



# AGRIBUSINESS VALUE PROPOSITION

## WHITE PAPER

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# TABLE OF CONTENTS

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● Study Approach and Activities	Page - 03
● FDI Factors for Agribusiness Companies	Page - 04
● Decision-Making Factors for Agribusiness Companies	Page - 04
● Analysis of Existing Value Propositions	Page - 05
● Understanding the Production Processes	Page - 06
● Primary Research on the Client Region	Page - 07
● Regional Analysis	Page - 08
● Results	Page - 09

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# STUDY APPROACH & ACTIVITIES

ResearchFDI was hired to complete a project focused on Investor Attraction for a client region located in Western Canada. In Phase 1 of the Value-Added Agriculture Investor Attraction project, the following opportunities were identified as particularly suitable for attracting new investors:

- A. Plant-based protein opportunities

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- B. Milling and fractionation of peas, fababeans and other pulses

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- C. Canola-related opportunities

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Phase 2 was primarily aimed at developing investor-ready regional value propositions that highlight what the region can offer investors. Value Proposition Creation - Supporting Analysis outlines ResearchFDI's approach to designing the regional value proposition that appeals to the interests of value-added agriculture businesses while showcasing the region's strong assets. In order to accomplish this, ResearchFDI performed various analyses to understand the needs of these businesses and match them with the region's top assets.

## Primary Activities:

- ▶ Provide general background information on the client region

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- ▶ Identify core factors that influence FDI decision makers in the agribusiness arena

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- ▶ Analyze existing value propositions targeted at value-added agriculture

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- ▶ Identify existing business needs in the agriculture sector

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- ▶ Identify the strengths of the client region for value proposition

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- ▶ Identify the thematic content that will be included in the value proposition document

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- ▶ Deliver individual community opportunity prospectuses

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# FDI FACTORS FOR AGRIBUSINESS COMPANIES

Agribusiness enterprises consider certain location-specific and macroeconomic/macro-organizational variables, or a mixture of supply and demand factors, in their decision making related to foreign direct investment (FDI). ResearchFDI identified crucial factors that influence decision making related to FDI for agribusiness companies in three categories;

## Primary Benefits

The primary benefits a region may offer investors includes sub-categories such as the region’s natural resources, workforce, land, business environment, and transportation connectivity

## Value-added Benefits

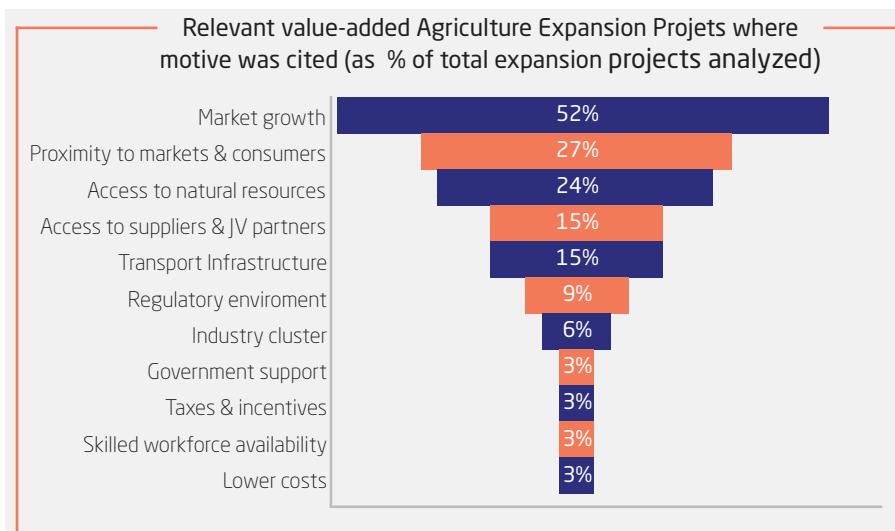
The Value-added benefits to companies includes sub-categories such as access to other markets, trade agreements, business guidance and support, funding, and industry associations and programs.

## Internal System of Values and Beliefs

The internal system of values and beliefs includes sub-categories such as the local culture, mission and regulatory landscapes that align with the missions of the target companies.

# DECISION-MAKING FACTORS FOR AGRIBUSINESS COMPANIES

In order to better understand the motivations underpinning expansions made by value-added agriculture companies, we analyzed data from economic development data provider fDi Market.

