



SMALL SCALE
FOOD PROCESSOR
ASSOCIATION

WE FEED CANADA: The State of our Food Sovereignty

From the Founders of Canadian Food and
Beverage Brands

August 2026

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Who is speaking and how we listened.

The Small Scale Food Processor Association (SSFPA) is a member-based association representing over 900 small and medium food and beverage manufacturers and processors in Canada. This submission consolidates their answers.

How we gathered this feedback

Between June and July 2026, we collected member feedback in four ways:

- Written surveys to members covering each of the Bureau's areas of focus
- Virtual town hall sessions held in June and July 2026 which were recorded and transcribed
- Written comments submitted by members in the chat during the town halls
- Emails and reports from members received within the last year

This produced over **521 individual pieces of feedback from 46 contributors** through targeted engagement. It also draws on hundreds of Canadian packaged food and beverage founders, primary processors, and growers who had already spoken at length on these issues before the Bureau announced its focus.

Contributors included owners and founders of food and beverage manufacturing businesses, growers and primary processors, industry association representatives, and consultants who work with small and medium manufacturers.

Targeted engagement drew participants mainly from British Columbia, Alberta, Manitoba, Ontario, Québec, and Newfoundland and Labrador. That said, broader engagement reached every province and territory, coast to coast to coast.

Acknowledgments

SSFPA is grateful to the members who gave their time to this submission. Many contributed during a working season, after production hours, with no expectation of anything in return beyond being heard.

We also thank the industry associations, regional food hubs, and sector organizations who circulated our survey, hosted or promoted the town halls, and encouraged their own members to take part. This submission reaches every province and territory because they helped carry it there.

Several contributors described conditions in terms that make their businesses and their customers identifiable to anyone in the trade, and did so anyway. We have protected their identities throughout, but the candour is theirs, and this submission would be considerably weaker without it.

How to read this submission

Quotations are reproduced from what members submitted, including their original spelling and phrasing, and are identified only by their type of business or role.

Where members reported different experiences, we say so. Where members did not address part of a question, we say that rather than filling the gap ourselves.

Members describe their working lives in the everyday vocabulary familiar to those in the grocery trade: listing fees, free fills, co-packers, billbacks. Those words carry much of the meaning in what follows, so a plain-language glossary can be found at the end of this document.

What members told us, in short.

The same statement came back from every region and nearly every category of business: a small food or beverage company in Canada can start, but it cannot grow. Three walls stand between a working business and a national one, and a fourth condition makes each of them higher.

Wall one: there is nowhere to make more product

The mid-sized processing capacity that a growing business needs (i.e. co-packers, shared-use facilities and abattoirs) has been shrinking for decades. What remains is either full, priced for large volumes, or owned by the companies our members compete against. Members described businesses leaving their province, or leaving the country, simply to find somewhere to make their product. Set out under question 1.1.

Wall two: there is no money to build it

Conventional lenders do not serve businesses below roughly \$5M in revenue, which is most of our sector. Grant programs frequently require that the money is spent before it can be claimed. So the capacity described in wall one never gets built, either by the businesses that need it or by anyone else. Set out under question 1.5.

Wall three: the shelf is controlled and priced for someone else

A handful of grocery chains decide which products are available for Canadians to buy. Reaching those shelves means paying listing fees, free fills, flyer charges, and promotional costs that are set without considering to the size of the supplier, and accepting deductions and payment terms after the fact. The same fee can be routine for a multinational and fatal for a business under a million dollars in revenue. Set out under questions 1.3, 1.4 and Part 3.

The condition that raises all three walls: rules written for one size

Food safety certification, labelling, licensing, and municipal permitting apply in much the same way whether a business ships 1,000 units a year or 10,000,000 units. Because the cost is largely fixed, it hits the smaller producers hardest overall. Members repeatedly asked for “scale-appropriate regulation.” More on this under question 1.2.

Where this ends

Members were consistent about the outcome. A business that reaches the ceiling of what Canada’s facilities, financing, and shelf access can offer has two realistic paths: it closes or it is bought by a foreign owner, most often American, after which the revenue and the decisions leave the country entirely.

Members can usually find fair dealing at independent retailers, farmers markets, food hubs, and in direct sales. However, those channels simply cannot deliver the volume a business needs to grow, which returns the producer to the same terms.

“They fail, or they get bought by Americans.”

— SSFPA Executive Director, on businesses that cannot find capacity to scale

A photograph of a large industrial oven, likely for baking bread. The oven is filled with numerous racks, each holding rows of golden-brown, round bread rolls. The rolls are arranged in neat, parallel lines across the racks, creating a strong sense of depth and repetition. The lighting is warm, highlighting the texture of the bread. A green rectangular overlay is positioned in the lower right quadrant of the image, containing white text.

Part 1: Production and Processing

1.1 What shapes the outlook for small-scale production

Bureau question: What are the key competition factors, such as barriers to competition, shaping the current and future outlook for processing or production within the food supply chain?

Members named four forces that decide whether a small or medium producer survives and grows: the prices they are undercut by, the shortage of places to make their product, the shortage of shared and contract facilities to grow into, and the rising cost of the physical basics of production. Two further conditions sit underneath all four and are set out at the end of this answer.

Being undercut on price, by imports and by the largest producers

Members described cheap product arriving from outside Canada and large domestic producers moving volume into local markets at prices that a small operation cannot match. One participant summarized the position as "Competing against larger producers flooding our local market with produce that small farmers can't compete with in terms of pricing."

How quickly this can end a local product line came through in one small farmer's account: "I was able to sell \$1,000 worth of broccoli one week and then the American products came in and then they just left it. So now it makes no sense for me to grow this anymore." Nothing about the farm changed in that week, the market for the crop simply closed.

In some categories the dependence on imports is already near total. An industry association representative gave one figure: "Currently right now in Canada, we import 82% of our goat meat from Australia and New Zealand."

"I was able to sell \$1,000 worth of broccoli one week and then the American products came in and then they just left it."

— Small farmer, on losing a crop to imported product in a single week

Members also compete directly against multinationals for the same shelf. One processor described their competitors as "multinationals. So the price, it's just like really low," and a small farmer put the arithmetic plainly: "we just can't match the pricing that the grocery chains are willing to pay for it."

Nowhere to make the product: the shortage of processing capacity

Members described processing capacity as decades of erosion rather than a recent squeeze, and aging infrastructure came up repeatedly.

In one participant's account, "in Alberta many provincial abattoirs are aging out from both owner and infrastructure [perspective]." Another reported that "Wait times for farmers is increasing to get animals processed."

SSFPA's Executive Director described the national pattern this produces:

"In the past three months I have spoken to three businesses in British Columbia that are looking for a new home outside the province because there is not enough processing capacity here. They have to move to find a place to produce their product. For 35 years, this infrastructure has been eroding. We do not have enough mid sized co-packers, mid sized shared use facilities, or mid sized distribution. The corporations have consolidated it and they control it. Businesses in this country fail every day because they cannot find the facilities to scale up. They fail, or they get bought by Americans."



Shared and contract facilities a growing business cannot actually use

One member's summary of their region was blunt: "We have very few, if any, shared spaces for food processors," and where shared space does exist, members described it as entry-level, without the automation or the floor space needed to run the volumes retail requires. Established co-packers, meanwhile, are booked to capacity with large brands and set minimum run sizes that a small processor cannot meet.

What members described is therefore a ceiling rather than a barrier; A business can start, but it cannot scale into retail.

The rising cost of space and of moving anything

Commercial lease costs have risen sharply. One member reported that "the lease rates have gone up like 3x," and explained that they cannot relocate to a cheaper region without moving away from their primary customer base. Members also flagged rising transportation costs, including ferry charges, which add to the cost of a product before it reaches a market at all.

Two conditions that sit underneath all of this

The first is perishability: Food does not wait unaffected and that removes flexibility that other types of manufacturers rely on.

As one member put it, "we don't make durable goods. You know, we're not cutting a sheet of lumber that's going to be able to sit on a pile for two years before it's sold." A slow quarter for a lumber yard is inventory, for a food producer it's a write-off.

The second is that the current system does not offer an upward route for a business built on a different model. An industry association representative stated it directly: "There is currently no path to growth for differentiated business models within Canada's supply chain."

Members connected this to consolidation on one side and to their own sector's fragmentation on the other, which leaves small processors without a collective voice when regulatory decisions are made.

"There is currently no path to growth for differentiated business models within Canada's supply chain."

— Industry association representative

The outlook members described

Survival is not assured even for established operations. As one certified organic producer in British Columbia reported, "this year, there's 3 growers that I know of that have started within the last 15 years, and they've all gone out of business."

1.2 The rules that limit entry and raise costs

Bureau question: From your perspective, which regulatory requirements, such as licensing, health and safety rules, municipal zoning, or interprovincial barriers, limit entry or increase compliance costs in food production and processing?

Members had more to say about this than about any other question. The requirements they named most often were **licensing, health and safety rules, and interprovincial trade barriers, with municipal zoning** close behind. Very little of what follows is an objection to the standards themselves; It is an objection to how the cost of meeting them is distributed.

Regulation is not built for the size of the business

The clearest theme is that compliance obligations are written for large operations and applied to small ones without adjustment. One participant stated it directly: "Regulation for different scales is an across the board issue." An industry association representative framed the remedy in the same terms: "What we really need is scale-appropriate regulation."

In plain terms: why the same rule costs a small producer more

A food safety plan, an annual audit or a label redesign costs roughly the same to complete whether a business makes 10,000 units a year or 10,000,000.

Spread across the larger number of units, that cost disappears into the price. Spread across the lower end, it is the difference between a viable product and a discontinued one. This is what members mean when they ask for regulation to be scale-appropriate: the same standard, applied in a way that reflects the size of the operation.

The cost of a food safety program, an audit, or a label redesign barely changes with the size of the business, so the burden per unit produced rises as volume falls. One founder identified exactly that: "High fixed costs to meet federally mandated standards that hit smaller operations much harder per unit produced."

Another put the fairness question plainly: "Small processors must follow the same rules as the conglomerate processors, and that is unfairly expensive." That same founder extended the point to workers compensation premiums: "Workers compensation is also very expensive - we have far fewer accidents, so therefore we are subsidizing the huge processors that are so automated."

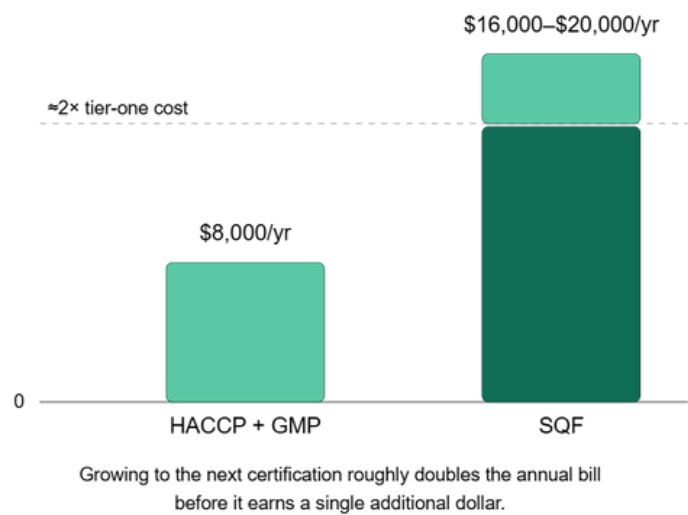
Members also described the burden growing over time. One primary producer observed that "Food safety wasn't a thing until like 15 years ago," and reported that for a farm under \$2M in annual sales, food safety compliance now runs to roughly \$40,000 a year.



