FOOD EXPORT ASSOCIATION OF THE MIDWEST USA FOOD EXPORT USA NORTHEAST February/March 2019

U.S. FOODLINK

The bi-monthly newsletter for importers of U.S. foods Vol. 15 No. 1

Pet Food Follows Human Health Trends

As Owners Take Preventative Approach

Americans love their pets: 57% of all U.S. households owned a pet at end of year 2016, and approximately 38% of households nationwide owned one or more dogs, according to the most recent estimates by the American Veterinary Medical Association (AVMA). This marked the highest estimated rate of dog ownership since the AVMA began reporting the metric in 1982. Cats were the next most popular pet, found in 25% of households.

U.S. pet parents spent $32.7 billion on their furry family members in the 12 months ending June 2018, according to Nielsen. This is up 5%, or $1.5 billion, from 2017, but overall consumption has slowed, with volume sales of pet food down 1% in this same timeframe. The difference is due to the growing premium pet food market, which is following the same trajectory of healthy human food.

For example, take the dog food market: overall sales are up 2%, while the wet food category, which consumers perceive as healthier, registered 4.7% growth. Once you start adding health attributes, sales start soaring at a much faster rate: natural dog food sales were up 43%, while free-from artificial color food sales were up 27%. While dry dog food continues to hold the largest share of the category's sales, its growth has stagnated.

Pet owners have been taking an overall new approach to how they feed their four-footed friends, with an emphasis on promoting health rather than simply feeding them at a reasonable price. Seventy-six percent of dog owners and 71% of cat owners believe high-quality foods are effective for preventive health care, according to by the Packaged Facts February/March 2017 National Pet Owner Survey. These numbers were higher than ever, showing that many Americans believe

(Continued on page 2)

Food Export Association of the Midwest USA 1969-2019 50 YEARS

Food Export USA Northeast

www.foodexport.org

Pet Food Follows Human Health Trends *Continued*

healthy food can make a real difference in their beloved pets' lives.

"People are starting to ask questions and have doubts about the information they've been presented for so long," NomNomNow Co-Founder and Chief Experience Officer Alex Jarrell said in an interview with Retail TouchPoints. "We are really considering our pets part of the family, and we are really supporting that relationship. People are taking the time to explore that maybe there is a better option or a better place, or to ask 'How do I keep my pet around for just a little bit longer?' There's nothing you wouldn't do for one more day with them."

Micro-targeted and functional pet foods as a whole are a growing trend, according to Packaged Facts. NomNomNow has customers fill out a questionnaire about their pet to formulate and size their meals, while other companies are offering more generalized foods aimed at specific sub-groups that include age, breed, size/weight, activity level, indoor vs. active, type of fur, as well as allergies and other chronic health conditions. The claims in these foods mirror trends seen in human products, including probiotics, omega fatty acids, glucosamine, fruits and vegetables.

Pet parents' dedication to quality can also be seen in changing shopping habits: "specialized" pet retail stores, which include both superstores and neighborhood pet stores, saw a combined $8 billion in annual dollar sales and 3.2 billion pounds in volume sales. However, this performance hasn't been consistent across both segments. Pet superstores have seen declines in both volume and dollar sales, while neighborhood pet retailers are seeing significant dollar and volume growth.

Neighborhood shops, including both small, regional chains and independent stores, have been driving sales of premium and high-quality pet meals and meal enhancers. The enhancer category, which includes dry, wet and liquid toppers, mixers and enhancers, represents $84 million in annual sales for specialty pet retail, up 21% from 2017. The strongest growth has been recorded in bone broth and stews offered in cartons and pouches.

At the same time, vet clinics saw $1.6 billion in dollar sales, down 6%, while volume sales dropped 8% to 393 million pounds. This decline may be attributable to the rise in shoppers who are purchasing healthy food as preventative medicine from specialty stores, shrinking the demand from healthcare professionals, but e-Commerce is taking an even larger toll. The segment, which captured $3.6 in pet food sales, may be where more and more pet parents are turning for support to fill their prescriptions.