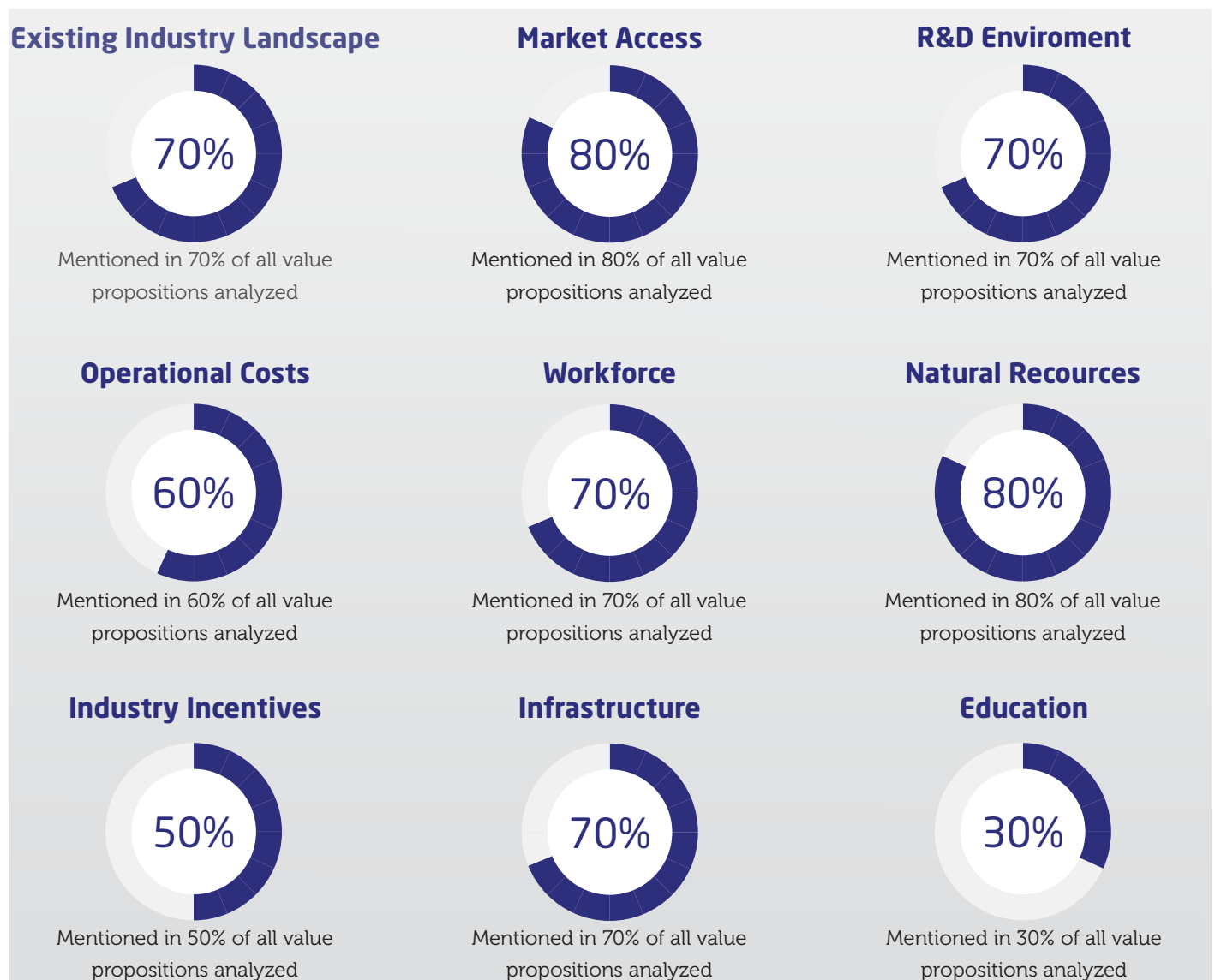


ResearchFDI isolated expansion projects from companies operating in pulse and canola processing as well as related fields, which included value-added agriculture projects in similar product groups from relevant processing companies setting up different types of operation.

The results showed that primary benefits and value-added benefits were highly motivating factors while the internal system of values and beliefs were lesser motivating factors for expansions made by value-added agriculture companies.