Certification is a hard barrier both to entry and to growth

Members named HACCP, GMP, SQF, Canada GAP, BRC, and GSI repeatedly, and several supplied figures. On the audited food safety programs, one founder reported: "For HACCP and GMP certification, the cost per year is approximately \$8,000. In order to 'grow' to SQF certification the cost would be approx. \$16,000 to \$20,000."

Growth, in other words, doubles the annual bill before it even produces a dollar of new revenue.



The same member described the barcode system as scaled against small firms: "GSI only provides small companies with 100 barcodes (GTIN's) per license, when you outgrow that number, you need to purchase another license. Each license is \$900. If you are a large company, you pay \$900 to start with but are issued 1000 barcodes (GTIN's)." The small business pays the same entry price for a tenth of the allocation.

Small company

\$900 licence, 100 barcodes issued



Large company

\$900 licence, 1,000 barcodes issued



Each square represents 100 barcodes. The licence fee is \$900 in both cases.

None of this is optional for a business that wants retail. GSI registration, one founder noted, "is necessary in order to wholesale into the larger chains." How few producers clear that bar was quantified by a provincial market development officer in Newfoundland: "we have 500 farms. I only have 7 that are Canada GAP certified, so it's only those 7 that are through all the hoops and all that to get into the traditional retailers."

The same officer identified a regional cost multiplier on top: "We don't have a third-party auditor here in Newfoundland and Labrador, so our farmers have to pay the travel for that auditor to come in."

Certification demands increasingly come from customers as well as regulators. One founder described an "increasing number of Companies wanting their own inspections done and not excepting the Federal Safe Food license," and another listed "Customer portal user fees, overqualified quality assurance technicians" among their compliance costs.

Interprovincial barriers and the federal licensing wall

Selling beyond a home province means meeting a second set of rules, and members described the duplication that follows. One participant explained that "a product that's legal in BC, and legal in Alberta, and legal in Saskatchewan, might not be legal in Nova Scotia, might not be legal in Ontario," and characterised this as provincial protectionism.

The practical consequence: "you're having to do double labeling, you're having to do double marketing, you're having to do double, like, changing your production for just to get into that one province."

In plain terms: the provincial border

A business licensed by its province can sell anywhere inside that province. To sell into another province or territory, it generally needs a federal licence from the Canadian Food Inspection Agency.

That licence is not simply paperwork: Members report that it can requires a separate building constructed to federal specifications, plus a full food safety program. For a small producer already operating safely under provincial inspection, the provincial border therefore functions as the edge of their market.

Federal licensing was described as the wall that stops growth outright. One founder set out the full situation: "Our kitchen is not CFIA inspected and therefore we cannot complete our HACCP in order to sell across provincial borders." That member holds local health authority approval and maintains an unbroken cold chain, and reported: "We are able to sell across all of BC, and despite having a distributor that picks up directly from our facility and ensures the cold chain is not broken, we are unable to sell to other provinces."

The obstacle is not the safety of the food: It is the building it is made in. Another founder described: "Standing in our way is obtaining federal licensing, which requires us to be in an entirely different building that is built to their standards, in addition to extensive food safety program requirements." That same member reported continuing difficulty with "inspector inconsistency since the regulations are vague and left up to interpretation."

Members questioned the logic of the divide itself. As one founder asked: "If I can produce safe food in Alberta and sell in Alberta, why can't that same product be shipped to other provinces? We are the same country - it truly doesn't make sense."

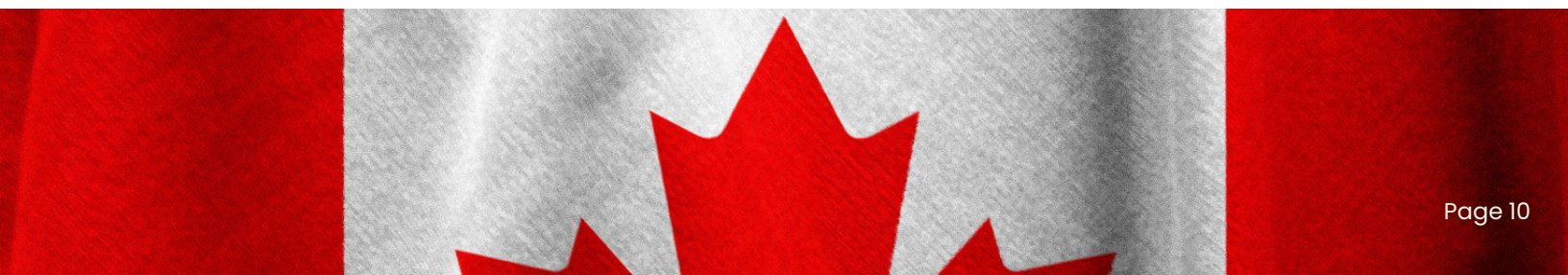
On reform, an industry association representative cautioned that the interprovincial slaughter pilot under discussion does not solve the scale problem: "what they're proposing sounds kind of good at the beginning, but it's ultimately a path to federal inspection, and it is not scale-appropriate regulation."

“ —

"If I can produce safe food in Alberta and sell in Alberta, why can't that same product be shipped to other provinces? We are the same country - it truly doesn't make sense."

— Food Business Founder

— ”



Supply management and regulated marketing

Members identified quota and regulated marketing as a direct block to shelf access.

An industry association representative gave the egg example: "So many local grocery stores want to put local eggs on the shelf, and they can't because the regulation around eggs requires that everybody has these very expensive egg grading stations and quota."

That same member raised who writes those rules: "the people who sit on these regulated marketing boards are [often] the producers who benefit from the quota," concluding that "the fox is watching the henhouse" and that there is no motivation to make the rules scale appropriate.

Municipal permitting, and the cost of waiting

At the municipal level, members reported paying repeatedly and in pieces. One described "Lots of extra city licensing fees I have to pay," and another detailed the structure: "Vancouver charges you an application fee for a business license and then a separate fee for the license itself. And they expect you to renew it."

Members operating in more than one jurisdiction reported that "people have to pay for permitting in, like, every municipality they operate in."

Delay is a cost of its own. Depending on the inspector and how rural the operation is, one participant reported, "you could be waiting 6 weeks before you get approved just to sell food," and members in urban areas had seen "wait times of 4 to 6 weeks to get health approval." For a business with perishable stock and a lease running, weeks of waiting are weeks of paying without selling.

Labelling and packaging compliance

Labelling rules force physical redesigns and packaging is expensive to change.

One founder explained the front-of-package nutrition symbol requirement: "For the new FOP nutrition symbol, we had to completely flip and do a major redesign to be compliant because the symbol has to be top right." The top right of that member's packaging was a punched-out window.

Packaging carries a significant capital outlay, and a printing error made in pursuit of compliance is a total loss.

Members also reported labelling requirements that cost more than the product they describe. One grower gave the per-unit example: "Our individual nutritional tags that have the health requirements on each individual lollipop cost more than the actual candy, stick and wrapper."

Origin labelling drew comment as well, with one member noting that "A big problem is what is considered Canadian made/produced/packaged, etc."



The decision not to grow

Compliance cost does not only raise the price of growth: It changes the decision. One grower explained why they remain at farm gate sales: "To rent a commercial kitchen costs at least \$100 and when a retailer only wants to buy 10 lollipops, and we have to buy separate marketing tags, and sell at a loss so they don't have to charge an arm and a leg for a value-added lollipop or low ticket cost item. It just doesn't make any financial or time sense."

Members weighed building a commercial kitchen, obtaining inspections, and carrying the paperwork against the return, and stayed small by choice.

"The people who sit on these regulated marketing boards are the producers who benefit from the quota"

— Industry association representative, on who sits on regulated marketing boards

Where experience differed

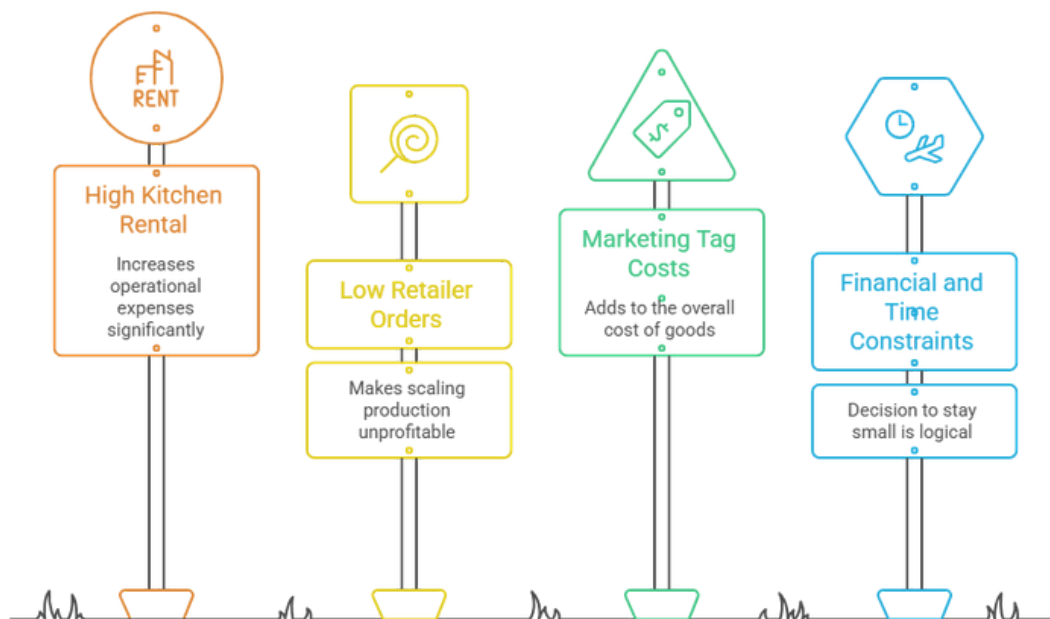
The burden, however, is not uniform. One participant reported the opposite of red tape locally: "Health Unit inspections happen reasonably quickly," adding that in a municipality actively recruiting business, licensing, and permits were straightforward.

Other members reported local health units that were responsive, thorough, and workable within a stated notice period. The pattern members described is that the burden varies with the inspector, the municipality, and the region rather than with the actual food safety risk.

A note on scope

Many members answered this question by naming access to funding, staffing, real estate, and shipping costs alongside regulation. Those pressures are set out later under question 1.5. That they appeared here is itself a finding: members experience compliance cost and cost of capital as one combined barrier rather than as two separate problems.