Mainstream retailers are still the biggest players in this market, capturing nearly half of all pet food spending at $16 billion in sales. They have been offering a growing selection of pet foods, which has contributed to the sales decline at pet superstores, while smaller pet stores continue to stock niche products that are gaining popularity, but aren't yet mainstream enough for a supermarket.

"We are really considering our pets part of the family, and we are really supporting that relationship. People are taking the time to explore that maybe there is a better option or a better place, or to ask 'How do I keep my pet around for just a little bit longer?' There's nothing you wouldn't do for one more day with them."

– Alex Jarrell, NomNomNow Co-Founder and Chief Experience Officer

That doesn't mean they aren't capitalizing on the healthy pet foot trend: General Mills is planning to double distribution of Blue Buffalo pet food items in the food, drug and mass market channel, and introducing the brand to more stores.

The pet food segment has been a bright point for General Mills. Though Blue Buffalo sales fell 7% in the three months through November 2018, the loss was relative to the explosive 25% growth the brand saw in fall 2017 after it was sold in mass retailers for the first time. The manufacturer expects its efforts to lead to double digit growth in Blue Buffalo sales for the coming year.

Featured Products

St. Amand Trade LLC

Paxico, KS

Started in 2003 by a husband and wife team Mark and Leslie Henderson, Lazy Magnolia defines Southern Beer. To begin with, this is the oldest brewery in Mississippi since Prohibition. Then, the ingredients that Lazy Magnolia works with are uniquely Southern, like sweet potatoes and pecans. But most importantly, there is a Southern Flair and style in everything that they do, whether it's the packaging, the name of the brewery and beers, or the hospitality with which everyone is received who walks through their doors. If you want to know what it means to be Southern, go visit Lazy Magnolia and try some of their beers (as well as some other amazing concoctions that you can only get at the brewery).

The GFB: Gluten Free Bar

Grand Rapids, MI

Started in 2010 by brothers, Marshall and Elliott Rader, the GFB is a Certified B Corporation is a leader in the gluten-free industry, creating bars, bites and oatmeal. Focused on creating ridiculously tasty gluten-free products, the GFB aims to make the world a better place by committing to producing healthy foods in honest ways. We source organic whenever possible and use only wholesome ingredients, and while we believe in simplicity when it comes to our food, we value the complexities associated with being a company of integrity. As a Certified B Corporation, we're verified by a third party who ensures we're meeting rigorous standards for social and environmental performance, accountability, and transparency. We keep the company close to home in order to run the food production facility ourselves and ensure that the costs and quality of our products are always accessible.

Crafted with gluten free, soy free, dairy free and vegan ingredients, our coated bites come in several flavors: Dark Chocolate Coconut, Dark Chocolate Peanut Butter, Coconut Cashew, Chocolate Cherry Almond, PB & J. theglutenfreebar.com

Toad-Ally Snax Inc.

Bristol, PA

Celebrating 35 years of manufacturing confectionery snack food, Toad-ally Snax has met the test of time. In 1983, the company entered the retail market with the launch of Choczels, confectionery chocolate coated mini pretzels. Since then, 5 more core products and numerous seasonal products have been added. Toad-ally Snax is proudly converting all ingredients to natural formulas, many of which are free from GMOs. As a leader in private brand manufacturing, we offer on trend packaging options as well as the most popular flavor profiles at a value price. We believe all customers deserve quality snack food at a cost that's affordable to any snack lover. Our products reflect the best of American flavors. From chocolaty drizzled butter toffee popcorn with micro mini pretzels and peanuts (Triple Play) to Choczels Mixed (chocolaty coated and white coated mini pretzels) to Birthday Cake Popcorn (kettle corn with birthday cake flavored drizzled with nonpareils) our products cover any craving. toadallysnax.com

Shullsburg Creamery

Shullsburg, WI

Artisanal Natural Flavored Cheese Our cheesemaker has created a full line of high-quality natural cheeses with skillfully blended flavors. The true art of adding flavors to natural cheese is to enhance the flavor of the cheese, not overpower it.

