

5-30-2014

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Recommended Citation

Morin, G. and B. Murphy (2014). Developing an Ontario maple syrup sector profile: A value chain analysis (executive summary). Wilfrid Laurier University (Canada).

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EXECUTIVE SUMMARY

Developing an Ontario Maple Syrup Sector Profile: A Value Chain Analysis

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The research examined the Ontario maple syrup industry from an economic analysis perspective, utilizing the value chain approach. In general, a value system can be understood as a network of enterprises and inter-organizational relationships through which maple products move from preproduction to consumption/postproduction. This research is part of a larger project funded by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). The larger project's goal is to identify competitive, innovative opportunities for capacity development in Ontario's maple syrup agri-food value chain by increasing added value related to new products and services, better market differentiation and stronger network relationships. It contributes to the increased profitability, sustainability and wellbeing of rural communities.

The goal of this project was to develop a working model of the value system that represents the Ontario maple syrup industry (Figure 1). The information was gathered by interviewing fifteen members of the industry and other experts from across Ontario. After the data was transcribed and coded, the next step was to identify key linkages and strengths as well as the challenges facing the industry as a whole.

The research revealed numerous strengths presented within the industry:

1. Technological Improvements

The technological leaps that have been made within the industry over the decades were a recurring theme in the interviews with producers. More sophisticated equipment, tools and techniques further develop the industry making it ever more effective and efficient. Those producers who choose to update their operations with the latest technology are able to reduce some elements of the labour intensive nature of maple syrup collection and increase their energy efficiency.

2. Research and Development: Innovation

Technological innovation is driven by an active research and development sector within the equipment supply companies and as well as the industry-focused research institutes located in both Quebec and the United States. The research and development sector is important not only for the equipment supplier's value chain, but for the maple syrup industry as a whole. At the firm level, the investment in research and development is part of the strategy for developing a competitive advantage. The advancements learned from a large equipment manufacturer arguably have trickle-down effects; the producers purchasing the corporation's product will learn of the advancements from the corporation. Other innovations start with individual producers and then get passed on along the value system. Particularly with value-added products, it is the producers who develop new products in their own test kitchens and pilot them with their customers.

3. Networks: Industry Relationships and Family

Another important strength within the value chain and also the larger value system of the maple syrup industry is the relationships between various actors. From the data gathered from the interviews, there are clearly strong bonds of support that have developed amongst members in the industry. Ongoing communication and frequent contact appear to be the key mechanisms through which the relationships are created among producers and across the maple syrup value system.

An additional strength for both the producer and the industry is the central role of families. Family members are often skilled labourers that volunteer their time and also provide additional markets and contacts. This is most notable in families that have been in the industry for several decades.

4. The Role of Loyal Customers

The role of consumers is a strength for the industry since loyal customers help promote and sell the products through word-of-mouth marketing. This highlights the importance of a positive relationship between the maple syrup producers and the consumers. However, this also implies that this close-knit relationship could easily be undermined by a bad experience.

Some of the challenges facing the industry include:

a. Developing New Markets and Marketing Strategies

What is clear from the interviews is that while technological advances provide the ability to increase syrup production, the market must be able to grow along with the rise in production. Currently, the most often used techniques for marketing maple syrup are associated with websites on the internet and road signage. However, not all producers are technologically inclined to develop and manage effective websites and online stores. It is at this point where the penetration into potential new markets can be challenging, because of the lack of technical skills to reach out to these new markets. For marketing strategies, plans that put an emphasis on the natural and healthy aspect of the maple products were common. This contributes to product differentiation and can potentially deter consumers from engaging in the purchase of substitute products.

b. Representation of Ontario Maple Syrup Producers

An additional challenge facing the Ontario industry is that while the Ontario Maple Syrup Producers’ Association (OMSPA) represents about 500 producers, including some of the largest in the province, there are likely another 1500 or more producers that are NOT part of OMSPA. Non-OMSPA producers are at a disadvantage, especially in relation to accessing information about technological innovation, food safety and best practices and the involvement in a mutually-supportive sharing network. While non-members participate in a larger informal network within the province, they are still isolated. Those individuals who are members of OMSPA gain a competitive advantage from the information they obtain from the organization.

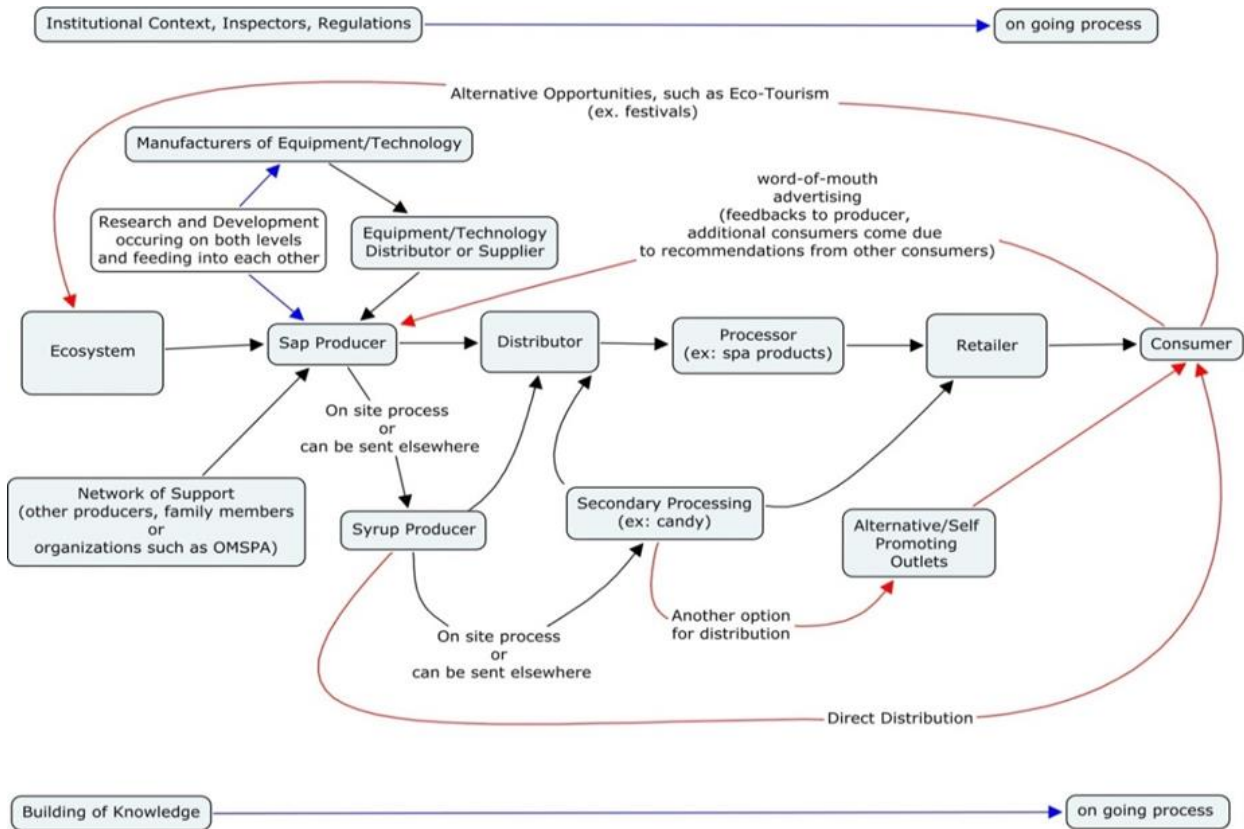


Figure 1 - The Maple Syrup Value Chain