FOOD EXPORT ASSOCIATION OF THE MIDWEST USA®/FOOD EXPORT USA®-NORTHEAST July/August 2019

U.S. FOODLINK

The bi-monthly newsletter for importers of U.S. foods Vol. 15 No. 3

Yogurt Isn't The Sales Powerhouse It Once Was, *But Potential Remains*

Sales of yogurt, one of specialty food's most reliable growth items for the past decade, are starting to slow down, according to Euromonitor International data. However, while companies like Chobani, Danone and General Mills, and styles like traditional and Greek, aren't seeing the same surge in interest, newer styles are still skyrocketing towards mainstream acceptance.

Leading the specialty dairy pack is Icelandic-style yogurt, which only accounts for 2.4% of the total category but saw 54.3% compound sales growth over the past three years, according to an analysis of Euromonitor and Nielsen data by *The Wall Street Journal*. Also gaining momentum is nondairy yogurt, which accounts for 2.3% of the market and saw 47.9% growth.

However, the yogurt powerhouses still hold their thrones for the time being. Greek yogurt sales fell 4.4% over the past three years, but the category still accounts for a massive 44.8% of the total market. Traditional yogurt's market share is nearly as large at 42.2%, though its sales fell 3.6% during the studied period.

The year through February 2019 was particularly rough for the category: overall yogurt sales fell 6% by volume during this period, and Greek yogurt sales in particular fell 11%, according to Nielsen. An overwhelming variety may be partially responsible for declines in individual brands, as the average supermarket carries 306 different varieties, up 4% from 2015, according to Acosta.

The secret to growth may be standing out in this crowded market. Sales of Icelandic-style yogurt, which is known as skyr and has a thicker consistency, grew 23% in the past year alone. Nondairy yogurts, which are made from coconut,

(Continued on page 2)

almonds and other ingredients, have also performed strongly at a time when other options are on the decline.

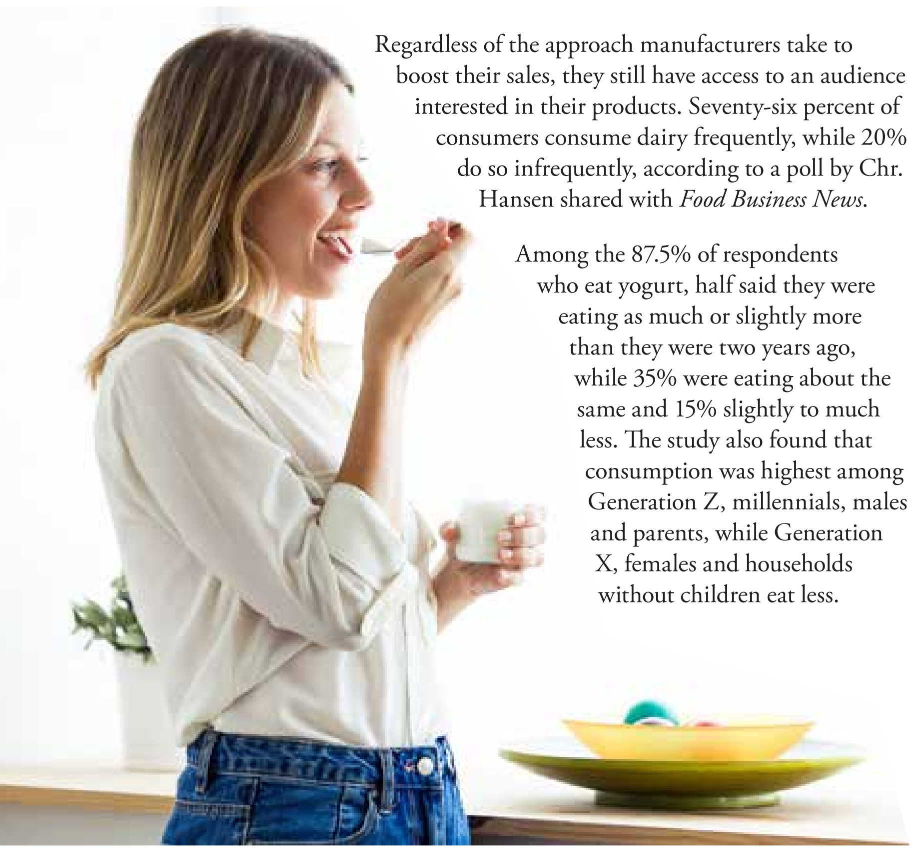
Producers are looking at the success of these varieties and attempting to apply their strengths to their own brands. One possibility is mimicking the lower sugar content of plant-based yogurt, which General Mills has tapped with its Oui brand, Danone through Two Good and Chobani through a children's line.