# ANALYSIS OF EXISTING VALUE PROPOSITIONS

To better understand which assets should be highlighted to companies as part of a value proposition, ResearchFDI analyzed existing value propositions targeted at value-added agriculture companies from (a) leading economic development organizations in North America that represent a considerable agribusiness economy and (b) economic development organizations representing a region with features comparable to that of the client region. The analysis uncovered 9 categories and evaluated their prominence based on their frequency of mentions in other value propositions.



# UNDERSTANDING THE PRODUCTION PROCESS

A literature review and analysis of relevant companies in the surrounding provinces to the client region provided insight into the site-specific factors and critical characteristics of the production processes.

The relevant agriculture companies analyzed typically processed large quantities of bulk materials into higher-value intermediate or end products. This was achieved through the following production process;



As a result of the analysis, it was determined that existing examples of surrounding provinces' sectors that are creating opportunities in the target areas (pulses, canola, and plant-based proteins) have many of the same critical business factors within the production processes.

Relevant companies in the surrounding provinces to the client region shared the following critical business factors:

- 1 Access to natural resources**  
Canola crushing and large pulse processing plants were found to draw supply inputs from surrounding regions within a 100–300km radius
- 2 Low-cost and large labor pools**  
As processing plants employ a high number of employees, labor is typically a major operating cost factor
- 3 Cheap and reliable electricity**  
The processing of pulses and canola is energy-intensive; thus, companies are dependent on a continuous supply of cheap electricity
- 4 Gas and wastewater facilities**  
Wet fractionation and standard oilseed processing plants require reliable access to sufficient gas and water/wastewater facilities
- 5 International market access via rail infrastructure**  
Many existing larger plants are being built to transport their goods via rail and the access to rail is important because most products are shipped internationally

# PRIMARY RESEARCH ON THE CLIENT REGION

In order to gain insight into the client region ResearchFDI conducted primary research through the following means:

- ▶ Surveys distributed to client regions community representatives, who were asked to provide information related to community economic assets
- ▶ Roundtable discussions with client region economic developers, academics, and provincial government officials
- ▶ Interviews with c-level representatives of regional companies operating in the pulse and canola trades

This research was conducted with the purpose of collecting data to be used within the value propositions and community prospectuses, to gauge regional representatives' understandings of the region's strengths, and to clarify the industry perspective on which economic assets are most impactful on businesses connected with pulse and canola processing.

ResearchFDI concluded three general themes that emerged from the responses that gave insight into the client region's strengths and assets that could be marketed towards value-added agriculture companies :

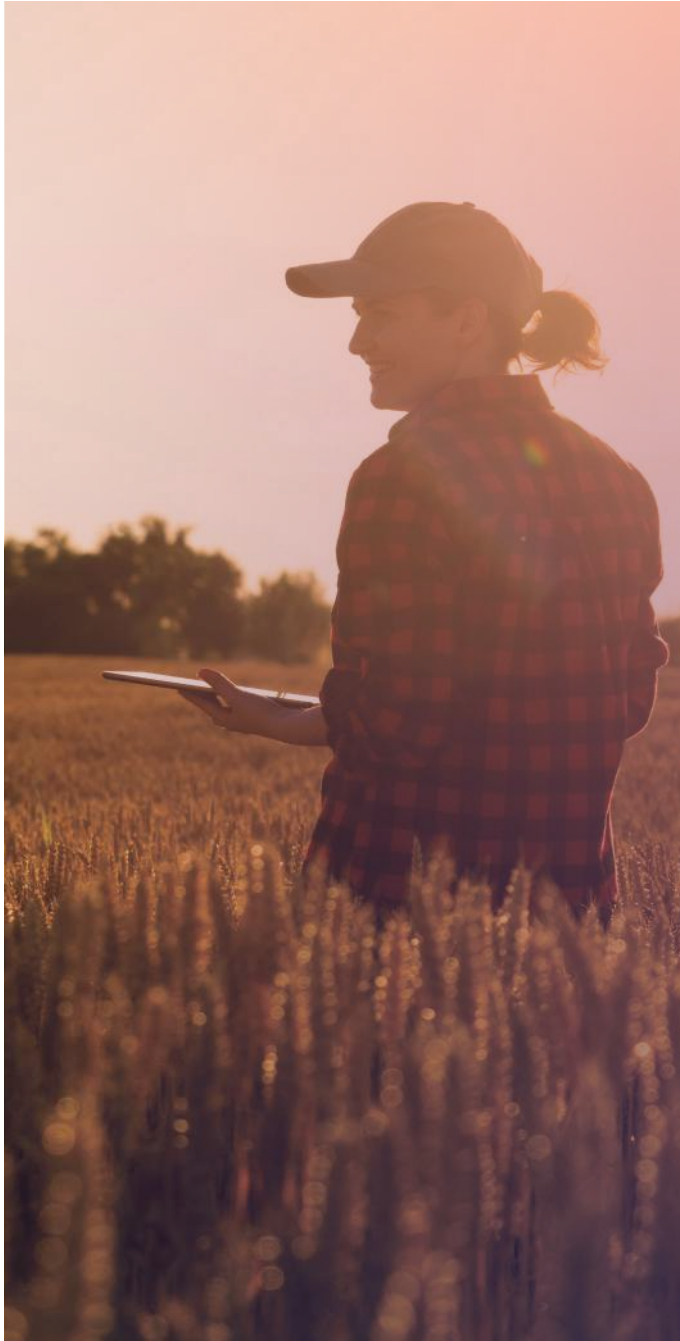
- ▶ Well-structured understanding of the agriculture industry and the core factors that influence FDI decision makers in the agribusiness arena
- ▶ A detailed analysis of the client region's strengths revealed the regional assets that would take center stage in the community prospectus and value proposition
- ▶ Delivered individual community opportunity prospectuses based on the results of the analysis

