Agriculture and Agri-Food Canada
Agriculture et Agroalimentaire Canada

Market Access Secretariat
Global Analysis Report

Consumer Profile

Morocco

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EXECUTIVE SUMMARY

This report provides a brief illustration of Moroccan consumers and their food preferences and consumption. It focuses on several key demographic and economic indicators, consumer trends that are highly relevant to the Canadian agri-food industry, whereby offering good opportunities for Canadian exporters.

The quality of life in Morocco has steadily improved over the past decade. In contrast to the geopolitical difficulties experienced by its Northern African neighbours in recent years, the Moroccan economy has been steady and growing, making it a trading partner of choice in the region. With an emerging middle class in large cities and a burgeoning tourism industry, the Moroccan society is increasingly embracing a Western lifestyle. This trend is marked by a number of demographic indicators, such as urbanization and smaller family sizes. These changes have influenced Moroccan consumers' consumption patterns. Packaged food and healthy choices are among the fastest growing segments within the food and beverage industry. Morocco's population is amongst the largest in the Middle East and North Africa (MENA) region. Opportunities for Canadian agri-food exporters mainly exist in urban cities, such as Casablanca, Rabat, Fes, Marrakech, and Tangier.

Canadian food and beverage companies can use the insights from this report to help identifying potential opportunities for export to this country and other MENA markets.

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INTRODUCTION

The Kingdom of Morocco is located at the north-west corner of Africa. Morocco has a population of over 35 million and an area of 446,550 square kilometers (Kingdom of Morocco, 2013). Its largest city is Casablanca, although its political capital is Rabat. Morocco is a developing country. Set in a region marked with considerable geopolitical tensions in recent years, Morocco has been remarkably calm, and enjoyed modest, but steady economic growth. On average, Moroccans have limited purchasing power, with a nominal GDP per capita at US$3,260 or based on purchasing power parity (PPP), the GDP per capita was at US$5,537 in 2013 (International Monetary Fund, 2013). Nevertheless, with a rapidly emerging middle-class in large cities and a growing tourism industry, Morocco offers some good opportunities for Canadian food exporters. Moroccan consumer's lifestyle is experiencing change. The current generation of young adults and affluent Moroccans have good levels of disposable income, and are more likely to accept and appreciate western-style foods, including convenient packaged food and foods with health and wellness benefits.

Economy

Morocco's economy is considered a relatively liberalized market economy. The country has privatized many economic sectors which used to be in the hands of the government (Leonard, 2005). The Moroccan economy has become much steady in recent years with 3.6% growth of GDP in 2010, 5.0% in 2011 and 2.7% in 2012 (World Bank, 2013). The service sector accounts for over half of the Moroccan GDP. The top resources of the Moroccan economy are agriculture, phosphates and tourism. The industries that recorded the highest growth in 2009 were tourism, telecoms, and textile.

About 40-45% of Morocco's workforce is employed in the agriculture sector which accounts for 14% of GDP. Morocco produces a significant amount of plains, olives, citrus fruits, and wine grapes on the Atlantic coast. In these regions, water is usually supplied by wells. Wheat, barley and other cereals are mostly grown in the northeast regions of Morocco, where farmlands are typically not irrigated. As a result, weather has a major impact on crop production, which in turn influences Morocco's import demand for agri-food. For example, according to the Statistic Canada data, Canada's durum wheat export to Morocco jumped from over $109 million in 2006 to over $180 million in 2007, which coincided with a major drought in Morocco that year. The fish industry has been an economic pillar for the country for a long time which is a leading foreign exchange earner, and Morocco is considered the largest fish market in Africa (Economy of Morocco, 2013).

Morocco is also considered a major touristic destination. Tourism is a key contributor to Morocco economy and a leading job provider for Moroccans. According to Euromonitor (2012), Morocco's total tourism receipt in 2012 was over US$7.2 billion, or approximately 7.5% of its GDP.

Morocco is a neighbouring country of the European Union and Morocco is a partner country of the European Trade Agreement. Morocco and EU have signed several cooperation agreements, such as the European Neighbourhood Policy (ENP), the Euro-Mediterranean Partnership, and the Union for the Mediterranean. Morocco also has a free trade agreement with the US under the US-Morocco Free Trade Agreement (or Morocco FTA), which was signed in 2004 and came into effect in 2006 (USTR, 2013).