Manufacturers may also be able to stand out by emphasizing how their particular style of yogurt differs from others on the market. For instance, Greek yogurt is strained and contains more protein, while French yogurt is known for its creaminess and Australian yogurt is not strained at all, giving each a unique character that may pique customers' interest.

Price point may also play a role: plant-based and Icelandic yogurts tend to be more expensive, which makes them more appealing to shoppers who see themselves as purchasing an indulgent treat. While their markets are smaller, shoppers may be more interested in trying out a premium product rather than wading through dozens of similar options.

The concept of yogurt as a treat is supported by changing consumer habits. While 80% of yogurt in America is eaten in the morning, that is down significantly from 93% three years ago, according to *USA Today*.

Distance, which plays a role across all fresh foods, may also be key for standing out in the dairy aisle. Purchasing locally-produced dairy is important to 48% of consumers, while only 19% consider it to be unimportant according to Nielsen. While the exact definition of "local" varies from person to person, 32% of consumers prefer their dairy to come from the same state, and 36% want it to come from within 50 miles.



Regardless of the approach manufacturers take to boost their sales, they still have access to an audience interested in their products. Seventy-six percent of consumers consume dairy frequently, while 20% do so infrequently, according to a poll by Chr. Hansen shared with *Food Business News*.

Among the 87.5% of respondents who eat yogurt, half said they were eating as much or slightly more than they were two years ago, while 35% were eating about the same and 15% slightly to much less. The study also found that consumption was highest among Generation Z, millennials, males and parents, while Generation X, females and households without children eat less.

Another key finding was that – even among those who enjoy yogurt – more and more consumers are turning to non-dairy options. Fifty-seven percent of people who are consuming more dairy yogurt are also consuming more non-dairy yogurt, while 44% of people consuming less dairy yogurt are also consuming less non-dairy-yogurt. The findings may mean some traditional yogurt buyers are switching to plant-based brands.

Flavor and taste were among the reasons for choosing traditional yogurts, while specific ingredients, diets and the perception of being more natural and less processed were the chief reasons for selecting non-dairy varieties. Chr. Hansen suggested that education, such as talking about dairy protein and its superior quality in terms of amino acid profile, may help producers improve yogurt sales.

Additionally, the study found that occasional yogurt consumers were a major factor in the industry's overall slowdown, as they were buying less yogurt overall. Chr. Hansen advised against attracting more purchases from these shoppers in favor of appealing to core dairy consumers — even if that means investing in plant-based alternatives.

In the end, analysts disagree on the future prospects of yogurt, and whether current trends will reverse or continue. While Mintel projects total yogurt sales will reach $8.2 billion by 2023, down 3.5% from 2019, *Packaged Facts* expects the market to grow significantly and reach $9.8 billion by 2022. Regardless of what analysts say, manufacturers know the category still has a bright future ahead of it.

"Yogurt is not growing at the clip it was, a natural progression of a maturing category," Peter McGuinness, Chief Marketing and Commercial Officer at Chobani said in an interview with *USA Today*. "We're still very bullish on yogurt."

Featured Products

Wise Mouth Inc.

North Attleboro, MA

Wise Mouth is a line of seven hand-brewed, natural, ready-to-drink (both iced or hot) American glass bottle teas, made with real tea leaves, fresh fruits, and herbs. Recipes are based on Eastern ancient herbal medicine traditions with an American twist, that are low in sugar and calories, yet sweet, fruity, and light. Each tea has different health benefits depending on the ingredients used to suit a range of needs with an assortment of unique, delicious flavors. Wise Mouth Tea offers great-tasting flavor combinations you won't find anywhere else! **wise-mouth.com**

Blue Harvest Fisheries

New Bedford, MA

We're on a mission to set a higher standard for seafood. At Blue Harvest Fisheries, we believe that the best seafood comes from a better seafood company – one that brings transparency, openness, and unflagging honesty to everything we do.

It is a commitment to treating our customers like partners, protecting the marine environment, creating economic opportunities in our communities and delivering the best quality seafood products.

Like our Atlantic sea scallops – all harvested by Blue Harvest-owned vessels or approved third-party vessels from MSC-certified fisheries from New England to Virginia – processed in our own state-of-the art, SQF Level 3 waterfront processing facility in New Bedford, MA. Or Blue Harvest wild-caught haddock, Acadian redfish and Atlantic pollock (Saithe), harvested by company-owned vessels from MSC-certified fisheries in Georges Bank and the Gulf of Maine.