Small Business Growth Hindered by Compliance Costs



1.3 Concentration and market power in production

Bureau question: Do you observe high levels of concentration or market power in the food supply chain that impact businesses in food production or processing? If so, how does it affect a business's ability to compete?

Members answered yes. They located concentration at four separate points in the chain: retail, distribution, processing, and ingredient supply. Their description of its effect was consistent: The difficulty is not that competition is hard, it's that access is controlled by a small number of firms, and those firms set the terms of entry.

The shape of the market

A very small number of companies supply most of what a shopper actually sees on the shelf. As one participant put it, "80% of the food on the grocery store shelves that you see in the grocery store shelves come from, like, less than 10% of the industry."

The rest of the industry, which is the great majority of it by number of businesses, was described this way: "They're small, medium, micro-sized companies," most under half a million dollars in revenue and with fewer than five employees.

On the retail side, one founder summarized the position: "Canada's grocery market is dominated by a handful of large retailers and they have significant negotiating power over suppliers."

Who members named

At retail, members named Loblaws, Sobeys, Metro, Costco, Jim Pattison, and Whole Foods. In distribution, they named Sysco, Gordon Food Service, and PFG.

In processing, members identified the large protein processors, and one participant explained how small producers understand their own market: "we always say that our competition is JBS and Cargill, not each other."

Among branded competitors, members named Kraft, Procter and Gamble, and Hershey. Members also pointed to acquisition as an active force, describing "the amount of big business infrastructure that's out there eating the little business, like the Hershey's of the world buying up companies."

What it costs to reach a shelf

Members were most detailed about the fees required to reach a shelf and about the fact that paying them guarantees very little. One founder described the structure and its effect: "Small businesses simply can not afford the enormous listing fees with only a 1 year guarantee of shelf space and the free fills, damage allowance and processing fees – it all adds up."

The same member noted that large competitors "with deep pockets seem to have an unlimited budget for marketing," including paying for shelf space and promotional discounts.



A food and beverage consultant with senior experience inside manufacturers gave the total, "Listing at the largest chains can cost upwards of 10-18% to get listed."

Adding free fills, distributor programs, and retailer markup, that same member reported, "the cost of the product can increase 60-75% from the manufacturer's warehouse to what the consumer pays." That figure is worth pausing on, because it is a cost the shopper pays and never sees itemized.

The same fee types came up again and again: listing fees, free fills, mandatory customer billbacks, promotional requirements, and required advertising spend.

Hidden Costs Increase Product Price



One founder explained what free fills alone mean for a business with a range of products: "If we provide a free fill to every account, the cost would be in the tens of thousands of dollars per year."

Another reported that "retailers often expect suppliers to absorb increasing costs while resisting price increases," and described the exposure that comes with having very few possible buyers: "Losing one major customer can have a significant impact because there are relatively few alternatives."

One founder worked through the full arithmetic. After listing fees, free fills, and marketing, the retailer takes a **30 to 40 per cent margin**, and once distributor, broker, supplier, and rent costs are paid, very little is left. Selling direct at farmers markets would return a better margin, but retailers object to being undercut.

As that member put it: "no matter how you look at it, your hands are tied." The reason those terms hold is market share: "they can get away with making you pay all these fees because the bulk of consumers shop there."

"The cost of the product can increase 60-75% from the manufacturer's warehouse to what the consumer pays."

— Food and beverage consultant, on the journey from factory door to shelf price

How this affects market access and expansion

The effects members reported most often were difficulty getting product into stores, difficulty negotiating fair prices and terms, and difficulty expanding into new regions.

Access often fails before any negotiation begins. One founder reported: "Buyers in most retail chains are unreachable. You either email or submit online and rarely get a response." That member found independent retailers easier to deal with than the large chains. Another stated simply that "Larger grocery stores are very hard to get into."



Private label was described as a competitor that plays by different rules. One founder named it directly: "Store brand merchandise is one of the insidious main competitors."

Members described the pattern as copying a product that works: "They copy good products, make them inferior, and sell them for less." The same member reported that "the Loblaws chain asked all its small suppliers for their recipes!" and refused.

Another founder described losing the deli category to retailers running their own kitchens, and explained the placement disadvantage that follows: "because it is their brand, they give it prominent placing on their shelves and put yours in the less desirable areas."

Rising certification demands were described as a further filter. One founder reported that grocery stores are asking for more certifications and audits, and concluded: "As a small business, we are being pushed out of the grocery stores." Another read intent into it: "I think the bigger companies are using these new QA laws to force smaller operations into a corner."

The cost of dealing with a large customer can also include the systems required to talk to them. One certified organic grower ended a relationship of more than two decades after being required to subscribe to US-based supply chain software: "The annual cost of the portal software was 15% of the total sales to the customer."

That member also reported \$35,000 outstanding and unrecoverable, with the buying office and the accounting office working from different procedures.

Concentration upstream in the things members have to buy

Concentration is not confined to the retail end. In ingredient supply, one participant explained: "We often see that one or two names own the ingredient supply chain," with the result "that allows them to control all your inputs."

Members also reported "Rising costs for ingredients, packaging, and shipping that small processors cannot easily pass along or negotiate down like large corporations do."

In distribution, members described being priced or sized out. One founder reported: "The squeeze for us is in distribution. Rising costs and these larger distribution groups no longer want the smaller players." Another described the combined effect at both ends: "It often feels like a few large grocery chains and distributors hold all the cards."

Members also identified concentration in ocean freight among a small number of global shipping lines, and a limited number of accredited testing laboratories, particularly in Western Canada, where testing costs are significant and difficult to negotiate.

The difference in scale

Concentration compounds a disadvantage members already carry in unit cost. One founder explained: "Small processors are not able to realize the same economies of scale as huge processors - ingredients are more expensive, and there is less automation." Another described the strategy that follows: "we can't compete on price, so we have to compete on quality, local ingredients, and customer relationships."

Foreign ownership and American competition

Members repeatedly identified their principal competitors as American or multinational. One founder stated: "The main players we're competing with are American companies, who are mass producing."

Another, in freeze dried meals, reported that Canadian capacity is so thin that "it's easier to import from the USA than to scale production here," despite unmet Canadian demand, and noted that easing interprovincial barriers would produce immediate growth, jobs, and local ingredient purchasing.

This connects to a pattern SSFPA sees nationally, set out under question 1.1. Businesses that reach the limit of available Canadian facilities have two realistic outcomes: They fail or they are bought by American owners, at which point the revenue and the decision making leave the country.

Whether the challenges are the same across regions

In short, they are not. Members named specific regional disadvantages: ferry charges for producers shipping off Vancouver Island, limited domestic freight options in remote regions, few accredited laboratories in Western Canada, high freight costs shipping out east and warehousing that is centralized in Ontario.

Members in Newfoundland reported that Costco has changed the wholesale environment in their province. Members also reported that certified organic production remains small nationally because Canadian production costs, and licensing costs for pest products, soil amendments, and equipment, exceed those elsewhere in North America.

Two further points: contract terms and labelling claims

Members identified the terms imposed on them as precisely the issue the Grocery Code of Conduct was meant to address, listing "unilateral contracts, fees, deductions, everything for what the Canada grocery code of conduct was created for."

Members also raised labelling practices by large corporations that they described as healthwashing and cleanwashing, which one founder said "makes it uneven playing field," and called for full disclosure of natural flavours so that small producers using whole ingredients can be compared accurately against products using undisclosed additives.

Where market power is actually exercised

Taken together, the responses point to one part of the chain. Members selling through independent retailers, farmers markets, food hubs, hospitality, and direct to consumer generally reported terms they can work with. One founder said it plainly: "Independent retailers are not as hard as the big chains to deal with."

The members who reported they cannot compete were almost entirely those seeking or holding listings at national chains. The fees, the margins, the free fills, the billbacks, the unreachable buyers, the escalating audit demands, and the private label copying described above all occur at that single point of access.

The alternative channels are not a substitute for scale. A business that needs volume to grow has to go where most consumers shop, which returns it to the same terms. One founder explained that selling direct at farmers markets returns a better margin and a lower price for the consumer, but that retailers object to being undercut and will stop buying.

On that account, the large chains do not only set the terms on their own shelves, they also limit what a producer can do in the channels that remain open.

Concentration in ingredient supply, freight, and testing still affects members whichever channel they sell through. The distinction members drew is that those pressures raise costs everywhere, while control of chain retail access determines whether a business can reach the market at all.

1.4 The business practices that make competing harder

Bureau question: From your perspective, what business practices make it harder for a business to compete in the processing and production sectors of the food supply chain?

In almost every practice members named is a term set by a large retailer as a condition of access. This answer is the working detail behind question 1.3. The practices reported most often were difficulty getting shelf space or market access, slow or unfair payment, unfair contract terms, and exclusivity agreements.

Fees charged for access that is not guaranteed

Members pay substantial sums for a listing that carries no commitment. One food processor described the charge: "They charge us a lot of fees to get in. And then, for example, Sobeys, they charge me like six grand to get the product listed." The same member explained what that money actually buys: "You're just listed and in the warehouse, but you're not there. So it's not guaranteed and I'm paying. And then after that, six months after when the sales are not high enough, then they kick you out, but you already pay six grand." Flyer inclusion is charged separately again. The fee is paid up front, the shelf position is not assured, and the money is not returned when the listing is dropped.

Private label

Members described private label as the practice that damages them most, for three reasons.

Copying: One participant described the pattern: "They copy your product once it starts selling is another major thing that we've not only that we've seen that's obvious that we've seen it happen to the industry countless times where somebody will get shelved with a nice new innovative product."

The result was put in concrete terms: "somebody, all of a sudden, Western Family's got 3 different flavors of it out there right beside you on the shelf, 30% cheaper, and the store is coming to you saying, hey, you're not selling." One processor reported a retailer introducing a private label product under a name closely resembling their own brand name.

Private label does not pay the fees small suppliers pay: As one member explained: "With a brand name, but they're the owners. So it's a private brand. So customers doesn't know at all. And then they don't charge themselves listing fees and flyers fees." Another described the same advantage combined with shelf control: "They lock up shelf spaces, as has been noted, with exclusive deals and their own product lines that they don't have to pay shelf listing fees for or shelf fees for."

The retailer is often both the customer and the competitor: Sometimes they ask the supplier to manufacture the competing product. One processor summarized the position: "So I'm competing [against] my biggest competitor. It's my biggest client."

Members also noted that shoppers cannot tell who owns a private label brand, which is addressed further under question 3.4.

In plain terms: what private label changes

A private label product is owned by the retailer itself. It sits on the same shelf as a supplier's product, but it does not pay listing fees, free fills or flyer charges, because the retailer would be charging itself.

Members reported that the retailer can also see exactly how well a supplier's product is selling before deciding to launch its own version, and in some cases asks that same supplier to manufacture it. The supplier's largest customer becomes its closest competitor, using the supplier's own sales record to choose the moment.