Canada-Morocco Trade

A Morocco-Canada free trade agreement is currently under negotiation (DFATD Canada, 2013). According to the Foreign Affairs, Trade and Development Canada (2013), in 2012, bilateral merchandise trade between Morocco and Canada totalled $522.6 million. Canadian merchandise exports to Morocco totalled $368.5 million, with the top export to Morocco being durum wheat, which accounted for 57.1% of all Canadian exports to Morocco. Morocco's exports to Canada totalled $154.1 million in 2012, with the top imports being edible fruits, mineral products, woven apparel, and fertilizers. Even though Canada enjoys a whopping 80.3 % market-share of Morocco's imported durum wheat, Canada's share for the overall Morocco' agri-food and seafood import market was only 5.2% in 2012. A small portion from

Canada is non-durum wheat, which accounted for only 0.9%. Morocco imported over $1 billion worth of non-durum from other parts of the world in 2012 (see Table 1). Potential opportunities exist in Morocco for Canadian non-durum wheat product's producers and exporters.

Table 1: Morocco Agri-Food and Seafood Imports, 2012 (in million $)

	World	Canada	Canada's share
Non-durum wheat	1,037	10	0.9%
Cane sugar, raw	584	0	0.0%
Corn	616	0	0.0%
Soybean oil	444	0	0.0%
Durum wheat	347	279	80.3%
Total agri-food and seafood imports	**5,787**	**303**	**5.2%**

Source: AAFC: Morocco – At a Glance (2013)

KEY DEMOGRAPHIC INDICATORS

Morocco's population is amongst the largest in the Middle East and North Africa (MENA) region. Opportunities for Canadian agri-food exporters mainly exist in urban cities. Casablanca, with a population of 3.2 million, is by far the largest metropolitan city in Morocco. Rabat, the Moroccan Capital, has a population of 1.77 million. Other major cities in Morocco include Fes, population 1.044 million; Marrakech, population 909,000; and Tangier, population 768,000 (World Trade Centre, 2013).

Morocco has a rich culture that is a blend of Arab, Berber (Indigenous African) and other African and European influences. In Morocco, Arabs and Berbers account for 99.1% of the population. French or Spanish are the major foreign residents. The major religion is Islam. Berber and Literary Arabic are the official languages, although Moroccan Arabic and French are also widely spoken.

Table 2: Key Demographic Indicators - Morocco

Total Population (millions, 2012 estimate)	35
Population density (per square kilometers)	73
Population aged 0-14 years	27.8%
Population aged 15-64 years	66.1%
Population aged 65 years and over	6.1%
Median age total	26.9
Population growth rate	1.0%
Urban population growth rate (2010-1015)	1.6%
Rural population growth rate (2010-2015)	0.1%
Birth rate /1,000	18.97
Death rate/1,000	4.76
Net migration rate /1,000	-3.67
Urban population of total population (2010)	58%
Rate of urbanization (annual rate of change, 2010-2015 est.)	2.1%
Sex ratio at birth (male/female)	1.05
Sex ratio under 15 years	1.03
Sex ratio 15-64 years	0.96
Sex ratio 65 years and over	0.82
Sex ratio total population	0.97
Infant mortality rate total /1,000 live births	26.49
Life expectancy at birth male	73.04
Life expectancy at birth female	79.32

Source: CIA World Factbook, 2012

Moroccan culture is a distinctive blend of indigenous Berber customs with influences from Arab, Jewish, and European cultures (CIA World Factbook, 2012). Some Moroccans still follow the traditions of polygamous marriages, large families, and close kinship and family ties. With the expansion of

Western-style education, and increasing urbanization, Moroccans have started to demonstrate a preference for a smaller family size. While single person households only represented 4.3% of Moroccan households in 2004 (Alpha International Trade, 2013), they now account for over 6.7% (see Table 3(a)) - the fastest growing segment. It is predicted that by 2018, single person households would account for over 7.5% of Moroccan households (see Table 3 (b)). This means that convenience oriented ready-made foods would find a growing market. With its young population, increasing urbanization, and steady growth in GDP, Morocco is already seeing growth in modernized supermarkets and fast-food restaurants, such as McDonald's, Domino's, and Pizza Hut. Amounting to 55% of Morocco's population, young people under the age of 25 are the key market segment drives demand for Western culture and foods.

Table 3(a): Number of Households by Type in Morocco | Historic | '000

Categories	2009	2010	2011	2012	2013*	CAGR (2009-2013)
Single Person	394.8	410.6	427.7	446.0	465.4	3.35%
Couple Without Children	790.0	813.9	837.7	861.6	885.5	2.31%
Couple with Children	3,590.9	3,663.6	3,737.3	3,811.9	3,887.1	1.60%
Single-Parent Family	403.0	414.7	426.5	438.3	450.1	2.24%
Other	1,184.0	1,202.6	1,220.4	1,237.6	1,253.9	1.15%
Total	**6362.7**	**6505.4**	**6649.6**	**6795.4**	**6942**	**1.76%**

Source: Euromonitor, 2013 (*Note: 2013 contains forecast data.)