We have created eleven wonderful flavors using Cheddar, Monterey Jack, and Colby. From our Bourbon Barrel Smoked Cracked Black Pepper Cheddar to the traditional Caraway Colby, Shullsburg Creamery brings a new level of taste sensation to exceed consumer expectations.

Shullsburg Creamery has over 80 years of history and is SQF Level 3 certified. Using the best ingredients, rich traditional recipes, and a hands-on approach Shullsburg Creamery produces some of the most flavorful cheese in the world. shullsburgcreamery.com

Grovara

Blue Bell, PA

Grovara is dedicated to bringing the best natural, organic and specialty products from the U.S. to the world. We handpick export-ready U.S. manufacturers of only the highest quality food and beverage products to join our ever-growing catalogue of Health & Wellness brands.

GT's Kombucha is tea that has been fermented. During fermentation the tea becomes naturally rich with probiotics, antioxidants, amino acids, polyphenols and active enzymes. It is a hand-crafted cultured beverage using "batch to bottle" production resulting in the freshest, most active kombucha available. Certified Organic, low calorie, vegan and kosher. grovara.com/products

Healthy America, LLC dba The Amazing Chickpea

Maple Grove, MN

We make The Amazing Chickpea Spread (Peanut Butter Taste. No Nuts!). Our customers like to call it "Modern Peanut Butter." it comes in four varieties: creamy, crunchy, traditional and chocolate. The creamy and crunchy variety taste like peanut butter and the chocolate variety tastes like Nutella but contains half the sugar. The traditional variety is pure chickpea spread with unique delicious nutty taste. The Amazing Chickpea spreads are peanut free, nut free, gluten free, dairy free, vegan, and protein-rich, low-calorie, delicious nutty spreads.
With a mixture of chickpeas, sunflower seeds, olive oil and cane sugar, The Amazing Chickpea captures the essential flavor that people love so much. Most people are sure they are tasting peanut butter when they taste The Amazing Chickpea. If you are still in doubt, we would like you to try our Amazing Chickpea Butter and judge for yourself! theamazingchickpea.com

For more information about these Featured Products or other featured products please email: info@foodexport.org.

EVENT CALENDAR

Listed events are the international shows where Food Export will have staff/services available.

FEBRUARY

13-15: SMTS 2019
Tokyo, Japan
Makuhari Messe
smts.jp/en

12-16: BIOFACH 2019
Nuremberg, Germany
Exhibition Centre Nuremberg
biofach.de/en

15-17: FCBCi Bakery Fair Philippines
Metro Manila, Philippines
World Trade Center
fcbai.com

17-21: Gulfood
Dubai, United Arab Emirates
Dubai World Trade Centre
gulfood.com

23-24: CHFA West
Vancouver, Canada
Vancouver Convention Centre
chfa.ca/en/Events/chfa-west

24-26: RC Show
Toronto, Canada
Enercare Centre
rcshow.com

MARCH

5-8: FOODEX Japan
Tokyo, Japan
Makuhari Messe
jma.or.jp/foodex/en

5-7: AgraME
Dubai, United Arab Emirates
Dubai World Trade Centre
agramiddleeast.com

5-7: Expo ANTAD Alimentaria Guadalajara, Mexico
Expo Guadalajara
alimentaria-mexico.com/en/

12-14: ANUFOOD Brazil
São Paulo-SP, Brazil
São Paulo Expo
anufoodbrazil.com

13-15: VIV Asia
Bangkok, Thailand
Bangkok International Trade & Exhibition Centre
vivasia.nl

18-20: Food Ingredients China 2019
Shanghai, China
National Convention & Exhibition Center
cfaa.cn/lxweb

28-31: Interpets
Tokyo, Japan
Tokyo Big Sight
interpets.jp.messefrankfurt.com

APRIL

1-2: Sandwich & Snack Show
Paris, France
Parc des Expositions de la Porte de Versailles
sandwichshows.com