Fees set without regard to the size of the business

Retailer programs are frequently mandatory and priced for large suppliers. One participant described an annual commitment of roughly \$50,000 and noted that "it's not a big deal for someone like Pepsi or something to have that, and have people working and doing full-time management of it." For a small supplier, the same fee buys little of use. As one member with a single product explained, "the data's not that useful, but you're still expected to pay the fee."

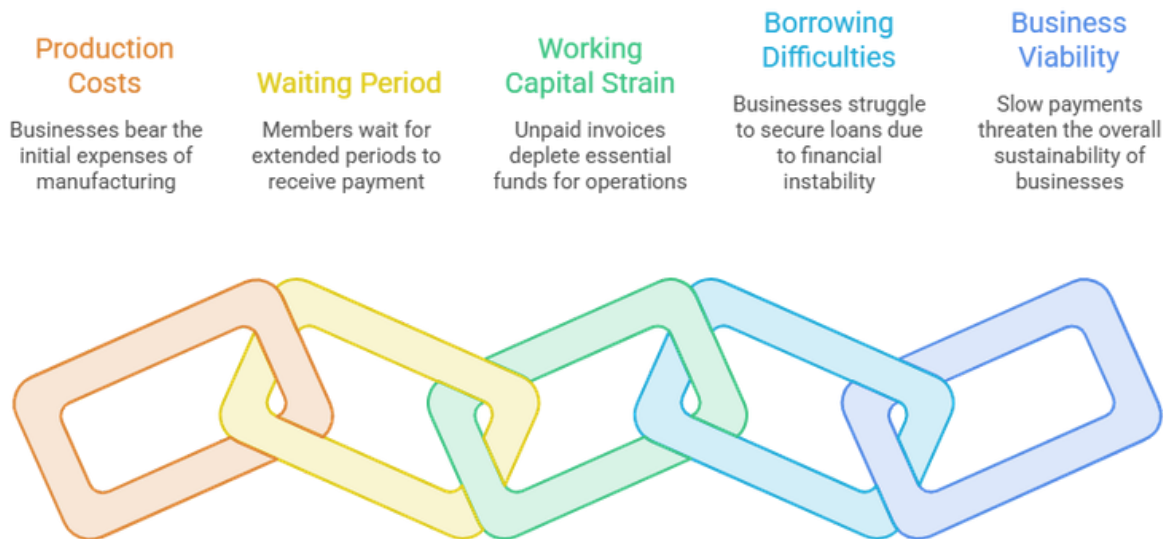
The structural complaint was stated directly: "those fees are like based on big business revenue. So they're charging you guys, [the same as] the company that's under a million in revenue, under 5 million in revenue, the same as they're going to charge a company that's over 10 million in revenue or 15 million in revenue." Members named planogram programs and required data subscriptions such as Circana among these costs.

Payment terms and chargebacks

Slow payment was among the most frequently reported practices. Members carry the full cost of production while they wait: "they end up paying you in 90 or 120 days. So you're out of pocket for building/manufacturing that product, delivering it to the store." For a business already unable to borrow, as set out under question 1.5, four months of unpaid invoices is not an inconvenience, it can be the whole working capital of the company.

Deductions and penalties are also applied after the fact. One participant named "charge backs and aggressive pricing demands that are difficult to meet for a small or medium sized farm," and another listed "Fines for an infinite number of delivery issues."

The Impact of Slow Payments



Specifications members cannot meet

Buyers apply appearance standards drawn from other growing regions. As one member described it: "Some large retailers expect Canadian grown produce to look like what they expect from a California or Mexican farm but we have different varieties for our different climate and can't accomplish the same thing at a cost they expect." Members also reported retailers advertising local sourcing programs without buying them.

The combined effect

No single fee is decisive, it's the accumulation. As one participant put it: "At the end of the day, it just eats and eats and eats away your margins to the point of where you might be in a negative margin situation where you're literally paying to have your product sold, which is insane."

1.5 Capital, labour, equipment, and facilities

Bureau question: Do you observe competition issues accessing needed inputs, including labour, capital, and technology, to food production and processing? If so, how does it affect a business's ability to compete in food production and processing?

Access to capital was the answer members gave most often, by a wide margin. Reviewing the written responses, we noted that financing appeared almost in every single one of the respondents' answers.

Capital

Conventional lending is effectively closed to businesses of this size, and members named the threshold precisely. One participant explained: "banks don't really lend to your businesses that are under \$5M, like Farm Credit Canada doesn't lend to a lot of businesses that are under \$5M in revenue, which basically chops out a large 80% of probably the sector in Canada."

A grower and primary processor reported the same cutoff from the applicant's side: "you are under \$5M in farmgate sales annually you do not qualify for federally backed financing."

Where financing exists, members reported terms that make it unworkable. One founder stated: "Financing is very difficult. Not a lot of options as a small business. Anything available has high interest rates."

A chocolate maker described what this does to the return on growing at all: "the additional supposed profit that you'd have would just be going to be paying for the loan."

Grant programs were described as designed in a way that excludes the businesses they are meant to serve. One founder explained: "we got approved for SCAP funding but without spending the money, we cannot claim the fund. So it defeats the purpose of seeking grant funding in the first place." A business that could front the money would not need the grant.

Another member reported that technology grants are difficult to access without hiring a consultant, because government forms are hard for laypeople and require timed submissions.

Raising capital also requires knowledge most owners do not have and cannot buy. One member described the problem directly: "I would say financing and understanding the world of raising capital is a challenge for someone without a business or finance background who has boot-strapped the entire business." A consultant working with manufacturers drew the same distinction: "Cost of money for SMEs is one thing, but getting access is another."

Unrecovered pandemic losses are still limiting capacity. One founder stated: "The pandemic cost me about \$70,000 and I've had a very hard time getting past that loss. I did not qualify for any government support, neither provincial nor federal." That member closed an inspected commercial kitchen in January 2022.

In plain terms: why the two biggest problems are actually one problem

Members described a shortage of places to make food, and a shortage of money to borrow. These are not separate findings.

The facilities that would relieve the first (mid-sized co-packers, shared-use plants, regional abattoirs) have to be paid for by someone. The businesses that need them sit below the lending threshold, and so do most of the operators who would build them. The capacity gap persists because the capital gap does.

At the sector level, this capital gap is why the processing infrastructure discussed under question 1.1 never gets built. As an industry association representative put it: "People in British Columbia and across the whole country, we can't even afford to build provincial abattoirs. We are not going to be building federal abattoirs."

Labour

Skilled production workers are hard to find and hard to keep. One founder stated: "Skilled workers in food production are very hard to find and the turnover is very high." The difficulty is not only supply but affordability, as another explained: "it's hard to find skilled workers, because it's hard to be able to afford to pay minimum wage to enough people to produce your food, because your margins are so low, and your inputs are so high." A third member described the same ceiling: "you can't afford them to pay real premium."

Fair wages alone do not solve it. As one founder explained: "Even when you're willing to pay fair wages, it can be difficult to find people who want to do physically demanding production work." A grower in a rural area reported hiring costs over budget, doubted anyone would take the work at that location, and chose not to expand as a result.

Members described relying on newcomers to Canada for production labour, reporting that "They're newcomers to Canada, and they're willing to work hard. They really work hard. They're very loyal employees." Where the Temporary Foreign Worker Program is required, the process itself becomes a barrier: "Skilled workers in agriculture need to be hired thru the TFW program. The bureaucracy is difficult to navigate without hiring consultants."

There is also a labour constraint specific to very small operations. No one is available for the commercial work that wins market access. One primary producer explained that owners are "all wearing multiple hats," and that "we're not at a scale that we can afford to have people sitting at a desk and making phone calls to these people." The person who would chase a buyer is the same person running the production line.

Equipment and technology

Equipment is priced and sized for operations far larger than these businesses. One participant described the quotes they receive: "you get equipment quotes that don't make sense when they feel like it's 10 times your volume or your revenue volume." A grower set out the gap plainly: "Equipment is not readily available in size or price ranges for small to medium sized farms."

Cost pushes members toward second-hand machinery. As one founder reported: "Equipment is extremely expensive which forces me to purchase pre-owned equipment. Only way to afford new equipment is if there are grants available." Members also reported that lenders treat agri-food equipment as high risk because there is no ready resale market for it, which makes it harder to finance. The asset that would raise output is also the asset the bank least wants to lend against.

Software and systems were named as a further cost, including enterprise resource planning systems. Members described using a co-packer for the first several years before any investment in their own production capacity became possible.



Facilities and land

The facilities that our members need either do not exist at a workable scale or cannot be afforded. One founder stated: "We can't find a facility that would allow us to get federal licensing that we can afford to rent." Members reported too few dry co-packing facilities nationally, and only a handful equipped for top allergen free production.

Occupancy costs are rising sharply. A chocolate maker explained: "our rent costs are going up, our lease costs are going up. If you're younger and you're starting out now, like, the cost of just getting a space is so much." For primary producers, land tenure is the equivalent problem: "you can't own land, so you're leasing land, and leases get pulled because you don't have the autonomy to stay there."

Input costs

Members reported sharp and sustained increases in the cost of ingredients, packaging, and freight. One founder listed the affected inputs: chocolate, almonds, "Liquid egg whites and sugar, so all four of those and coffee, but all four of those have gone through pretty crazy inflationary rides over the last five years."

The problem is not availability, but price relative to scale. As one founder explained: "Most of what we need is available, but it often isn't available at a price that makes sense for a small manufacturer. Ingredients, glass jars, packaging, labels, and freight have all increased significantly over the last few years. Larger companies can buy in much higher volumes and get better pricing, while small businesses end up paying more for the same products."

Another described being caught between rising costs and retailer resistance: "we have been told we are priced to high but since we are a small business and cannot afford to negotiate better pricing we don't have the option of lowering our prices."

This pressure is now reaching product quality decisions. One founder stated: "There is a lot of pressure to lower quality expectations in order to survive financially." That connects directly to the practices discussed later in question 3.5.

The effect on ability to compete

Members were consistent about the result and it is circular. Without capital, they cannot buy the equipment or facilities that would lower their unit costs, and without lower unit costs they cannot win retail listings or compete on price.

As one founder summarized: "Small processors cannot realize the economies of scale that large processors can take advantage of."

Members also reported that scaling up demands several investments at once, including certification, packaging redesign, automation, marketing, and a distributor, at exactly the point when financing is least available.



Regional cost layers

Input and processing costs vary sharply by region. In processing, an industry association representative reported abattoir costs of \$80–\$100 per animal, rising to \$120 to \$140 for a sheep or goat to get processed in the Northwest Territories and Yukon.

In freight, members in Newfoundland reported shipping costs "hovering about 45 cents per pound, and it is always going up," described as the primary added cost to food in the province before it reaches a shelf, and reported that national chains warehouse in Ontario, which makes transfers out of Newfoundland uneconomic.