Table 3(b): Number of Households by Type in Morocco | Forecast | '000

Categories	2014	2015	2016	2017	2018	CAGR (2014-2018)
Single Person	486.0	507.5	530.0	553.4	577.7	3.52%
Couple Without Children	909.2	932.7	956.0	979.1	1,001.9	1.96%
Couple with Children	3,962.5	4,037.7	4,112.6	4,187.1	4,261.1	1.46%
Single-Parent Family	461.7	473.3	484.8	496.2	507.4	1.91%
Other	1,269.4	1,283.7	1,297.0	1,309.2	1,320.4	0.79%
Total	**7088.8**	**7234.9**	**7380.4**	**7525**	**7668.5**	**1.58%**

Source: Euromonitor, 2013

FOOD AND BEVERAGE PREFERENCES AND EXPENDITURES

Moroccan Dishes

Moroccan cuisine is unique and diverse, because of the country's historical interactions with many cultures. Couscous is one of the most basic foods in Moroccan daily life. Couscous is made with granulated semolina grains, usually topped with mutton, veal, or beef and a variety of vegetables such as tomatoes, turnips, and pimentos. It is eaten by all segments of society, and may be referred to as the national dish (Euromonitor, 2012). Canadian durum is an excellent ingredient for making couscous.

Harira is considered Morocco's national soup. It is a thick paste that comes in many varieties, usually made from water, tomatoes, beef or mutton bouillon, onions, saffron, walnuts, etc. Figs and dates are among the most common fruits. Breakfast in Morocco may consist of bread served with olive oil or butter, and coffee or mint tea. For most Moroccans, lunch is the largest meal of the day. Most schools and businesses close at noon each day for two to three hours for a midday meal. A light dinner of harira soup and bread is commonly eaten in the evening. Bread is a staple in Moroccan diets. Between meals, Moroccans take tea breaks, when they tend to have some snacks as well. Cakes and desserts made of fruits and marzipan, a sweet almond paste, are sold in pastry shops and on the streets. Imported foods are available in major cities at French-style street markets. During the thirty days of Ramadan, every Islamic person in Morocco must fast from dawn until dusk (Euromonitor, 2012).

According to Euromonitor, food and non-alcoholic beverages account for 41.4% of Moroccan household expenditure in 2013. Moroccans are particularly sensitive to price, and trust in the sellers is an important choice criterion. They also rely on word-of-mouth recommendations for selecting vendors. The average Moroccan consumer spent US$831.3 on food and non-alcoholic beverages in 2013 (see Table 4(a)). Within this modest budget, a sizeable portion of their income, almost 20% is spent on bread and cereals, and 18.3% on vegetables. This tradition of a relatively healthy dietary mix is likely to endure in the near future (see Table 4(b)). Morocco's adult obesity prevalence rate is 16.4%, ranked 114th in the world. This is compared to Canada's obesity rate of 26.2%, ranked at 48th in the world (CIA, 2008).

Table 4(a): Consumer per Capita Expenditure ($U.S.) on Food and Beverages | Historic | Current Prices | Fixed 2012 Exchange Rates

Categories	2009	2010	2011	2012	2013*	CAGR (2009-2013)
Total Food and Non-Alcoholic Beverages	**676.4**	**701.0**	**749.4**	**777.4**	**831.3**	**4.21%**
Food	597.3	618.7	660.8	684.7	731.1	4.13%
Bread and Cereals	130.3	135.2	145.1	150.9	161.3	4.36%
Meat	75.1	77.4	82.2	84.8	90.2	3.73%
Fish and Seafood	55.9	57.7	61.5	63.5	67.6	3.87%
Milk, Cheese and Eggs	12.3	13.0	14.1	14.8	16.2	5.66%
Oils and Fats	74.5	77.1	81.9	84.4	89.6	3.76%
Fruit	39.6	40.7	43.0	44.1	46.7	3.35%
Vegetables	120.2	125.7	135.3	141.2	152.1	4.82%
Sugar and Confectionery	37.2	38.1	40.2	41.2	43.7	3.27%
Other Food	52.2	53.9	57.5	59.7	63.8	4.10%
Non-Alcoholic Beverages	79.1	82.4	88.6	92.7	100.2	4.84%
Coffee, Tea and Cocoa	22.4	23.4	25.4	26.9	29.4	5.59%
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	56.8	59.0	63.2	65.8	70.8	4.50%
Alcoholic Drinks	6.3	6.6	7.1	7.4	8.1	5.15%
Spirits	1.9	1.9	2.1	2.2	2.3	3.90%
Wine	1.5	1.6	1.7	1.7	1.9	4.84%
Beer	2.9	3.1	3.4	3.6	3.9	6.10%

Source: Euromonitor, 2013 (*Note: 2013 contains forecast data.)