To learn more about Blue Harvest Scallops, Haddock, Acadian Redfish, and Atlantic Pollock as well as other products Blue Harvest offers including Cod, Tuna and Swordfish, check out the company's website, which includes updated product information and details about each species. **blueharvestfisheries.com**

Hell Fire Detroit

Royal Oak, MI

An artisan hot sauce company founded by Don Button, Hell Fire Detroit was launched in 2015 at Making it in Michigan, where it was awarded best of show. Unlike most hot sauces which are predominately vinegar based or filled with nonessential ingredients, this hot sauce highlights the flavor and heat profile of fire-roasted chiles.

The branding and packaging pivots away from many hot sauce clichés like devils, skulls, butt jokes, etc., and instead clearly states the variety of chile pepper, its Scoville Units, and a corresponding chart ranking its heat level. Hell Fire Detroit is sold in over 350 stores in Michigan and seven other states. Corporate cafeterias have made it a staple for employees and the Hot Box #1 has become a unique gifting option during the holidays. More recently, Hell Fire Detroit is gaining international recognition after being featured on Season 9 of Hot Ones, a popular YouTube web series hosted by Sean Evans. Evans interviews celebrities as they eat increasingly hot chicken wings. At the time of this writing, Season 9 has featured the Jonas Brothers, Halle Berry, and Trevor Noah. Each episode is viewed by millions of people. **hellfiredetroit.com**

Lillie's Q Sauces and Rubs, LLC

Chicago, IL

Lillie's Q and its lineup of sauces, rubs, chips and proteins pay homage to the deep-rooted barbecue traditions of specific Southern regions. Crafted with high-quality artisanal and all-natural ingredients by award-winning Pitmaster and Chef Charlie Mckenna, the lineup is a culmination of three generations of barbecue mastery. Whether cooking, grilling or smoking, Lillie's Q brings the best of Southern flavors right to your plate. All natural, non-GMO, clean label. **lilliesq.com**

Sustainable Indulgence LLC

Bridgeport, CT

Sustainable Indulgence was founded in 2013 as a line of delicious cookies that feature nutritional powerhouse super foods, such as Chia, Flax, Maca, Hemp Seed Protein, Goji Berry and Lucuma. Our flavors are Almond Chia, Pecan Maple Bliss, Chocolate Chipster, Snicker (Maca) Doodle, Walnut Chocolate Chip and Oatmeal Raisin. Each batch is hand made, Gluten Free, Vegan, Certified Kosher, Non GMO and made in the USA. Sustainable Indulgence launched with regional distribution and is growing into national and international markets. **sustainableindulgence.com**

Love Your Health, LLC

Grand Rapids, MI

Using a proprietary dry roasting technique, Love Your Health, LLC processes dry roasted soy nuts into crunchy, flavorful, high-protein, shelf-stable snacks. No other U.S. company dry roasts soy nuts that create this nut-like quality. Once in a very great while a snack comes to market that meets every criteria of the times; All Natural, Great Tasting, Good-For-You, Gluten Free, Non-GMO, and Made in the USA.

UP YOUR GAME® Brand PROTEIN SNACK MIX has all these on trend attributes; there's nothing like it on the market. **loveyourhealthsnacks.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.

JULY

11-21: Agroexpo 2019
Bogota, Colombia
Corferias – Centro de Convenciones
agroexpo.com

17-19: Specialty & Fine Food Asia
Singapore
Suntec Singapore
speciality-asia.com

24-26: CBME (Children Baby Maternity Expo) China
Shanghai, China
National Exhibition and Convention Center (NECC)
cbmexpo.com/en

AUGUST

7-10: WOFEX (World Food Expo)
Metro Manila, Philippines
SMX Convention Center & World Trade Center
wofex.com

20-22: Fi South America
São Paulo-SP, Brazil
Transamerica Expo Center
figlobal.com/southamerica

21-25: Pet Fair Asia
Shanghai, China
Shanghai New International Expo Centre (SNIEC)
petfairasia.com/en

SEPTEMBER

3-5: Seafood Expo Asia
Wanchai, Hong Kong
Hong Kong Convention & Exhibition Centre
seafoodexpo.com/asia

9-12: Fine Foods Australia
Darling Harbour, Sydney
International Convention Centre Sydney
finefoodaustralia.com.au

11-13: Fi Asia
Bangkok, Thailand
Bangkok International Trade & Exhibition Centre (BITEC)
figlobal.com/asia-thailand

14-15: CHFA East 2019
Toronto, Canada
Metro Toronto Convention Centre
chfa.ca/en/Events/chfa-east