Examples of regional cost layers

- Ferry charges off Vancouver island - a cost mainland competitors don't carry
- Newfoundland freight, roughly 45¢/lb and rising
- \$120–140 to process a sheep or goat in NWT and Yukon vs ~\$80–\$100 elsewhere
- National chain warehouse centralized in Ontario
- No third-party certification auditor in Newfoundland and Labrador - Farmers must pay for the auditor's travel
- Few accredited testing laboratories in Western Canada
- About 20% of Newfoundland ferry crossings are cancelled each year

A large red shipping container is the central focus, mounted on a truck. The container has some white text and markings, including a logo that appears to be 'CMA' and some numbers. The background is a dramatic sky with soft, white clouds against a pale blue and yellowish light, suggesting dawn or dusk. The truck's rear lights and part of its chassis are visible at the bottom.

Part 2: Transportation and Distribution

2.1 What shapes the outlook for distribution and transportation

Bureau question: What are the key competition factors, such as barriers to competition, shaping the current and future outlook for distribution and transportation within the food supply chain?

Distribution is the point where small size stops being a disadvantage and becomes a disqualification. Freight is priced and organized around volume, and members reported that below a certain volume, the service is not available at any price.

Volume decides access

Carriers will not take small loads. One participant described what that leaves an owner doing: founders "spend hours scrambling to try and figure out how to get their product from point A to point B, because the shipping companies that do it won't even touch them because they're not big enough."

Another participant explained the logic from the carrier's side: "It's all about scale. The more products you have, the more convenient it is to be able to move products."

Members without full loads reported rates that remove any chance of competing, with one noting distribution cost "is so high that they can't compete pricing-wise just because of the distribution costs, the cost to move the product." Volume and fuel cost were named together as the two constraints.

In plain terms: why a small shipment costs more per box

Freight is priced around the full trailer. A producer with enough product to fill one gets the lowest rate per unit and a direct route.

A producer with a few pallets needs less-than-truckload service, which is scarcer, slower and more expensive per unit and scarcer still if the product must stay frozen. Members reported that below a certain volume, the service is not offered at any price, so the cost of shipping is not merely higher. It can be a closed door.

Shipping within Canada can cost more than importing

Moving product inside Canada can cost more than bringing comparable product in from abroad. A chocolate maker stated it directly: "our cost shipping within Canada sometimes is more than someone else shipping in from some other country." This is the same disadvantage described under question 1.1, arriving through freight rather than through production cost.





A thin market for the services members actually need

Few carriers offer what small food processors require. One member listed the combined problem: "a lack of frozen transport companies, Ltl. And competition, and being billed on an assumed cubic weight, warehousing, allocation, slotting, picking costs."

Two points there matter beyond price: Competition among frozen and less-than-truckload carriers is limited, and billing on assumed cubic weight means a small shipper can be charged for space they do not use.

Members also reported that the cold chain capacity and shared distribution needed to serve regional markets is not being built fast enough, and that where it has consolidated it is controlled by large firms, as set out under question 1.1.

The hardest distribution problem is local, not national

This is not primarily a cross-border issue. As one Association representative reported: "when we talk to our members, most of them are talking about regional distribution. Like, it's regional distribution that is difficult. it's not even getting outside of the province, it's just getting inside of it."

Geography and single points of failure

Members in Newfoundland reported that the province's supply route is a ferry, and that roughly 20 per cent of crossings are cancelled each year.

A provincial market development officer described the effect: "that puts quite a disruption on our food system. So we're already importing 80% to 90%, and then when the boat shuts down, it's even worse, because the food system and our shelves go dry relatively quickly."

Members also reported paying ferry charges to move product off Vancouver Island, a cost their mainland competitors do not carry.

Distance to processing adds freight before a sale is made

The co-packing capacity that does exist is concentrated away from where many members operate: "A lot of the co-packers that are available are out east, or in the center of the country, and there's that distribution."

A producer using a distant co-packer pays freight twice, once to move inputs or products to the facility and again to move finished goods to market.

Getting to a buyer carries its own cost

Reaching retail usually requires an intermediary, and each one takes a margin. As one participant explained: "A Food Broker has relationships with different brands and to really scale and grow your first choice is a Food Broker which adds costs as a sales agency."

Members also reported difficulty getting accepted by wholesalers at all, and difficulty finding any distributor willing to serve a neighbouring province.

2.2 The rules that raise costs in distribution

Bureau question: From your perspective, which regulatory requirements, such as licensing, fees and charges, health and safety rules, municipal zoning, or interprovincial barriers, limit entry or increase compliance costs in food distribution and transportation?

Members answered this question briefly and the weight of their answers fell on one item: Fees and charges. It was named more often than anything else, followed by licensing and permit requirements, then health and safety rules, then interprovincial barriers.

That ordering is consistent with what members reported elsewhere. In production and processing, set out under question 1.2, the burden they described was the cost of certification and compliance rather than the standards themselves. The same pattern appears in distribution, with fees accumulating at each point where product is handled, licensed, or moved.

On imported inputs, members reported that bringing material into the country carries its own layered cost. One participant described it this way: "Paying to import Philippine green coffee can be costly. Pay for customs and duties plus brokerage fees." That member manages the cost by controlling the timing and size of orders, a workaround available only to a business small enough to buy in small quantities, and one that does not reduce the underlying charge.

Members' detailed accounts of interprovincial barriers and federal licensing appear under question 1.2, because members experienced those requirements as production constraints first. The requirement to hold federal licensing before shipping across a provincial border is the single regulatory barrier members most often connected to their inability to distribute beyond their own province.

2.3 Concentration among distributors, wholesalers, and carriers

Bureau question: Do you observe high levels of concentration or market power among food distributors, wholesalers, logistic or transportation service providers in your region? If so, how does this affect a business's access to transportation, distribution networks, logistics services, or its ability to negotiate contract terms?

Members answered yes, and the effect they reported most often was not poor terms – It was no service at all. The consequences they named were difficulty expanding into new markets and regions, a weak negotiating position on rates and terms, and limited access to distribution networks.

Distributors will not carry a business below a volume threshold

There is a revenue floor for representation. One participant explained: "most of the distributors that I've connected with, even the small ones, they're still only really working with companies that have, like, in the millions of dollars of annual revenue."

The few distributors who will take a small brand cannot deliver the reach it needs: "there's not a lot of distributors that work with the smaller brands either, and when there are distributors that work with the smaller brands, they're not big enough to actually get that smaller brand where it needs to go."

Another founder stated it simply: "There are not enough distributors who will take on the products of small scale processors."

The largest distributors set minimum order volumes a small producer cannot reach.



Who members named, and one recent merger

In distribution, members named Sysco, Gordon Food Service, Snowcap, PFG, and BakeMark Canada, and named Sobeys and Loblaws where retail and wholesale functions overlap. One founder described the position of the two largest: "Sysco and GFS control the majority of the grocery and wholesale business opportunities due to price and established distribution routes."

These distributors also compete against members directly with imported products. As one founder explained: "Companies like Sysco, Snowcap and GFS sell cheap items (most of which are manufactured in the US) that directly compete with our product." The same member reported that wholesalers who want to buy local still choose the cheaper option, and that "None of these companies will carry our products because we don't work out of a HACCP facility or because they claim our price is too high."

On concentration at the provincial level, one grower reported: "Yes, 1 parent company owns 80% of the wholesale distribution system in BC."

Members identified one recent merger directly. As a founder reported: "Recently, Purity Life bought Horizon and ONFC. Our experience has been positive to date, but this is now a MAJOR concentration of power and market share." That member's own experience has been good so far, and they still flagged the market share result as a concern.

Distributors act as a second gatekeeper

Members reported being blocked by a distributor even after a retailer had agreed to buy. One founder described the situation in full: "I have customers large and small, willing to list and support local, these Customers have approved the product and my Active Safe food license, however, the distributor has their own QA department with their own rules and have denied me access to this market."

The federal food safety licence was in place. The customers wanted the product. The distributor's own internal standard overrode both.

This is the same barrier described under question 1.3, where members reported customers imposing certification requirements beyond the federal licence. Here, it operates one step further along the chain.

Retailers requiring supply through preferred distributors

Even where a retailer wants the product, the route is dictated. One founder explained: "Grocery stores want their products consolidated from preferred distributors. Limits the options a small producer has for going to market."

Another reported that "There are some stores that only want to deal with a distributor." A producer who could otherwise deliver directly is therefore required to add both a margin and a gatekeeper to the transaction.

Freight concentration and the absence of negotiating power

There are few carriers, and no ability to negotiate with them. One founder set out the combined effect: "There are only a handful of major freight companies, and shipping costs have increased to the point where they make it difficult for small manufacturers to compete outside of our local market."

That same member explained the distribution side, that "Most distributors are looking for higher-volume products that can move quickly," and the consequence for rates: "We don't have enough buying power to negotiate better freight rates or distribution terms, so we end up paying more than larger companies."

The shortage is sharpest in refrigerated and frozen freight and in small shipment sizes: "Not very many shipping companies that have affordable rates for refrigerated shipping or smaller sizes orders." Members also reported a lack of frozen and less-than-truckload carriers and limited competition among them, along with late charges and dock fees.

Regional differences

Conditions vary by province. In British Columbia, members reported one parent company holding most wholesale distribution, high freight costs shipping east, and ferry charges off Vancouver Island.

In Manitoba, a founder reported that "the small distributors still cater to the big food corporations." In Newfoundland, a founder reported a change in the wholesale market itself: "it is cheaper to buy from Costco than to buy from our suppliers in Ontario and Quebec and transport ourselves – Costco has significantly changed the wholesale and distributor environment in Newfoundland."

A consultant working with manufacturers described the underlying national condition: "It is an inherent issue in the Canadian marketplace. Part of it is due to expanse of geography and limited population size (vs US) are outside/controllable costs i.e. supply chain costs." That member estimated the combined markup and trade program structure described in this submission covers roughly 70 per cent of the retail food and beverage market.

Where members reported workable relationships

Members did not describe every large firm the same way. Beyond the merger noted above, a consultant singled out one large retailer as transparent and committed as a partner, and suggested the industry and consumers would both benefit if others operated the same way.

Members also reported that smaller wholesalers and local grocers deal with them more fairly, while noting that those buyers cannot provide access to the central distribution points needed to reach most consumers.

This matches the finding under question 1.3. Members can generally find fair dealing in the parts of the market that cannot deliver scale, and cannot find it in the parts that can.