Table 4(b): Consumer per Capita Expenditure ($U.S.) on Food and Beverages | Forecast | Current Prices | Fixed 2012 Exchange Rates

Categories	2014	2015	2016	2017	2018	CAGR (2014-2018)
Total Food and Non-Alcoholic Beverages	**881.3**	**942.0**	**1,010.4**	**1,086.0**	**1,167.9**	**5.79%**
Food	774.0	826.7	886.0	951.3	1,022.1	5.72%
Bread and Cereals	170.8	182.4	195.3	209.6	225.1	5.68%
Meat	95.0	101.1	108.1	115.8	123.8	5.44%
Fish and Seafood	71.4	76.0	81.3	87.0	93.3	5.50%
Milk, Cheese and Eggs	17.4	18.9	20.6	22.5	24.6	7.17%
Oils and Fats	94.4	100.6	107.6	115.1	123.2	5.47%
Fruit	48.9	51.7	54.8	58.3	62.0	4.86%
Vegetables	162.6	175.3	189.5	205.2	222.4	6.46%
Sugar and Confectionery	45.9	48.8	52.0	55.6	59.5	5.33%
Other Food	67.5	71.9	76.9	82.3	88.3	5.52%
Non-Alcoholic Beverages	107.3	115.4	124.5	134.6	145.8	6.32%
Coffee, Tea and Cocoa	31.8	34.6	37.6	41.1	44.9	7.14%
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	75.5	80.8	86.8	93.5	100.9	5.97%
Alcoholic Drinks	8.6	9.3	10.0	10.8	11.8	6.53%
Spirits	2.5	2.6	2.8	3.0	3.3	5.71%
Wine	2.0	2.1	2.3	2.4	2.6	5.39%
Beer	4.2	4.5	4.9	5.4	5.9	7.03%

Source: Euromonitor, 2013

Beverage Consumption

As dictated by Islamic law, Muslims are not supposed to partake in any alcoholic beverage consumption. However, partially attributed to the prevalent of tourists and a younger population inspired by a Western lifestyle, alcohol is consumed in Morocco, but to a much less extent compared with Western people. According to Euromonitor (2012), Morocco produces some wine for its domestic market. Annual per capita consumption of wine in Morocco was 0.9 litres in 2011, as compared to 15 litres per capita in Canada (CBC, 2013). Morocco's consumption of beer was 3.5 litres per capita in 2011, as compared to Canada's 68.4 litres per capita in 2010 (Kirin, 2010).

The soft-drinks market has grown significantly in recent years. Moroccans drank 42.7 litres of soft drinks per capita in 2011, a 32% increase compared to 2006 (Euromonitor, 2012). In comparison, Canadians drank 82 litres of soft drinks in 2009, a decline from 100 litres in 2006 (Statcan, 2009). Bottled water has also enjoyed extraordinary growth since 2006, to 19.4 litres per capita in 2011. While freshly squeezed orange juice remains the fruit juice of choice for most Moroccans, there are numerous packaged fruit juices available to consumers, most produced locally, and of good quality.

Packaged Food

Many Moroccan consumers are becoming more and more health conscious and experiencing hectic lifestyles. Health and convenience are the two major themes emerging in Morocco's food market. Packaged food currently accounts for approximately 21% of all expenditure on food and beverages. Due to consumer's increasing demand, packaged food in Morocco continued to experience positive growth from 2009 to 2013 (see Table 5(a)). The leading manufacturers of packaged food continued to introduce new healthy and convenient products. Some examples include Yawmy 00% by Centrale Laitière Maroc Lait (dairy milk), St Dalfour sugar-free jam by Foods & Goods SA, and free from cholesterol and trans fats by Extraport Company SARL (Euromonitor, 2013). Driven by strong competition amongst the leading players in Morocco, packaged food is expected to maintain healthy growth with a CAGR of 5.83% over the forecast period in 2014-2018. Particularly, frozen processed food and sweet and savoury snacks are expected to see double-digit growth rates (see Table 5(b)).

Sales of imported packaged food products are also expected to continuously increase over time. According to Euromonitor (2013), local packaged food brands face strong competition from imported products, such as imported baby food, cheese, breakfast cereals, chocolate confectionery, chewing gum, sweet and savoury snacks and biscuits. In addition, the development of modern grocery retail distribution channels, with supermarkets, hypermarkets and discounters all expanding their chain stores in major cities, has provided consumers with easier access to a broader range of packaged food products, such as frozen processed food, chilled processed food, dairy products and meal replacement products, all of which can help to boost sales of packaged food in Morocco.