1-2: Grocery & Specialty Food West
Vancouver, Canada
Vancouver Convention Centre
gsfshow.cfig.ca

1-4: HOTELEX Shanghai 2019
Shanghai, China
Shanghai New International Expo Centre
en.hotelex.cn/shanghai-exhibition

4-7: FIBO Global Fitness
Cologne, Germany
Exhibition Centre Cologne
fibo.com/en

17-19: FABEX 2019
Tokyo, Japan
Toyko Big Sight
en.fabex.jp

24-26: Superfood Asia 2019
Singapore
Marina Bay Sands Convention Centre
superfood-asia.com

24-26: Food & Hotel Vietnam
Ho Chi Minh City, Vietnam
Saigon Exhibition and Convention Center
foodnhotelvietnam.com/home

30-5/2: SIAL Canada
Toronto, Canada
Enercare Centre
sialcanada.com

MAY

6-9: Bakery China 2019
Shanghai, China
SNIEC
bakerychina.com

7-9: Vitafoods Europe
Geneva, Switzerland
Palexpo
vitafoods.eu.com

7-9: Seafood Expo Global
Brussels, Belgium
Brussels Expo
seafoodexpo.com/global

Plant-Based Food, Expanded Delivery Options To Dominate Food Service Discourse

With 2019 comes a new parade of resolutions and ideas, and consumers are also going to be on the lookout for new experiences in the tail end of the decade. Many news outlets have picked their most likely standouts for the top food service trends of this coming year, but plant-based foods and a growing number of delivery options topped lists from a number of outlets.

Perhaps the trend near the top of every list is the growth of meat-free meals. Consumers aren't just looking for healthier meals that put the veggies up front and relegate proteins to a side dish – now the proteins are plant-based too. Approximately 64% of chefs surveyed by the National Restaurant Association believed plant-based sausages and burgers are going to be a top food trend in 2019. However, not everyone agreed that replicating meat-based dishes is the way forward.

"It's not a matter of substituting a meat product for a plant-based option, like a burger or chicken," chef at Chica Las Vegas, restaurateur, and cookbook author Lorena Garcia said in an interview with *Food & Wine*. "It's about using fresh plant-based ingredients to create delicious meals that aren't just alternatives to meat, but complete dishes on their own."

Of course, not all consumers agree, as seen by the recent success and expansion of Beyond Meat, which is only growing in mainstream appeal in 2019. For instance, Carl's Jr. partnered with Beyond Meat to launch The Beyond Famous Star plant-based burger, while Del Taco will test tacos made with a Beyond Meat plant-based protein option.

This plant-based trend ties into the environment as well: Technomic picked "Meat-Free to the Extreme" as one of its top trends for 2019, noting that restaurant companies may emphasize plant-based dishes as a complement to other sustainable policies, such as compostable packaging and plastic straw bans.

Food service will also be shaken up by the rise of automation and "ghost restaurants" that are delivery-only, according to *Forbes*. This is in line with a study by The NPD Group, which found that Americans increasingly want to stay at home to eat restaurant meals. Dining at a restaurant represented 37% of all visits and remained flat compared to the previous year, while restaurant meals consumed in-home accounted for 32% of all traffic and increased visits by 2% in the year ending September 2018.

Technomic expects third-party food delivery companies to not only expand in this environment, but to grow and differentiate from where they currently stand. Established players like Grubhub and Uber Eats will be competing with a myriad of startups eager for their slice of the pie, which could lead to new formats and rates. For example, some companies will adopt subscription models that eliminate per-delivery fees in favor of a flat-rate subscription or offer other incentives to try and make a name in a crowded market, creating even more interest in online ordering.

State Spotlights

Although small in size with only 4,845 square miles, Connecticut is a large farming state with approximately 6000 farms in operation on 440,000 acres. Nursery and Greenhouse products are the top crops, as well as sweet corn, apples, tobacco, and hay. Dairy products, eggs and oysters are also significant.