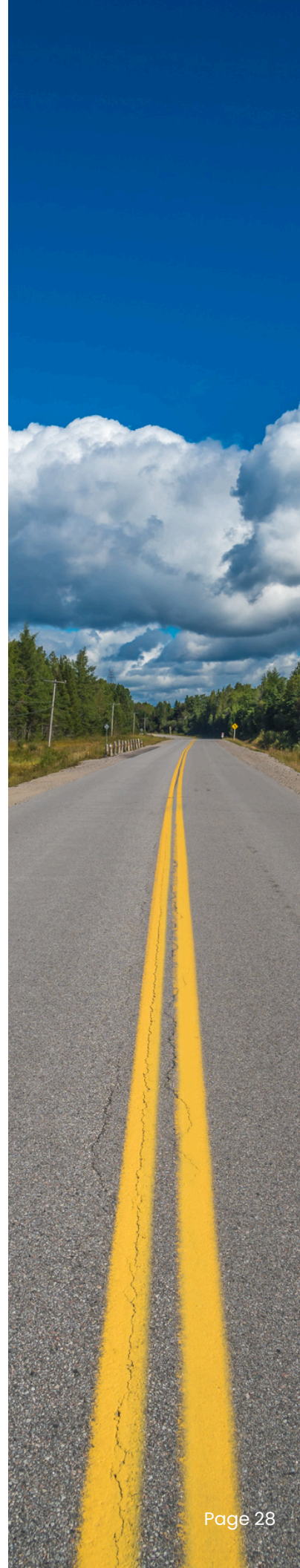
2.4 Distributor and carrier practices that make competing harder

Bureau question: From your perspective, what business practices by distributors, wholesalers, or transportation companies have made it harder for businesses to compete or expand in food distribution and transportation?

The practice members named share one feature: Each moves a cost or a risk that belongs to the buyer onto the producer. One participant summarized it as "retailers offloading their business costs onto the producer," and added the obvious test: "imagine if I offloaded those costs onto my supplier."

Charges applied after delivery often without explanation

Penalties and deductions arrive after the fact and outside the producer's control. One food processor described the delivery process: "the delivery guy needs to take an appointment, and then sometimes there's so many trucks, then they're late, and we get, like, \$1,000 fees, and when they break stuff inside of the warehouse, they charge us as well."



The same member reported deductions with no stated reason: "I just received like four grand from 2024, I think. And then they don't explain why," and reported the practice at more than one chain.

The same pattern appears in warehouse receiving, including "Late charges when the unionized warehouse workers on scheduled breaks should not be charged." Members also named breakage fees and warehouse allocation, slotting, and picking charges among the costs deducted from them.

Freight billing that does not reflect what is shipped

Members are charged for space they do not use, through the practice of "being billed on an assumed cubic weight." Receiving warehouses also dictate how pallets must be configured, which increases the number of pallets shipped and the freight cost with it.

One national price, and very different costs to serve it

Members are required to hold a single price across the country while paying widely different freight costs to reach each part of it. A processor in Quebec explained why that closes markets: "it doesn't cost me the same to deliver in Quebec and Ontario and Vancouver. I wish I could sell in the West, but they asked me to have the same price, so that's a huge problem."

The requirement does not remove the cost difference. It transfers it to the supplier and makes distant provinces uneconomic to serve.

Contracts that lock in the supplier and not the buyer

One food processor described being committed and then repriced: "And they made me sign a contract. And then not even like three months after, they like jumped the price like 60%. But now I'm stuck with them."

Rejection and damage carried by the producer

Whole loads are refused on appearance. As one participant described it: "There's a lot of stuff that they have to deal with that get held back, like when their entire shipment gets held back because they have a lopsided looking potato."

Product damaged inside the distribution system also becomes the producer's loss, and a supplier has to build an allowance for it into their costs, with the amount depending on which distributor and which retailer is involved.

Local programs that are advertised but not resourced

Local sourcing programs often do not operate the way they are promoted. One food producer described the experience: "And sometimes you're on the shelves, sometimes you're not, sometimes it's in the back, it gets forgotten. I had a time where I delivered to a large grocer, and it sat on the dock for a month."

The same member asked only for consistency: "If you don't wanna do put any energy behind the local program, just say it. Right? And everybody will be on the same page in terms of expectations. But if you're advertising a local program, put some energy behind it and and, like, really advocate for the brands in your community."

Members also reported that interest in local supply rises when imports are disrupted and falls when they resume. This is the same pattern reported under question 1.2, where a member described certification requirements being set aside once a supply route closed.

No access to a decision maker

Buying functions have been centralised and automated to the point where negotiation is not possible. One primary producer described dealing with a national wholesaler: "all of their buyers are in Quebec on the produce side, and you can't physically talk to anybody there. And that's the whole thing, is like, as everything's got more and more automated, you can't talk to a person."

Using a distributor also removes a producer's line of sight to the market: "distributors create a barrier between you and the end consumer, not knowing where your products go, trusting two to three salespeople to be able to represent you."

Margins stacked on a product the producer no longer controls

Each party in the chain adds a margin, and the producer absorbs the discount that starts the sequence. One founder set out the result: "Distributors ask for volume discounts that erode our profits then they put their mark-up on our product then the store puts their mark-up and the end result is often an overpriced product on the shelf. Everyone is making money except the producer."

Members also reported paying for position, describing the cost "of being in a place you have to pay to be on the right spot in the grocery store." In food service, members reported no incentive for distributors to choose Canadian brands over American ones, as also reported under question 2.3.

2.5 Spill-over effects and technological change

Bureau question: Have you observed any significant spill-over effects from other parts of the food supply chain, or from technological changes that are influencing competition in food distribution and transportation?

Few members answered this question, and those who did pointed to one effect: changes to the systems they are required to use imposed from further up the chain.

Those systems change without adequate warning and are built for firms much larger than these businesses. As one participant described it: "how they sometimes change the systems that you have to operate through, and without giving you enough notice. New software programs that only the big guys can use."

The cost of entry is the barrier, with platforms "often thousands of dollars just to get in, let alone maintain over the course of year after year after year."

Members also described the move away from paper as a difficult moment in a small business's growth. As one participant explained: "Then as they scale, they realize that the paper system really isn't effective. And that's where they have to move to software. And that transition is often very painful as well as expensive."

It arrives at exactly the stage where, as set out under question 1.5, capital is hardest to obtain.

Although few members answered under this heading, the same effect appears throughout this submission: mandatory retailer data programs priced without regard to supplier size under question 1.4, a required supply chain software subscription costing 15 per cent of a member's total sales to that customer under question 1.3, and the withholding of store-level sales data under question 3.3.

Taken together, members described technological change in the chain as something that arrives as a cost and an obligation rather than as a tool they can use.



Part 3: Retail Pricing

3.1 Retail pricing practices that hurt and help competition

Bureau question: What pricing practices at retail stores, such as loyalty programs and pricing algorithms, are hurting competition in the industry? What pricing practices are helping competition?

The practices members most often identified as hurting competition were pricing algorithms and dynamic pricing, exclusive supplier deals, followed by loyalty programs, high markups, and retailer margins. The practice most often identified as helping was transparent and published pricing, followed by price matching, clear labelling of Canadian products, and buyers who deal fairly.

Members do not control the price their own product sells for

The retail price is set by the retailer and is not open to discussion. One food processor described the position: "they control the price. We're not allowed to speak and discuss the retail price, especially with Loblaws."

The same member described asking for a review because the shelf price was costing them sales: "the sales people is not going to buy at their store if, you know, they can save \$3. And they told me that I cannot discuss the price."

The imbalance runs the other way on cost increases. As one founder reported: "Retails are set by the Retailer. Retailer terms and discounts make it hard to meet their margins as it drives the manufacturer's margins down." When fuel, cardboard, or ingredient costs move overnight, that member reported, "retailers refuse or are slow to except any part of these price increases." The supplier absorbs the increase and the shelf price is still not theirs to set.

Members pay for the retailer's promotions

The discounts a shopper sees in stores and flyers are frequently funded by the supplier. One founder set out the full arrangement: "We must fund our own promos in the stores. If we want extra display space or to be included in digital ads etc, we pay. We must give a discount to cover the product purchased for the promotion. Our margins are very low and most of these promotional sales are at a loss to us. I have also been told I must pay a percentage of what a retailer purchases from us back to them to cover their costs or they won't list our product."

Members are also charged for promotions that the retailer chooses to run, describing "being charged a promo, the store runs on your product, you're getting charged for the promo."

Flyer placement is priced beyond reach, with one processor reporting that a chain charges "like, 20 grand to be up front of the flyers," and noting that the retailer does not charge itself that fee when it places its own product.

Promotional costs get built into the wholesale price out of necessity, and members reported it is still never enough, because unexpected fees and deductions follow.

Price the consumer pays

Retailer margin	30 to 40% of the shelf price
Chargebacks and deductions	\$4,000 deducted, no reason give
Logistics and warehouse charges	\$1,000 late fee on one delivery
Mandatory programs	One program, \$50,000 a year
Promotional charges	\$20,000 for flyer placement
Listing and access fees	10 to 18% just to get listed
Manufacturer's price	

Members reported a 60 to 75% increase from warehouse to consumer price.



Dynamic and shifting pricing

Algorithmic and time-based pricing was raised as a specific and growing concern. One participant described what is emerging: "this whole idea of surge pricing in grocery stores, or time-based pricing, where their prices of the products change throughout the day based on who's shopping and when they're shopping and all this other stuff."

For a supplier, the problem is loss of visibility: "the danger of dynamic pricing being creating really unfair grocery pricing tactics because you won't have the ability to have an understanding of how much your product is being sold for."

Members also described repeated price movement that obscures real increases: "how they jump the price up dramatically, and then they cut it back, and they say, oh, fallback pricing or sale pricing, and they cut it way back, and then they jump it up again and back, and it goes up and down so often."

One participant gave the net result over a year: "[It] used to be \$5.50 for a thing of Greek yogurt in a grocery store shelf, and now it's like \$8/\$9 for the exact same thing a year later."

Placement follows money, not sales

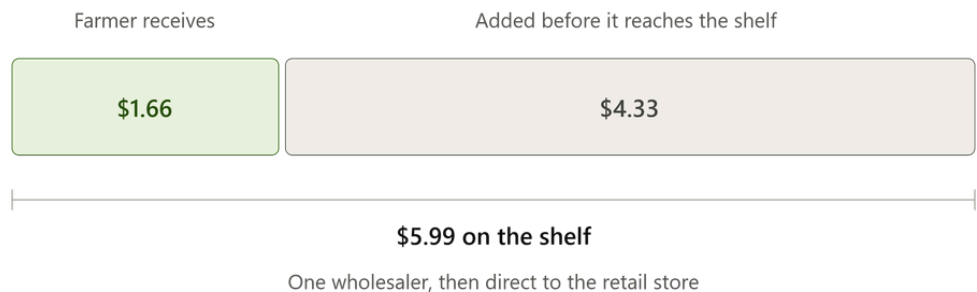
Visible positions in the store are bought. As one participant explained: "the big brand often gets the front display. They can afford to, you know, get those end cap spaces and whatnot, and they often are the ones that get those sales promotions and whatnot, because they have the money to be able to invest in it."

Retailer margin as the central issue

Members often returned to the size of the retail margin and what it does to the shelf price. One founder said: "Most retailers take 40%, and this can make the product too expensive for consumers." A grower gave this single item example: "A romaine lettuce that leaves my farm at \$1.66 should not be selling for \$5.99 at a retail store after passing thru 1 wholesaler then direct to the retail store."

Members also questioned why the same margins are applied to them as they are applied to large suppliers who receive far more from the retailer in return.

As one founder put it: "Small processors are not paying for all the benefits that large processors pay for – especially advertisements and sales. Therefore, their products should not be sold at a 40% mark-up."