Table 5(a): Market Size of Packaged Food in Morocco | Historic | Retail Value RSP | US$ million | Current Prices | Fixed 2013 Exchange Rates

Categories	2009	2010	2011	2012	2013	CAGR (2009-2013)
Packaged Food	4,406.9	4,630.6	4,906.2	5,282.0	5,659.8	5.13%
Baby Food	86.3	90.2	96.1	104.1	111.0	5.16%
Bakery	827.4	866.0	904.1	958.5	1,012.1	4.11%
Canned/Preserved Food	170.1	182.4	197.3	214.2	231.6	6.37%
Chilled Processed Food	0.1	0.1	0.2	0.2	0.3	24.57%
Confectionery	404.8	430.0	462.4	500.7	538.7	5.88%
Dairy	1,527.7	1,633.2	1,754.3	1,918.1	2,074.9	6.31%
Dried Processed Food	184.4	194.9	206.3	221.0	234.3	4.91%
Frozen Processed Food	55.4	67.3	82.5	99.8	119.3	16.58%
Ice Cream	119.4	148.4	160.5	176.7	192.3	10.00%
Meal Replacement	-	0.8	0.9	1.0	1.2	N/A
Noodles	2.7	3.3	3.9	4.6	5.4	14.87%
Oils and Fats	835.4	807.9	817.3	845.2	881.4	1.08%
Pasta	71.0	75.4	79.5	85.7	91.5	5.20%
Ready Meals	1.7	2.0	2.4	2.8	3.4	14.87%
Sauces, Dressings and Condiments	81.3	84.1	88.3	93.3	98.3	3.87%
Snack Bars	-	0.3	0.3	0.4	0.4	N/A
Soup	2.2	2.5	2.7	3.0	3.3	8.45%
Spreads	78.3	82.4	85.4	89.4	94.0	3.72%
Sweet and Savoury Snacks	36.2	42.5	50.2	59.3	69.8	14.03%

Source: Euromonitor: Packaged Food in Morocco (2013)

Table 5(b): Market Size of Packaged Food in Morocco | Forecast | Retail Value RSP | US$ million | Current Prices | Fixed 2013 Exchange Rates

Categories	2014	2015	2016	2017	2018	CAGR (2014-2018)
Packaged Food	6,094.7	6,557.6	7,056.8	7,593.6	8,091.2	5.83%
Baby Food	119.1	127.3	135.8	144.7	153.1	5.15%
Bakery	1,074.5	1,142.7	1,213.1	1,285.9	1,356.0	4.76%
Canned/Preserved Food	250.9	270.2	289.4	308.1	321.3	5.07%
Chilled Processed Food	0.3	0.4	0.5	0.6	0.8	21.67%
Confectionery	581.6	627.0	675.3	727.2	778.2	6.00%
Dairy	2,252.7	2,439.5	2,643.5	2,863.1	3,086.7	6.50%
Dried Processed Food	250.1	265.9	283.0	299.5	311.5	4.49%
Frozen Processed Food	142.9	170.6	202.8	240.9	257.4	12.49%
Ice Cream	209.1	226.9	245.9	266.1	286.9	6.53%
Meal Replacement	1.5	1.8	2.1	2.6	3.1	15.63%
Noodles	6.5	7.8	9.3	11.2	12.3	13.61%
Oils and Fats	925.0	970.2	1,018.1	1,070.8	1,123.0	3.96%
Pasta	98.0	103.9	110.3	116.9	121.0	4.31%
Ready Meals	4.0	4.8	5.7	6.8	7.3	12.79%
Sauces, Dressings and Condiments	104.2	110.7	118.2	126.5	133.4	5.06%
Snack Bars	0.5	0.6	0.7	0.8	0.9	12.47%
Soup	3.7	4.0	4.5	4.9	5.4	7.85%
Spreads	99.6	106.1	113.3	121.3	129.2	5.34%
Sweet and Savoury Snacks	82.6	97.6	115.1	135.4	149.6	12.61%

Source: Euromonitor: Packaged Food in Morocco (2013)

Foodservice

Moroccan families rarely eat ready-made foods; they prefer to buy fresh ingredients to produce their meals from scratch. However, among teenagers and young adults, Western influences are evident. When young people leave their extended families to pursue a more "individualistic" lifestyle in urban centers, they are more likely to count on Western-style fast food or ready-made foods. A Euromonitor (2013) report predicted that by 2018, single-person households would account for 7.5% of all Moroccan households, a tremendous 52% increase over 2008. This change in Moroccan demographics possibly represents opportunities for Canadian exporters of ready-made and convenience foods. The decline in the practice of two-to-three-hour lunch breaks also contributed to the increased popularity of fast foods.

