputation





The Market Value of Reputation

- The Strategy
- The Research
- The Value



Importance of Reputation in a Globalized World



- Exports are a vital component for the well-being of the agriculture sector
- Countries with lower production costs and longer growing seasons are bringing more bulk commodities to market at lower prices.
- Developed countries are no longer assured of being price-competitive.

**Canada has chosen to differentiate itself
to succeed internationally**





Where Did We Start From?

- Previous research has shown that Canada stands out as a “model country” with:
 - pristine landscapes
 - wide-open spaces
 - a clean environment
- However, Canada is generally not perceived as an innovative or technologically advanced country

TRUSTWORTHINESS is a key—and meaningful—differentiator that sets Canada apart from others in the minds of consumers and buyers.



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



How Can This Reputation Provide Competitive Advantage?



A strong and meaningful brand founded on Canada's reputation will:

- Differentiate Canadian producers from competitors on key attributes
 - Add value to Canadian products
 - Build customer loyalty
 - Reduce price sensitivity
 - Facilitate new market entry and new product introductions
-
- **A strategy has been put in place to build and manage the brand**



Reputation Management Strategy



1. **DEFINE IT** by identifying the key attributes for which we want to be known and expressing them in a brand promise
2. **BECOME IT** by putting the systems and infrastructure in place to deliver on it. Everyone must live it—governments as well as industry.
3. **PROMOTE IT** by communicating what we have to offer—products, attributes and systems to back them up.



Define It



To develop the brand promise, the organization or sector must understand:

- What benefits are important to its customers
 - What features are required to deliver on those benefits
- How the brand is currently perceived
 - On its own and relative to the competition
- How the brand performs in reality

Consumer and buyer studies

Benchmark relative to the competition and organizational goals

- Based on objective and non-ambiguous measures
- Provide a point of aspiration for the brand

Benchmarking of industry capabilities





Key Findings



Country Image



Qq11,15,19,23

	Mexico	USA	Canada	Spain
Model country	6.72	6.49	8.40	7.37
Industrialized	6.75	9.45	8.73	8.08
Economically strong	6.39	9.64	8.86	8.11
Environmentally conscious	5.72	5.64	7.86	6.63
Technologically advanced	6.45	9.54	8.78	8.15

Canada is significantly more likely to be considered a model country and environmentally conscious than the USA, Spain, and Mexico.



Country Image



Ethnic Images and Communication Experience



	Americans			Canadians			Spaniards		
	A lot	A little	Diff.	A lot	A little	Diff.	A lot	A little	Diff.
Highly educated	7.33	7.32	0.01	8.83	8.65	0.18	8.32	7.86	0.46
Friendly	7.50	6.11	1.39	8.91	8.00	0.91	9.34	8.65	0.69
Sophisticated	6.94	7.84	-0.90	8.64	8.29	0.35	7.73	7.48	0.26
Open-minded	7.31	7.58	-0.27	8.18	7.73	0.45	8.72	7.97	0.75
Youthful	6.97	6.71	0.26	6.83	7.22	-0.39	7.81	7.68	0.13
Daring	7.41	7.13	0.28	6.83	7.31	-0.48	8.38	7.86	0.52
Dependable	8.42	7.64	0.78	8.58	8.92	-0.34	8.82	8.23	0.59
Honest	8.12	6.97	1.15	8.73	9.01	-0.28	8.86	8.08	0.78
Respectful	7.60	6.34	1.26	8.92	8.84	0.08	8.72	8.06	0.66
Competent	8.49	8.57	-0.07	9.36	8.65	0.71	8.82	8.17	0.65
Credible	7.88	7.00	0.88	8.27	8.55	-0.28	8.60	7.92	0.68