Another founder was told their product was too expensive and answered the charge directly: "And yet they make more money and a higher margin of each one of my products than I do." That member described the pattern as small businesses being asked to cut their margins while large companies make more.

Members also identified import pricing at large format retail as a competitive pressure, naming the pricing of European cheese at one chain as an example.

What members said helps

Members were consistent that transparency is the most useful correction. Transparent and published pricing was the single practice named most often as helping competition, because it lets a producer and a shopper see the same information. Members also named price matching policies as helpful.

Clear labelling of Canadian products helps, with one grower noting that "Stores are doing a good job marking made in Canada," while adding the qualification that "they are not pricing everyone fairly.." Members also named the conduct of individual buyers as something that helps, describing "buyers who actually give you a fair shot on the shelf."

3.2 The effect on small and medium businesses

Bureau question: How do these pricing practices impact the ability of small or medium-sized businesses to compete against larger competitors in the industry?

Members reported that these practices leave them unable to compete on price at all.

The clearest example was private label. One food processor reported that a retailer's own brand sells for half their price even where the product is made in the same plant: "even if we use the same factory to produce, then their price, it's half my price on the shelf."

Members also reported that a small producer's cost of production can exceed a large competitor's wholesale price. As one food producer explained: "just my base cost is higher than their wholesale costs. Like, I can't... the question of pricing, there's no question of competing with that."

Large competitors also pay for better shelf position, run heavier promotions, and spend more on marketing. One food processor described it: "the big brands, they have more money, they give more to the stores to have a better, uh, space, and then they are really aggressive when they do - they have money for marketing that I don't."

The combined result is that a small producer's product looks expensive on the shelf even when it is not overpriced. As one participant explained: "it's hard to afford the fees to be in flyers and other promotions, and the your price always looks high next to a brand that gets volume next to those brands that have economies of scale."

The fees also end up in the price the consumer pays. One participant described the calculation: "you're gonna factor that into your pricing, and you're gonna escalate your pricing, and probably put a couple extra points in for yourself, too, which escalates the end consumer's pricing."

Because many of these fees are percentages, they cost proportionally more on a low-priced item, so the same fee structure is hardest to carry on the cheapest products.



3.3 Data, technology, and who can see the market

Bureau question: Does access to data or technology affect the ability of firms to adopt these pricing practices and compete effectively? How?

In plain terms: who can see the market

Retailers know what sold, where, at what price, and to whom. Suppliers generally do not, unless they buy that information back.

Members reported learning that a product had failed only when it was removed from the shelf. A supplier setting prices without store-level sales data is guessing; the retailer, and any large brand able to afford market data, is not.

The retailer holds the sales data and the supplier does not, and that gap shapes what each side is able to do.

Members lose sight of their own product once it enters the retailer's system. One food processor explained: "they all have the data of the sales for each store and they don't share it with us. We need to pay to get that data of the sales per store." The consequence is that a supplier cannot tell where their product is selling: "So once I get into the warehouse, then I have no data on where I do sell, which store I am, I have no idea."

Members reported that retailers use that data to decide when to introduce their own version of a product, and then ask the original supplier to manufacture it. One food processor described the sequence: "they do have the data to know how much they can launch a product, and then after that, they approach us to co-pack." This is the practice reported under question 1.4 and members identified the retailer's data advantage as what makes it possible.

Large brands can also gather market information that small producers cannot. As one participant put it: "the big brands have a lot of other sales data and a lot of market data that you just do not have the capacity to even gather, which means they've just got a lot more information to make decisions about."

Without data, members are pricing blind, and they learn a product has failed only when it is removed. One participant described it: "there's not a lot of pricing software out there, so it leaves you guessing – you find out a product failed only after it's pulled off the shelf." The same member reported that the relationship rarely includes any warning: "You find out there is a problem [only] when you get pulled off the shelf."

Where retailers require a data platform, the cost sits with the supplier. Members named a retailer that "uses Circana, and has all that data information, and knows when sales worked, and knows when demos happened." Large companies carry that cost because the return justifies it.

For a small supplier with few products, the same subscription buys little of use, as set out under question 1.4.



Standardising the platform across all suppliers serves the retailer and the software provider. As one participant explained: "it also makes their lives easier, because it's standardized for every brand. You know, I had my software, and my competitor had another software, I mean..." A single mandated system removes the supplier's ability to choose a tool that fits the size of their business.

Buying the software is also not the same as being able to use it. As one participant put it: "you can have the software, but you need to know how to use it. I mean, people have standard Microsoft, [like] Excel in their computer, but very few people use more than 10% of its capabilities."

A small operator carrying production, sales, and compliance work has neither the time nor the specialist knowledge to get value from these systems, so the subscription becomes a cost of access rather than a source of insight.

3.4 The effect on comparing prices and switching

Bureau question: How do these pricing practices impact a) how people can compare prices and product value across retailers? b) Consumers' purchasing behaviour and switching between competitors?

Comparing prices and value across retailers

The same product sells at very different prices within a short distance. One member reported seeing their own cheese in "Three stores on the same street, same cheese... \$3-\$8 dollars difference in price." Another reported one retailer listing their mustard for four dollars more than others charged. In both cases the product leaving the producer was identical. The difference was created entirely at retail.

Prices also move often enough that there is no reference point left. As one participant described it: "I just always find every time I go to the grocery store, I have no idea what the normal price is anymore. It's a different price almost every single day." That member noted milk as an exception, because it is used as a loss leader and stays relatively stable.

Units are presented inconsistently, which prevents comparison even when prices *are* visible. One participant described the produce section: "half the stuff is kilograms and half the stuff is pounds, and you'll see the pricing in kilograms."

A shopper comparing two items priced on different measures cannot tell which is better value without doing the conversion themselves, in the aisle.

Members summarised the combined effect as an environment where value is obscured. As one participant put it: "for the average consumer going in and out, it creates, again, this sort of mess where it's hard to be able to tell, is this product actually giving me the value that I think it is, or is it just a little bit of smoke and mirrors?"

Shoppers also cannot tell which products belong to the retailer. As set out under question 1.4, a private label product carries a brand name rather than the store name, and members reported that customers do not know the retailer owns it. A shopper comparing two brands on a shelf may be comparing an independent supplier against the retailer that set both prices.

Purchasing behaviour and switching

Members spoke mainly to the comparison problem rather than to switching, and this submission does not extend their answers further than they went. What they did identify is that price differences between retailers on the same item are large enough to reward shopping around, while the absence of a stable reference price and the inconsistent units make it hard for a shopper to know when they have found the better price.

3.5 Shrinkflation and skimpflation

Bureau question: How do shrinkflation and skimpflation impact a) how people can compare prices and product value across retailers? b) consumers' purchasing behaviour and switching between competitors?

Members reported observing both practices and most of those who commented in detail described them as deliberate and hard for a shopper to detect.

Comparing prices and value

The change is designed not to be noticed. As one participant explained: "When big brands shrink, and they make it really hard for people to tell that they're shrinking it, and so they're getting less value." Another described it as "a trick that people have recognized that they can get away with, and they're doing it big brands as well as small brands."

Shoppers compare the price on the shelf rather than the cost per unit or the ingredient list. One founder explained why substitutions go unseen: "customers don't always read the ingredients closely, especially if it is a product they purchase regularly, so they don't realize when the ingredients have changed to be substituted with cheaper alternatives, or when the pack size has changed."

Another put the burden this places on the shopper plainly: "[It] makes it harder for shoppers to know what they are paying for unless they take a look at the labels."

Members gave an example of how far a price can move on an unchanged item. One participant described honey moving from \$5–\$8 a jar to \$10–\$11, and noted that this narrows the gap between a supermarket product and an artisanal one bought directly at a farmers market.

"The honest small processor wants to give value, and to not engage in shrinkflation or use shoddy ingredients."

— Founder

The effect on producers who do not do it

A small manufacturer cannot easily reduce a package size even if they wanted to. One founder set out the cost: "Changing packaging means new jars, new labels, updated nutrition information, changes to case packs, and additional costs that are hard for a small business to absorb."

That same member raised prices instead of shrinking the product, and explained the result at the shelf: "When larger brands shrink their packages or reduce quality without a noticeable price change, it can make our products seem more expensive, even when we're offering better value."

The producer who behaves transparently is the one who looks expensive.

Members reported being pushed toward the practice by retailers. One founder reported that "retailers tell us they want us to cut down the size of the product so we can hit a certain dollar amount," and explained why they refused: "packaging cost does not fall with portion size, so shrinking the product would leave the consumer paying more per hundred grams." That member kept their existing size.



The same pressure is applied to quality. One food processor described being pushed to a cheaper input: "they're forcing us to get a cheaper product, but cheaper product means less quality," and added, "[to] put it cheaper, there's less quality in my product, and I think it's so sad."

Another founder described the general rule they see at volume: "in big scales if push for brands is mandatory then the quality of the product will go down in order to achieve a somewhat attractive end consumer shelf pricing."

Members were clear about their own position. As one founder stated: "The honest small processor wants to give value, and to not engage in shrinkflation or use shoddy ingredients."

Inconsistent standards, not only smaller packages

A related problem appears in produce, where the graded standard is no longer applied consistently. One medium sized producer reported: "Volume per bunch/quality is not standardized in Canada anymore. The Canada Grade standard needs to be adhered to."

That member reported being told to pack to a United States grade despite selling only in Canada, and asked that "Quality Control standards at each Wholesaler/Distributor should be the same." Where the same grade name covers different contents depending on the buyer, a shopper comparing two packages is not comparing the same thing.

Members also reported that packaging changes carry costs a small producer cannot absorb repeatedly, with one noting they run only four custom printed box sizes because they cannot afford more.

Purchasing behaviour and switching

Shoppers are paying closer attention than they used to, and price still decides the purchase. A consultant working with manufacturers reported: "Consumers are more savvy in the past five years, but in general if you have a consumer 'demanded' product, by the time it gets to the retail shelf, the retailer's pricing will cause a consumer to not purchase."

Another founder described the constraint on shoppers directly: "consumers do know what is best for them, if everything is going up in price they will have to choose whatever best they can afford."

Switching to a small producer's product is limited by availability rather than preference. As one founder explained, quantity and quality have both fallen, "but unequal access to the large grocery stores make it much harder to choose our products."

A shopper cannot switch to a product the chain does not carry.

3.6 Measures that would improve transparency and competition

Bureau question — What actions or measures could improve transparency and competition in retail pricing? Please describe any measures, laws or regulations in Canada or in other countries that could address the competition concerns related to these pricing practices.

Members supported a specific set of measures, set out below in order of how often they named them.



1. Mandatory disclosure of price per unit

This was the measure members supported most. Shoppers compare the price on the shelf rather than the cost per unit, which is what allows a reduced package to pass unnoticed, and what prevents a fair comparison between a small producer's product and a larger competitor's.