Moroccans generally prefer to eat traditional meals at home, as opposed to dining out. However, with the influx of tourists and Western influences, the restaurant industry is growing in Morocco. With 27 restaurant locations in eight cities, McDonald's is leading the way for the emerging fast food industry in Morocco (Euromonitor, 2012). Pizza Hut, Domino's, KFC, and Starbucks are just a few familiar names that occupy the Moroccan fast food landscape in shopping malls in large cities. Affluent Moroccans in large cities frequently visit high-end restaurants that offer local and international cuisines. In addition to the traditional Moroccan style restaurants, French, Italian, and Spanish restaurants are popular among the tourists and some affluent local areas. The availability of other ethnic foods, such as Japanese, Thai, Indian, and Chinese, are relatively limited. A cheap, and popular, option is street vendors, which have long been a Moroccan tradition.

As a footprint of its colonial past, the café culture plays a visible role in Moroccan social and business life. While mint teas are typically consumed at home, coffees are usually consumed at the numerous and often crowded cafés in Moroccan cities. Cafés are often a place to do business in Morocco. People have meetings and socialize in cafés.

CONSUMER TRENDS

The retail industry represents 12.8% of Morocco's GDP. Over 1.2 million people are employed in this sector, representing 13% of the total workforce (Economy of Morocco, 2013). However, Western-style supermarkets and retail chains represents only a fraction of domestic trade, as most Moroccan consumers still rely on the country's traditional souks, markets, and independent stores. The emergence of a middle class, combined with a young (median age 26.9) and increasingly urban population, is changing the ways Moroccans shop. Still, average purchasing power remains low overall (GDP per capita PPP in 2013 was US$5,537). Despite the challenges, the retail sector has strong growth potential. While a number of strong local Moroccan brands are emerging, international brand names are likely to see increases in the country. Changing consumption habits, increasing purchasing power and the growing tourism industry will boost the sales of imported goods in Morocco.

A report from Euromonitor (2012) stated that Moroccans need for recognition is extremely prevalent. Reflected in dining habits, some affluent Moroccans tend to flaunt their wealth, and go to expensive restaurants, hoping to be seen by the others in the same social strata. This represents an opportunity for marketers of the more expensive and imported products, including brands from Canada. For many Moroccans, European and American brands are highly inspirational as symbols of success and status.

The shopping patterns for middle-class families and low-income families are distinctively different in Morocco. Many low-income families do not receive monthly salary, and must live day-by-day. As a result, they often shop on a daily basis, and in small quantities. Manufacturers and shops have adapted to this pattern of consumption by providing items such as single-use shampoo packs, and by offering foodstuffs, such as rice and pasta, by weight. In comparison, middle-class families have more disposable income, and often less time on their hands. They often shop weekly, usually during the weekend. In rural villages, people attend markets, or souks, for their food and non-food needs.

<u>Health and Wellness</u>

Because Morocco is a Muslim country, virtually all food purchased in Morocco is halal. As pork is not consumed in the Islam religion, it is offered in small quantities and in expatriate neighbourhoods. Consumption of healthier food, such as salads, is on the rise. The demand for healthier food is a reflection of Moroccans' desire for Western lifestyles, particularly among the young, urban, and Western-educated population. In Morocco, the number of single- and two-person households, such as couple without child families, has grown significantly in recent years. These two categories are predicted to the fastest growing segments in Morocco, in the next five years. Despite a relatively low purchasing power, the health and wellness segment of food sales has seen steady growth in Morocco (see Table 6(a)). This segment currently represents approximately 4.7% of total expenditure on food and beverages. The naturally healthy (NH) and better for you (BFY) categories were the biggest contributors to total health and wellness sales in Morocco from 2009 to 2013. Sales of organic food are forecasted to have the strongest growth from a very small base value (see Table 6(a) and 6(b)).

Table 6(a): Market Size of Health and Wellness by Type | Historic Retail Value RSP |US$ million | Current Prices | Fixed 2013 Exchange Rates

Category	2009	2010	2011	2012	2013	CAGR (2009-2013)
Naturally Healthy (NH)	565.5	589.5	570.2	681.2	741.7	5.57%
Better For You (BFY)	188.5	222.0	253.4	278.8	303.5	9.99%
Fortified/Functional (FF)	118.0	128.6	150.8	169.2	187.3	9.68%
Food Intolerance	12.7	13.3	14.4	15.7	16.7	5.63%
Organic	0.4	0.4	0.7	0.8	0.9	17.61%
Total Health and Wellness	**885.1**	**953.7**	**989.5**	**1,145.8**	**1,250.2**	**7.15%**

Source: Euromonitor: Health and Wellness in Morocco (2013)

Table 6(b): Market Size of Health and Wellness by Type | Forecast Retail Value RSP |US$ million | Current Prices | Fixed 2013 Exchange Rates