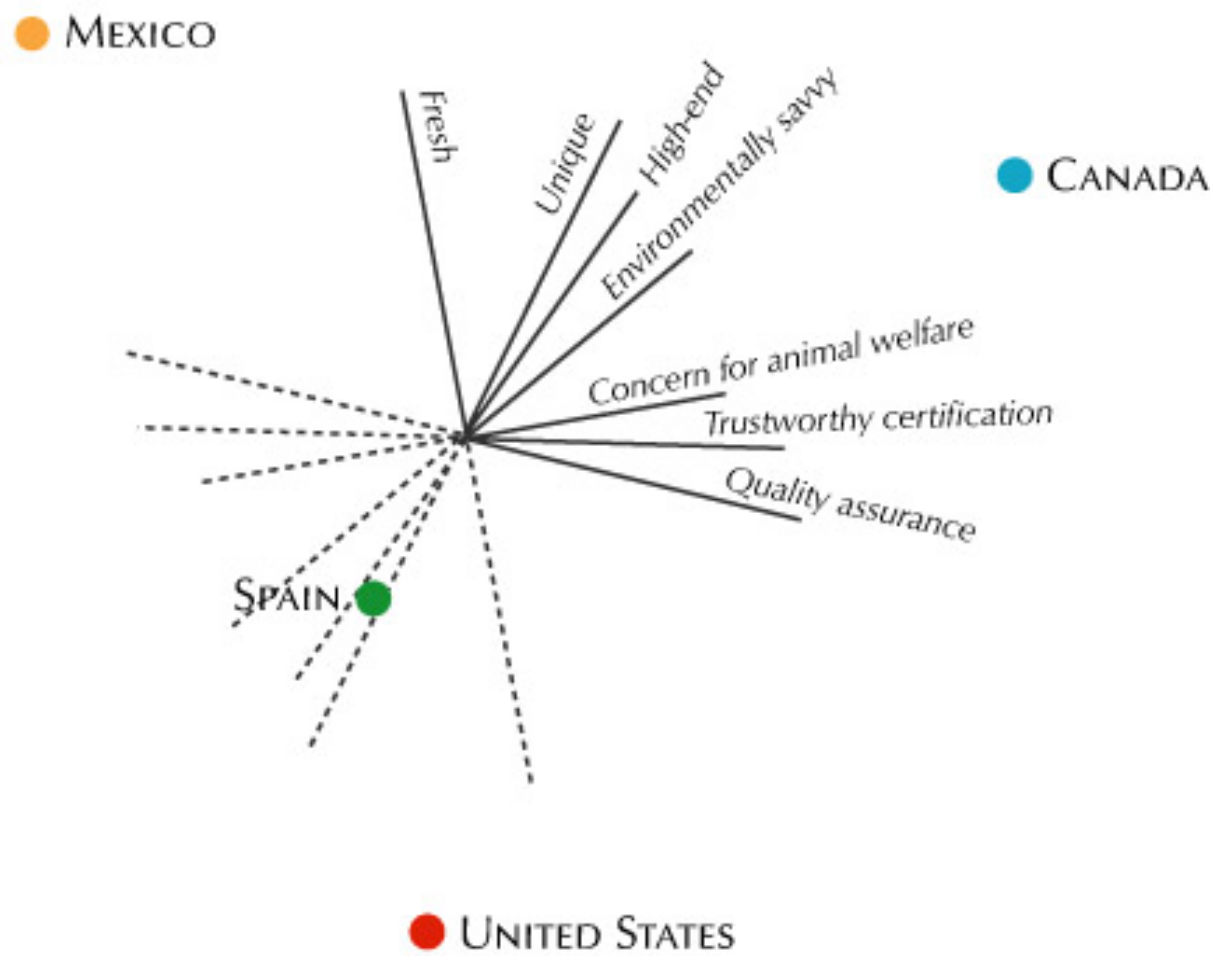


Ethnic Images





Brand Promise: Food System Capacities



Brand Promise: International Suppliers and Products



CANADA

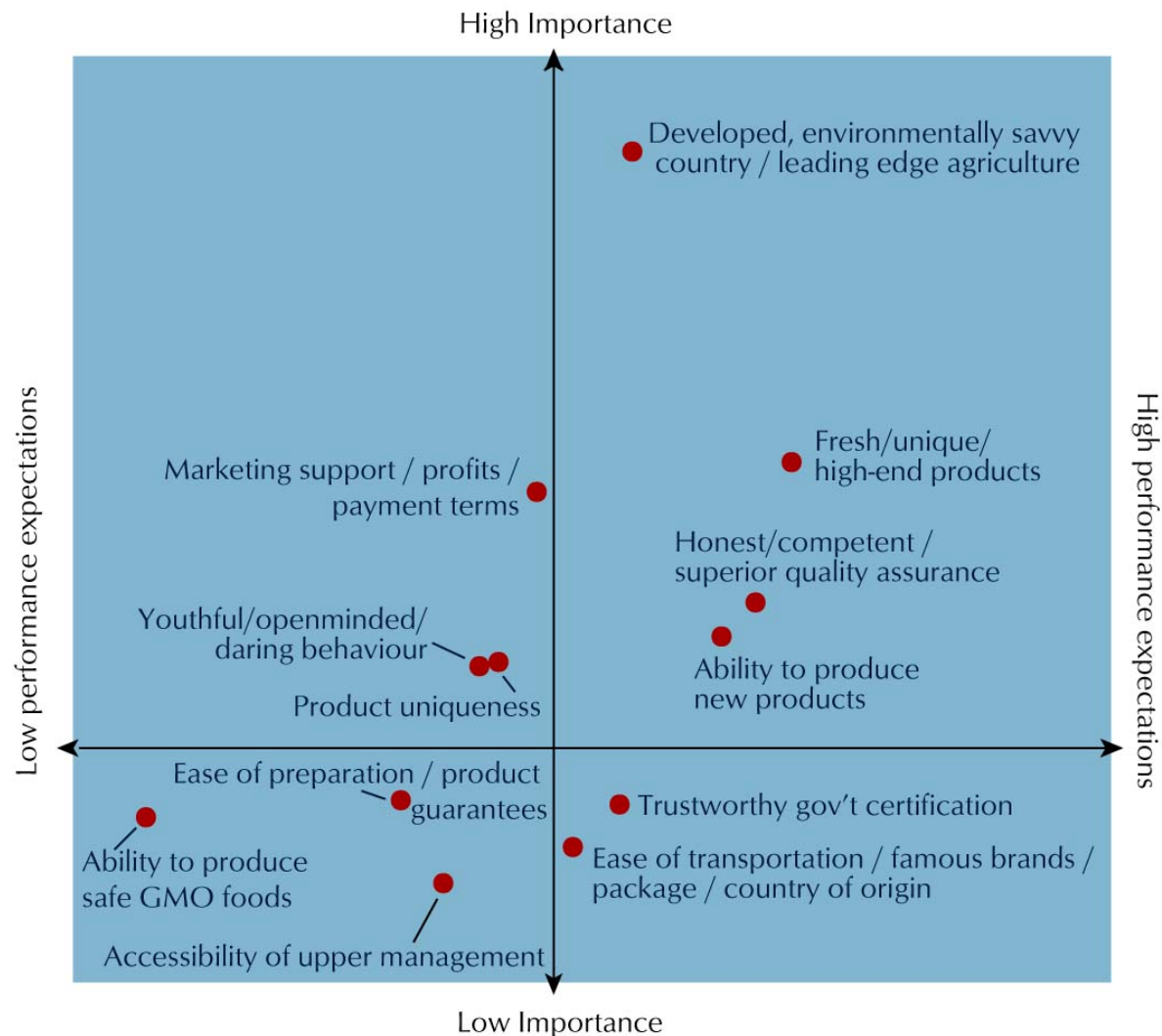


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Canadian Food Products – Performance/importance Model



Conclusions



- Canada has a strong and mostly positive image – however, for the most part, it is not earned through direct experience with Canadian suppliers.
- Even though Canada performs well on suppliers' competence, attitude, and logistics these factors are weakly associated with profitability, an important driver of any business.
- Canadian suppliers are perceived to under-perform Americans on knowledge of the Mexican market, efficiency of service and operations.
- Canadians need to be more active in engaging buyers to relate to the preferred way of doing business in Mexico – be daring AND competent.



Conclusions (Cont.)



- Neither Quality nor Competence is a business driver on its own, but when combined as a package they become a strong driver.
- Leading edge technology combines with environmentally safe practices when buyers think of Canada – the essence of the Model Country.
- The ability to produce new products is a driver of loyalty, and Canada rates well on it – but the score Canada receives is based on the perceived image, not through actual experience.



Leveraging Reputation Research Into Strategy



- In the past, our role in the Mexican market was guided by:
 - Basic gap analyses
 - Supply driven instead of demand driven
- Through our new branding strategy framework, research has focused our role to better assist exporters and identify areas of opportunity.



Leveraging Reputation Research Into Strategy