The general themes surrounding the client region's strengths and assets found in the primary research were further explored in the regional analysis that was later completed.



# REGIONAL ANALYSIS OF ASSETS

ResearchFDI further completed an in-depth analysis of the client region to better identify the regional strengths and assets. This was used to identify what should be given the greatest prominence in the value proposition documents.



The client region comprises five counties and 20 municipalities. Located in a Western Canadian province, the region covers approximately 30,000 square kilometers, and is home to approximately 60,000 residents.

The client region offers the advantage of having large quantities of stable and high-quality supplies, producing 13.7% of the province's canola and 10.1% of its pulses, about 10% of the province's total crop land. Furthermore, the seed quality that comes from the client region is high. This supply could provide the critical input for large processing plants.

While the client region does not have its own crop science and R&D cluster, references to R&D in neighboring provinces could be another way to demonstrate relevant expertise.

As the target sectors were emerging industries, no existing business clusters in the traditional sense were identified. However, the first movers and accompanying sectors found within the client region could be marketed as an asset.

The access to large international markets due to Canada's free trade agreements with the United States, Mexico, the European union and more recently the Asia-pacific region were also identified as being a strong asset for the client region.

The availability of local and regional government incentives for potential investors should be outlined on a general level in the value proposition documents. These differ based on county; thus, more specific information could be given in the individual community prospectuses.

Another advantage of the client region identified was their solid socio-economic capital, which is reflected in a high quality of life, and more advantages.



# CONCLUSION & RESULTS

Through the multi-pronged research approach used in the analysis, ResearchFDI was able to identify and confirm the factors that influence the expansion decision-making of value-added agriculture companies and identify the regional assets that will give the greatest prominence in the value proposition and community prospectus documents.

Based on the identified factors influencing the expansion decision making of value-added agriculture companies and the regional assets, ResearchFDI built investor-ready regional value propositions for what the region has to offer investors in the target areas. In creating the regional value proposition, we considered the interests and needs of value-added agriculture businesses while also presenting the region's best and most valuable assets.

## Key results:

- ▶ Well-structured understanding of the agriculture industry and the core factors that influence FDI decision makers in the agribusiness arena
- ▶ An analysis of the client region's strengths revealed the assets that would give the greatest prominence to its value proposition and community prospectus.
- ▶ Delivered individual community opportunity prospectuses based on the results of the analysis

*ResearchFDI is a specialized market research firm that works with economic development organizations and regional promotion agencies to identify and capture direct investment opportunities. Whether your goal is to learn more about existing trends, promote your region's strength or secure new corporate investment, ResearchFDI has a solution for you.*

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