Category	2014	2015	2016	2017	2018	CAGR (2014-2018)
Naturally Healthy (NH)	812.4	890.8	989.3	1,098.1	1,223.4	8.53%
Better For You (BFY)	331.3	360.9	393.2	430.0	470.8	7.28%
Fortified/Functional (FF)	207.9	229.6	252.5	276.5	300.6	7.65%
Food Intolerance	18.0	19.4	20.8	22.3	23.7	5.66%
Organic	1.1	1.3	1.6	1.8	2.0	12.70%
Total Health and Wellness	**1,370.8**	**1,502.0**	**1,657.3**	**1,828.6**	**2,020.5**	**8.07%**

Source: Euromonitor: Health and Wellness in Morocco (2013)

Naturally Healthy Food and Beverages

Naturally Healthy (NH) packaged food has seen a 5.3% growth to reach US$226.5 million sales in 2013, and is expected to witness a CAGR of 4.84% in the near future (see Table 7(a) and 7(b)). Overall, NH packaged food also shows modest price increases. NH olive oil is a key product within this category, with abundant local supply. The growth for NH olive oil was 4%. NH soy products, such as soy milk, saw the fastest growth at 20% in 2012, albeit from a much smaller base. Granola/muesli bars also showed strong value growth 18% in 2012, and relatively low sales volume. High-fibre bakery products, such as bread cereal and biscuits, also posted a dynamic current value growth of 12% (Euromonitor, 2013: NH Packaged Food in Morocco).

NH beverage sales grew by an impressive 27% in 2012 to reach US$466 million, and are expected to increase by a CAGR of 9%. NH natural mineral water enjoyed the fastest growth in 2012, up by 19% in volume and 77% in value. Moroccan consumers are increasingly conscious of what they drink and how their drinking habits would affect their health and wellbeing. NH beverages, bottled mineral water in particular, are perceived as healthier alternatives to standard carbonated drinks. NH tea also performed well in 2012. The identification of NH tea as a good source of antioxidants played a key role in driving its sales volume and growth. (Euromonitor, 2013: NH Beverages in Morocco).

Table 7(a): Naturally Health Retail Market Size | Historic |US$ million | Fixed 2013 Exchange Rates

Category	2009	2010	2011	2012	2013	CAGR (2009-2013)
Naturally Healthy Packaged Food	206.7	195.0	203.7	215.0	226.5	1.85%
Naturally Healthy Beverages	358.8	394.5	366.6	466.2	515.1	7.50%

Source: Euromonitor: NH Packaged Food and Beverages in Morocco (2013)

Table 7(b): Naturally Health Retail Market Size | Forecast |US$ million | Fixed 2013 Exchange Rates

Category	2014	2015	2016	2017	2018	CAGR (2014-2018)
Naturally Healthy Packaged Food	239.7	253.7	269.1	286.0	303.6	4.84%
Naturally Healthy Beverages	572.7	637.1	720.2	812.1	919.8	9.94%

Source: Euromonitor: NH Packaged Food and Beverages in Morocco (2013)

Better-for-you Food and Beverages

Better-for-you (BFY) packaged food registered a respectable 13% value growth in 2012 to reach US$214.8 million (see Table 8(a)). Most BFY packaged food saw marginal price increases. Moroccans are increasingly aware that modifications in their everyday diet can help to reduce the risk of obesity, heart disease, diabetes and other illnesses. As a result, reduced-fat (88% share in value) and reduced-sugar (12% share in value) are two of the most common types of BFY packaged foods. However, followers of BFY food are typically middle class urban dwellers with higher incomes. Many lower-income consumers have difficulties seeing the benefit of paying more for “less”. BFY reduced-carb packaged food and BFY reduced-salt food had virtually no market in Morocco in 2012. Overall, BFY packaged food is expected to grow at a CAGR of 9% in the near future (Euromonitor, 2013: BFY Packaged Food in Morocco).

In comparison, BFY beverages only grew by 1% in 2012, and are expected to grow at a modest 2% CAGR (see Table 8(a)). Within the BFY beverage category, sales of reduced-sugar cola carbonates were US$56.7 million, accounting for 86% of the total value. Average unit prices decreased moderately as a way to encourage consumption. A growing segment in BFY beverages is drinks without artificial colours, flavourings and other additives. Some fruit juice and flavoured mineral water are marketed on this platform. Decaffeinated instant coffee showed an increase of 10% in 2012 from a very low base (Euromonitor, 2013: BFY Beverages in Morocco).