- 1) The research shows that Canadian foods and suppliers **can** positively differentiate themselves in Mexico, based on the overall reputation of Canada
 - This holds especially true against Canada's key competitor: the USA

Outcome

- Agriculture and Agri-Food Canada is working with all implicated stakeholders to better explain how this can be achieved and to reinforce positive images
 - Example: A country branding guide is being developed to better explain how the brand can be best positioned in Mexico. This will serve as the basis for all promotional activities in Mexico.



Building Beyond Trust



- 2) Based on Canada's reputation, Mexicans inherently trust that Canadian foods are safe and of high quality.
 - This holds true regardless of product experience, **but safety and quality control processes are not key drivers of choice.**

Outcome

- Promotional efforts are being shifted away from promoting safety and into showing experiential benefits.
- Example: Participation at gourmet festivals and greater linkage to hotels and restaurants.



Leveraging Reputation Research Into Strategy



3) There is low awareness of Canada's product offerings.

Outcome

- Marketing initiatives sponsored by the Canadian government will now focus on building awareness of higher-end products, supported by positive linkage with Canadian origin. This will change the tone and positioning of all trade missions, promotional materials, etc.
- Example: Planned journalist missions to showcase the depth and diversity of Canadian products (four missions, four seasons, four regions)



Leveraging Reputation Research Into Strategy



- 4) Performance ratings of Canadian suppliers actually decrease the more a purchaser has experience with Canadian suppliers. Canadian exporters tend to view Mexico as a secondary market.