Members reported that unit pricing is not applied consistently, and that where it appears it is often too small to use. As one founder stated: "the price per gram needs to be larger on retail shelves." Members also reported inconsistent units of measure within the same department, as set out under question 3.4.

2. Stronger penalties for shrinkflation and skimpflation without disclosure

Members supported penalties where package size or product quality is reduced without the change being disclosed. As set out under question 3.5, the practice is designed to go unnoticed, and producers who do not do it appear more expensive by comparison.

The point of intervention members identified is the disclosure requirement rather than the price itself. Members also named packaging standards alongside this measure, reflecting that the change being concealed is usually a change to the package.

3. Rules limiting algorithmic pricing

Members supported limits on algorithmic and dynamic pricing. As set out under question 3.1, they reported the emergence of time-based pricing that changes through the day, and reported that it removes a supplier's ability to know what their own product is selling for.

4. Limits on the use of loyalty program data

Members supported restrictions on how loyalty program data is used. This connects to the data asymmetry reported under question 3.3, where retailers hold detailed sales and shopper information, do not share it, and use it to decide when to introduce a competing private label product.

5. Disclosure of all fees collected from suppliers

Members supported requiring retailers to disclose the fees they collect from suppliers. This is the least visible part of the retail price and, as set out under questions 1.3 and 1.4, the part members identified as decisive: listing fees, free fills, flyer and promotional charges, mandatory billbacks, required advertising spend, and deductions applied after delivery.

These charges are built into the wholesale price and therefore into what the consumer pays, while remaining invisible to the consumer.

Measures addressing retail margin

Members raised the size of the retail markup directly, and some called for it to be controlled. One founder offered evidence from their own accounts that a lower margin serves the retailer as well: "It would help if the retailers would take 30% instead of 40%. In my case, those retailers that took 30% had much higher turnover of my products."

In plain terms: unit pricing

Unit pricing is the small figure showing what a product costs per 100 grams, per litre or per kilogram. It is the only number that lets a shopper compare two packages of different sizes.

Members reported it is applied inconsistently and printed too small to use. It is also the single measure that would make a shrinking package visible at the shelf, which is why members named it first.

As reported under question 3.1, members also questioned why the same margin is applied to small suppliers who receive far less from the retailer than large suppliers do.

A transparent process for listing decisions

Members asked for a fair and documented process at the point where access is actually decided. As one member proposed: "Large grocery chains should have a fair and transparent process for reviewing products from small local food manufacturers and provide a clear reason if a product is rejected. This would give local businesses a real opportunity to compete."

This addresses what members reported under question 1.3, where buyers were described as unreachable and rejections as unexplained.

Labelling measures

Members supported clearer labelling in three areas:

1. Product origin, including where an ingredient was grown and what was used in growing it.
2. Full disclosure of natural flavours, which members reported would allow a producer using whole ingredients to be compared accurately against a product using undisclosed additives, as raised under question 1.3.
3. The standard for describing a product as Canadian made, produced, or packaged, which members reported under question 1.2 is applied loosely enough to be misleading.

Existing measures members identified

Members named one existing Canadian measure as directly relevant to these concerns. Asked about the terms imposed on them, one founder listed "unilateral contracts, fees, deductions, everything for what the Canada grocery code of conduct was created for."

The conduct set by the Grocery Code of Conduct was established to address the very behaviour our members are still experiencing. The measures listed above, particularly disclosure of supplier fees and a documented listing review process, would give effect to the parts of that code members reported are not reaching them.

A woman with dark hair, wearing a light blue long-sleeved shirt, is standing in a grocery store aisle. She is holding a red shopping basket in her left hand and talking on a black mobile phone held to her right ear. The background shows shelves stocked with various products, including what appears to be canned goods or snacks. The lighting is bright, typical of a retail environment.

Closing Remarks



Over 521 pieces of feedback, from 46 contributors across three parts of the supply chain and every region of the country, converge on a single finding.

The decisive costs are the costs of access

Members did not describe a sector losing on the merits. They described businesses that can make a product people want, at a standard that meets or exceeds regulation, and yet it still cannot reach a market.

What stops them is not the cost of making food. It is the cost of being allowed to sell it: the fee to be listed, the licence required to cross a provincial border, the minimum volume a carrier will accept, the audit a customer demands beyond the federal standard, the software subscription required to speak to a buyer.

None of these reflects the quality or the safety of the food. Each is set by a party the producer cannot negotiate with and each is priced as though every supplier were the same size.

Why members framed this as a competition matter

Four features of what members reported distinguish this from ordinary commercial pressure, and members returned to them in every part of the chain.

- **Terms are set, not negotiated:** Members described buyers who cannot be reached, prices they are not permitted to discuss, contracts amended against them after signature, and deductions applied after delivery without explanation.
- **Charges do not scale:** The same listing fee, data subscription, audit, and promotional commitment are applied to a business under \$1M in revenue and to a multinational. Members reported the identical charge being routine for one and fatal for the other.
- **The customer is also the competitor:** Through private label, the buyer deciding whether to stock a product also sells a rival version of it, exempt from the fees the supplier pays, and sometimes asks that supplier to manufacture it.
- **Only one side can see the market:** Retailers hold store-level sales data and loyalty data. Suppliers must buy it back, if it is offered at all. Members reported learning a product had failed only when it was pulled from the shelf.

Members were consistent that these conditions are concentrated at one point in the chain. Independent retailers, farmers markets, food hubs, hospitality and direct sales were generally described as workable.

The difficulty arises at the national chains, and it holds, in one member's words, because "they can get away with making you pay all these fees because the bulk of consumers shop there."

What members did not ask for

No member asked to be protected from competition, and none asked for food safety standards to be relaxed. The request was consistently for the same standards to be applied in a way that accounts for the size of the operation, or as one industry association representative put it: "What we really need is scale, appropriate regulation."

What members asked for

Consolidated from across the submission, and cross-referenced to where each is evidenced:

- Disclosure of all fees retailers collect from suppliers — listing fees, free fills, billbacks, promotional and advertising charges, and post-delivery deductions. (1.3, 1.4, 3.6)
- Mandatory unit pricing at the shelf, applied consistently and printed large enough to be usable. (3.4, 3.6)
- Penalties where package size or product quality is reduced without disclosure. (3.5, 3.6)
- Limits on algorithmic and time-based retail pricing. (3.1, 3.6)
- Restrictions on how loyalty-program and store-level sales data may be used against the suppliers who generate it. (3.3, 3.6)
- A documented listing-review process, with a stated reason when a product is rejected. (1.3, 3.6)
- Scale-appropriate application of certification, licensing, labelling and municipal requirements. (1.2)
- A route for a provincially inspected producer to sell across a provincial border without rebuilding in a new facility. (1.2, 2.2)
- Clearer labelling of origin, of what qualifies as Canadian made, produced or packaged, and full disclosure of natural flavours. (1.2, 3.6)
- Effect given to the parts of the Grocery Code of Conduct members reported are not reaching them. (1.3, 3.6)

What is at stake if nothing changes

Members were unambiguous about the endpoint. A business that reaches the ceiling of what Canada's facilities, financing, and shelf access can offer has two realistic outcomes: it closes or it is acquired by a foreign owner, most often American, after which the revenue, the jobs and the decisions leave the country. Members reported watching both happen, repeatedly, to businesses that were commercially viable.

The consequence does not stop at the producer. Members described a shelf already supplied overwhelmingly by a small number of firms, categories in which imports have displaced domestic supply almost entirely, and regions where a single interrupted supply route empties the shelves within days.

Each business that exits removes a supplier, a price, and an alternative from the market. A grower who stops growing a crop, or a processor bought and consolidated, is a competitor the consumer no longer has.

SSFPA's offer to the Bureau

Members did not ask to be shielded from competition: They asked to be admitted to it. Every measure listed above is directed at the same thing: making the terms of access visible, consistent, and proportionate to the size of the business being asked to meet them.

SSFPA represents over 900 of these businesses and would welcome the opportunity to provide further detail on any point in this submission, to connect the Bureau directly with members quoted here, to convene members for follow-up engagement in any region or category, or to assist with any subsequent stage of this examination.

Glossary

A short glossary of trade terms

These are the words members use for the everyday costs and arrangements of getting food onto a shelf. They appear throughout the submission.

Billback, chargeback, deduction: Amounts a retailer or distributor subtracts from what it owes a supplier, after delivery, for promotions, damages, late arrivals or other issues.

Co-packer (contract manufacturer): A facility that manufactures or packages food on behalf of another brand. Small producers rely on co-packers because building their own plant is out of reach.

CFIA licence (federal food safety licence): The federal licence required to sell food across provincial borders. Without it, a business can sell only within its own province.

Cold chain: The unbroken chain of refrigeration a chilled or frozen product must stay within from production to sale.

Cubic weight billing: Charging freight by the space a shipment is assumed to occupy rather than what it actually occupies.

Distributor, wholesaler, broker: The intermediaries between a producer and a store. A distributor moves and warehouses product, a wholesaler buys and resells it, and a broker sells on the producer's behalf. Each takes a margin or a fee.

Farm gate sales: Selling directly from the farm to the public, without going through a retailer.

Flyer or promotional fee: A charge for appearing in a retailer's flyer, digital advertising or a featured display.

Free fill: Free product supplied to stock the shelves when a listing begins. The producer absorbs the cost of that inventory.

Grocery Code of Conduct: The Canadian code established to govern dealings between grocery retailers and their suppliers.

GS1 and GTIN: The organization that issues barcodes, and the barcode numbers themselves. Retailers require them.

HACCP, GMP, SQF, BRC, Canada GAP: Food safety and quality certification programs. They are audited annually, cost thousands of dollars a year, and are commonly required by retailers and distributors.

Listing fee: A payment to a retailer to have a product entered into its system and made available to its stores. It does not guarantee shelf space, and it is not refunded if the product is dropped.

Loss leader: A product sold at or below cost to draw shoppers into a store.

LTL (less than truckload): Freight service for shipments too small to fill a trailer. It is scarcer and more expensive per unit than full-load freight, and scarcer still when refrigeration is required.

Planogram: The retailer's map of where each product sits on each shelf. Prominent positions can be bought.

Private label (store brand): A product owned by the retailer itself. It competes directly with supplier brands on the same shelf, and shoppers often cannot tell who owns it.

Shared-use facility: A licensed commercial kitchen or plant rented by several small businesses in turn, usually the first step up from a home or farm kitchen.

Shrinkflation: Reducing the size of a product while keeping the price the same.

Skimpflation: Substituting cheaper ingredients or lowering quality while keeping the price and the package the same.

Slotting, allocation and picking charges: Warehouse fees for storing, assigning and assembling a supplier's product for shipment to stores.

Supply management and quota: The regulated system governing categories such as dairy, poultry and eggs, in which the right to produce for market is allocated as quota.

Sources

Every quote in this report comes from what a member submitted to our Competition Bureau submission in June and July 2026. We have corrected obvious typing errors in written responses and removed verbal filler from spoken ones. We have not changed anyone's meaning or wording. Members are identified by what they do and where they work, not by name.

Who is speaking and how we listened

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