Table 8(a): Better-for-you Retail Market Size | Historic |US$ million | Fixed 2013 Exchange Rates

Category	2009	2010	2011	2012	2013	CAGR (2009-2013)
Better-for-you Packaged Food	130.5	161.9	190.2	214.8	237.4	12.71%
Better-for-you Beverages	57.9	60.1	63.2	64.0	66.2	2.72%

Source: Euromonitor: Better-for-you Packaged Food and Beverages in Morocco (2013)

Table 8(b): Better-for-you Retail Market Size | Forecast |US$ million | Fixed 2013 Exchange Rates

Category	2014	2015	2016	2017	2018	CAGR (2014-2018)
Naturally Healthy Packaged Food	262.6	289.7	319.0	352.0	388.7	8.16%
Naturally Healthy Beverages	68.7	71.2	74.2	78.0	82.1	3.63%

Source: Euromonitor: Better-for-you Packaged Food and Beverages in Morocco (2013)

Fortified/Functional Food and Beverages

Fortified/functional (FF) packaged food recorded a decent growth of 13% to reach US$156 million in 2012 and is expected to grow as a CAGR of 10% (see Table 9(a) and 9(b)). Within this category, FF baby food was the highest value segment, worth US$70 million. FF breakfast cereal with added beneficial ingredients was also popular. Probiotic yogurt has become increasingly popular in Morocco. In 2012, FF dairy and FF meal replacement enjoyed the highest value growth with 30% and 18%, respectively. Among new product developments with extra benefits, the average unit price in FF packaged food increased by 3%. Overall, FF packaged foods are still affordable, as the price is only slightly higher than comparable standard products (Euromonitor, 2013: FF Packaged food in Morocco).

FF beverages remain limited in Morocco. This category saw a modest growth of 2% in 2012, and is expected to grow slowly to reach US$16 million by 2018 (see Table 9(a) and 9(b)). FF energy drinks drive overall sales of this category. FF energy drinks are popular among higher income groups, and are often consumed at social events (Euromonitor, 2013: FF Beverages in Morocco).

Table 9(a): Fortified/Functional Retail Market Size | Historic |US$ million | Fixed 2013 Exchange Rates

Category	2009	2010	2011	2012	2013	CAGR (2009-2013)
Fortified/functional Packaged Food	106.4	116.6	137.8	156.0	173.7	10.30%
Fortified/functional Beverages	11.6	12.0	13.0	13.2	13.6	3.23%

Source: Euromonitor: Fortified/Functional Packaged Food and Beverages in Morocco (2013)

Table 9(b): Fortified/Functional Retail Market Size | Forecast |US$ million | Fixed 2013 Exchange Rates

Category	2014	2015	2016	2017	2018	CAGR (2014-2018)
Fortified/functional Packaged Food	193.8	214.9	237.3	260.8	284.4	7.97%
Fortified/functional Beverages	14.2	14.7	15.3	15.7	16.1	2.54%

Source: Euromonitor: Fortified/Functional Packaged Food and Beverages in Morocco (2013)

KEY CONSIDERATIONS

The following are some key consumer-oriented considerations for Canadian companies and associations who have interests in exporting their products to Morocco:

- A Morocco-Canada free trade agreement (FTA) is currently under negotiation. The Canadian government is engaging to advance Canada's trade interests and bring up new opportunities for Canadian exporters and investors. The FTA with Morocco would be Canada's first such agreement in Africa, which could become a new Canadian commercial presence in the Mediterranean and North Africa regions.

- The top Canadian product exported to Morocco is durum wheat. Morocco imported over $1billion worth of non-durum wheat from other countries of the world in 2012. Potential opportunities exist in Morocco for producers and exporters of non-durum wheat products.

- The combination of an emerging middle class and growth of single-person households has boosted interests in convenient packaged foods. Particularly, frozen processed food and sweet and savoury snacks are expected to see double-digit growth rates in the near future.

- The increase in awareness and appreciation of the relationship between diet and health wellness has helped to increase the choice and consumption of naturally healthy (NH) and better-for-you (BFY) segments in food and beverages. Those two segments were the biggest contributors to total health and wellness sales in Morocco from 2009 to 2013.

- Moroccan consumer lifestyles are experiencing changes. The current generation of young adults and affluent Moroccans have higher levels of disposable income, and are more likely to accept and appreciate Western-style foods, including convenient packaged food and foods with health and wellness benefits.

- Middle-class Moroccans are image-conscious consumers. They do appreciate imports and international brands. Canadian companies can leverage food quality, safety, and innovation as advantages to capture market shares.

- The shopping patterns for middle-class families and low-income families are distinctively different in Morocco. As many low-income Moroccans have low purchasing power and shop more frequently than Canadians, offering smaller packages may be a good way to encourage product trial and consumption.

- French is a wide-spoken language in Morocco, which may give Canadian exporters a competitive advantage to do business in this area.

- Consumption of healthier food is on the rise. The demand for healthier food is a reflection of Moroccans' desire for Western lifestyles, particularly among the young, urban, and Western-educated population.

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