Outcome

- An educational program for Canadian exporters is being implemented to help them better understand market opportunities and high-end segments in Mexico.
- Example: Exporter cross-country seminars where Mexican buyers come to Canada to meet with Canadian value-chain players to discuss specific Mexican demands and requirements





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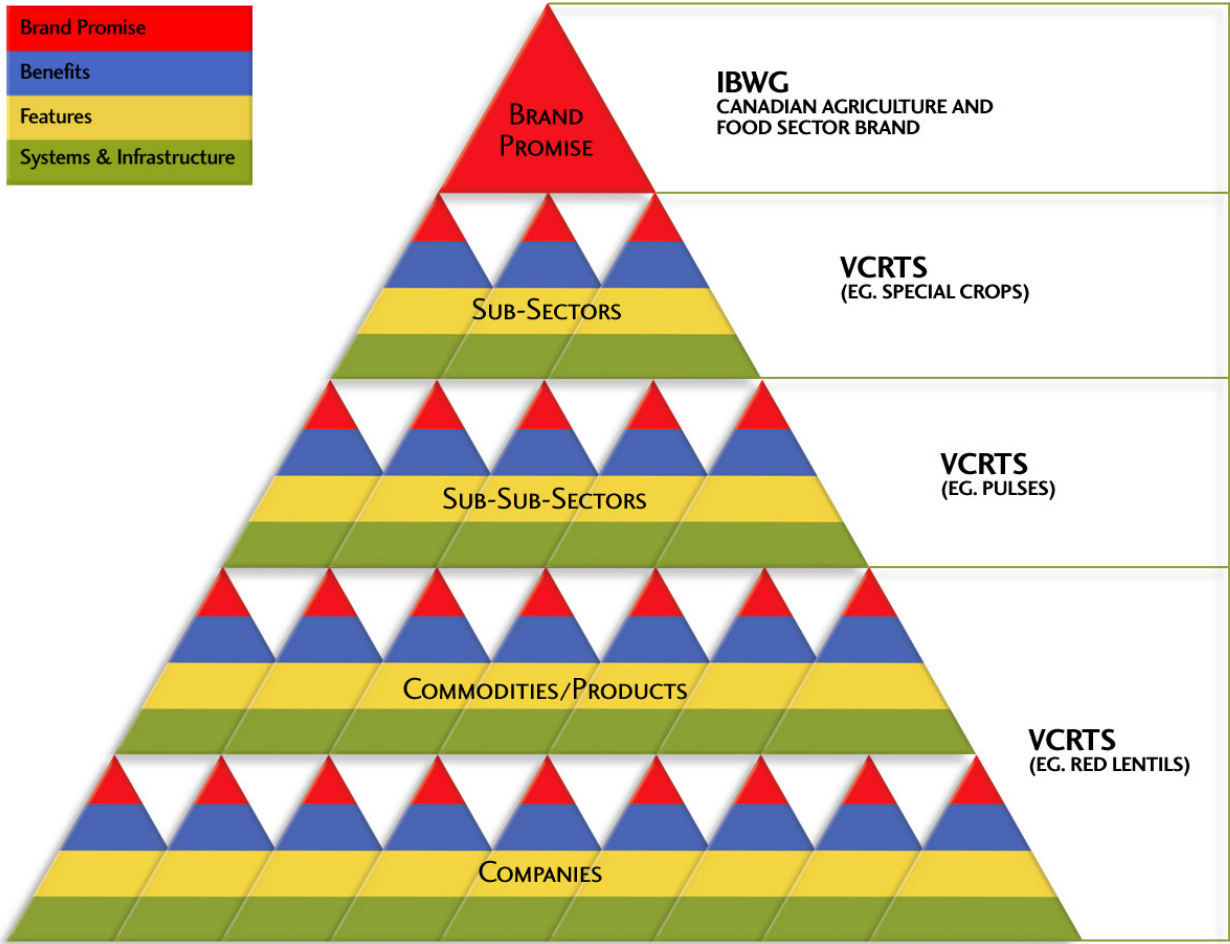




Appendices



Become It



Promote It



- Many internal players promote the brand
 - Other federal departments
 - Provinces
 - Industry associations
 - Individual companies
 - And many more!

- A branding guide is being created to consistently communicate the promise externally
 - Segmentation and positioning
 - Blueprint
 - Messaging
 - Etc...



Branding Strategy Framework for the Canadian Agriculture and Food Sector