2017 TOP AGRICULTURAL EXPORTS

Miscellaneous Food Preparations	$57.6 million
Dog and Cat Food	$34.3 million
Protein Concentrates, Textured Protein	$29 million
Baked Goods and Snack	$20.2 million
Potato Chips	$16.5 million
Lobster, Live, Fresh & Chilled	$5.7 million
Cocoa Preparations, Not in Bulk Form	$5 million
Vegetable Saps & Extracts	$4.3 million
Undenatured Ethyl Alcohol	$4.2 million
Eggs of Chicken, Fresh	$3.6 million

The state's 76,500 farms rank Ohio 8th in the nation and cover more than 14 million acres – nearly 55% of the total land area. Ohio is a leading U.S. producer of tomatoes, corn, soybeans, lettuce, specialty foods, Swiss cheese and eggs.

2017 TOP AGRICULTURAL EXPORTS

Soybeans for Oilstock or Consumption	$1.8 billion
Pork Meat, Prepared & Preserved	$97.5 million
Dog & Cat Food Put Up For Retail Sale	$90.9 million
Baked Goods & Snack Foods	$90.1 million
Animal Feed Preparations	$68.8 million
Distiller's Grains	$67.2 million
Miscellaneous Food Preparations	$ 61.2 million
Bovine (Bull) Semen	$60.6 million
Tomato Ketchup and Sauces	$59.4 million
Corn, Other Than Seed Corn	$53.4 million
Sauces, Mixed Condiments & Seasonings	$52 million
Non-Alcoholic Beverages	$48.6 million

news briefs

Eight in 10 Americans buy private label products frequently or occasionally in order to save money.
Ninety-two percent of Millennials are turning to private label products to save money, compared to 86% of Generation Xers, 81% of Baby Boomers and 77% of seniors, according to IRI's Consumer Connect survey. Private label dollar sales increased 5.8% during the past year, compared to 1.5% for national brands, while unit sales increased 3.8%, compared to national brands' unit sales decrease of 0.2%.

Ninety-one percent of consumers say food is an important part of their values and belief system.
Another 79% feel it's their role and responsibility to share food information with others, according to a report by FleishmanHillard. In addition, 78% have taken action to address food issues important to them, with reducing food waste their top priority, and 60% say they bear the responsibility for improving what and how we eat, more than food companies, government entities or health professionals.

U.S. consumer demand for chicken is waning as beef and pork become more popular. At the same time, U.S. pork exports to China and Mexico are falling. Per capita chicken consumption is expected to rise only about 1.2% in 2019, compared to gains of 4.3% for pork and 2.6% for beef, according to USDA. Quick-service restaurant chains released 54 new hamburgers through September, up about a third from 2017, while releases of chicken products fell 14%, according to Datassential, reported Reuters.

Prices of mutton and other sheep meat reached near record highs in November. The wholesale price of mutton from New Zealand, where a third of the world's exports come from, averaged $2.85 a kilogram for the year through Sept. 30, up 45% from the previous year, according to Beef & Lamb New Zealand. Rising U.S. consumption in recent years helped push up prices, at a time when consumers in China, the Middle East and sub-Saharan Africa are also purchasing more of the meat, reported The Wall Street Journal

Processed meat sales are expected to reach $200 billion in 2018. A report by Fact.MR found that despite a preference for fresh food products, consumers are looking for convenience as it is becoming challenging for them to prepare meals at home due to fast-paced lifestyles. Growing meat production, increasing demand for affordable animal protein, and preference for convenience are expected to drive growth of the processed meat market.

Seventy-seven percent of Americans would rather eat a homemade meal than go out for dinner.
Peapod's annual meal planning forecast found 43% of all respondents and 59% of Millennials plan to cook more in 2019. Seventy-seven percent prioritized cost savings as a reason for eating more at home, while 51% cited eating healthier.

Ninety-three percent of Americans live within 10 minutes of a convenience store. This includes 86% of those living in rural areas, according to the National Association of Convenience Stores' Time To Shop report. Convenient location was cited as the top convenience attribute by consumers, outpacing "no lines," plenty of parking spots close to the store and the ability to order online. Nearly half of all customers said they are in and out of the store with a purchase in under 3 minutes, while 21% spend more than 5 minutes inside the store.

Sales of pasture-raised eggs jumped 32% in 2018 through Oct. 8. Free-range egg sales increased 8.5%, cage-free eggs 3.9% and caged birds 0.3%, according to Vital Farms. At the same time, pasture-raised egg prices are down to below $5 a dozen compared to $12 a year ago, reported Omaha World-Herald

Nearly half of consumers are willing to change their habits to reduce their impact on the environment.
Forty-eight percent of consumers say they would definitely or probably change their consumption habits to do so, according to a report by Nielsen. Sales of products with sustainable attributes make up 22% of products, with organic, sustainable and clean attributes driving the majority of the category's growth. By 2021, it is expected sustainability-minded shoppers will spend up to $150 billion on sustainable fast-moving goods.

Sales of organic products now total more than $21 billion. This is up nearly 9% in value and 8% in volume from 2017, according to Nielsen data. Millennials are spending 14% more on organic products in 2018 compared to last year, and Hispanic consumers lead other ethnic groups, spending over 13% more on organic products compared to a year ago.

MISSION STATEMENT

The U.S. Foodlink newsletter and e-mail bulletin are brought to you by the Food Export Association of the Midwest USA and Food Export USA–Northeast, two state regional trade groups located in the U.S. that promote exports of U.S food and agriculture. Food Export–Midwest and Food Export–Northeast administer many services through Market Access Program (MAP) funding from the Foreign Agricultural Service (FAS) of the USDA. U.S. Foodlink was created to provide readers credible data and information in an easy-to-read format.

Food Export–Midwest and Food Export–Northeast administer many services through Market Access Program (MAP) funding from the Foreign Agricultural Service (FAS) of the USDA. Persons with disabilities who require alternate means of communication of program information should contact us. Food Export Midwest and Northeast do not tolerate fraud and are vigilant in preventing fraud in any of our programs. Food Export does not discriminate, and we reserve the sole right to accept or deny companies into our programs. For complete participation policies and our code of ethics, visit: www.foodexport.org/.

U.S. FOODLINK

Tim Hamilton
Executive Director
thamilton@foodexport.org

John Belmont
Communications Manager
jbelmont@foodexport.org

Adolfo Montelongo
Communications Coordinator – Content
amontelongo@foodexport.org

Laura Buske
Communications Coordinator – Publications
lbuske@foodexport.org

FOOD EXPORT ASSOCIATION OF THE MIDWEST USA

309 W. Washington Suite 600
Chicago, IL 60606
T: 312/334-9200
F: 312/334-9230
www.foodexport.org
info@foodexport.org

Michelle Rogowski
Deputy Director
mrogowski@foodexport.org

Teresa Miller
International Marketing Program Manager
tmiller@foodexport.org

Molly Burns
Branded Program Manager
mburns@foodexport.org

Rob Lowe
Financial Manager
rlowe@foodexport.org

FOOD EXPORT USA-NORTHEAST

One Penn Center
1617 J.F.K. Boulevard, Suite 420
Philadelphia, PA 19103
T: 215/829-9111
F: 215/829-9777
www.foodexport.org
info@foodexport.org

Joshua Dillard
Deputy Director
jdillard@foodexport.org

Suzanne Milshaw
International Marketing Program Manager
smilshaw@foodexport.org

Howard Gordon
Branded Program Manager
hgordon@foodexport.org

Bruce Pansius
Financial Manager
bpansius@foodexport.org

GOT FEEDBACK?

Let us know what you like about U.S. Foodlink, and how we can make it better: send an e-mail to info@foodexport.org

SUBSCRIPTIONS

The U.S. Foodlink newsletter is available every other month, in many countries around the world. Find out how to access the newsletter in your country by sending an e-mail to info@foodexport.org.