24-27: Food & Hotel Malaysia
Kuala Lumpur, Malaysia
Kuala Lumpur Convention Centre
foodandhotel.com

25-26: Vitafoods Asia
Sands, Singapore
Sands Expo & Convention Centre at Marina Bay
vitafoodsasia.com/en/welcome.html

25-26: Food Tech Summit
Mexico City, Mexico
Centro Citbanamex
foodtechnologysummit.com

OCTOBER

5-9 ANUGA
Cologne, Germany
Koelnmesse, Fair Grounds, Köln-Deutz
anuga.com

30-11/01: China Fisheries & Seafood Expo
Qingdao City, Shandong Province, China
Qingdao International Expo Center
chinaseafoodexpo.com

NOVEMBER

12-14: BrauBeviale
Nuremberg, Germany
Exhibition Centre Nuremberg
braubeviale.de/en

12-14: Food & Hotel China
Shanghai, China
Shanghai New International Expo Centre (SNIEC)
fhcchina.com/en

DECEMBER

3-5: Fi Europe 2019
Paris, France
Villepinte Parc des Exposition
figlobal.com/fieurope

Private Label Sales Growth Slowing, But Innovation Keeps Customers Interested

Private label is a driving force for sales across retail: private label dollar sales at supermarkets climbed 12.6% over the past five years, while unit volume was up 6.4%, according to analysis of Nielsen data by the Private Label Manufacturers Association. However, this is slow growth compared to mass merchandisers, where store brand dollar sales surged 41% over the last five years and unit sales of national brands grew a comparatively tame 7.4% during the same period.

Supermarket private label sales slowed significantly in 2018, when dollar sales grew just 0.5% to $59.8 billion and units fell 1.5% to 24.7 billion. Store brand market share declined 0.2% to 18.1% and 22.2% over the past five years for dollar and unit sales, respectively.

Total supermarket private label dollar sales decreased from $60.6 billion in 2016 to $59.8 billion in 2018, a slight increase from $59.4 billion in 2017. Unit volume fell to 24.7 billion in 2018 from 25.1 billion in 2017 and 25.8 billion in 2016.

In comparison, private label volume sales at mass retailers 23.2% in 2018, up from 18.5% in 2013. Meanwhile dollar market share advanced to 19.3% in 2018, up from 15.5% in 2013. However, supermarkets still led in net sales for the period at $330 billion, compared to $314 billion at mass marketers.

The decline in private label sales at supermarkets may not be due to lack of interest, but because some shoppers are shifting their attention to store brands at superstores, drug stores and dollar stores. To keep shoppers interested, grocers need to focus their private label efforts on innovation rather than price point.

Six out of 10 shoppers are actually buying more store brands than in the past, and 53% of consumers will shop at a store specifically for its private label selection, according to a survey by Daymon. While shoppers are still looking for the best deal, grocers can excel by designing products that meet the needs of regional customers in a way national brands can't match.

"A retailer that truly understands its shopper trading geography can create scale with hyper-personalized brand solutions that distribute in ways that traditional CPG brands just can't replicate," Jim Holbrook, Chairman and CEO of Daymon, said in an interview with Progressive Grocer. "Add that to the fact that up to 52% of shoppers say that they would specifically shop at a store because of its private brands, and that's all the reason retailers need to dramatically expand private brands on shelves."

Six out of 10 shoppers are actually buying more store brands than in the past, and 53% of consumers will shop at a store specifically for its private label selection.

State Spotlights

With 6.9 million acres of farmland hosting more than 33,000 family farms, agriculture is a major driver of the New York's economy. In 2018 New York exported nearly $1.6 billion in processed foods.

2018 TOP AGRICULTURAL EXPORTS

Miscellaneous Food Preparations	$271.2 million
Sausage Casings & Tripe	$102.5 million
Baked Goods & Snack Foods	$94.8 million
Soybeans for Oilstock or Consumption	$80.5 million
Wine of Fresh Grapes Under 2 Liters	$68.6 million
Non-Alcoholic Beverages	$67.5 million
Coffee, Roasted, Not Decaffeinated	$59.6 million
Prepared/Preserved Nut and Fruit, Edible Plant Parts	$59.5million
Dog & Cat Food	$49.2 million
Sauces, Condiments & Seasonings	$45 million
Beer Made from Malt	$44.2 million
Cordials and Liqueurs	$32.8 million
Protein Concentrates	$28.8 million

Farmland accounts for approximately 85% of the land area in the Hawkeye State, with over 86,000 farms on some of the richest and most productive soil in the world.

2018 TOP AGRICULTURAL EXPORTS

Corn, Other than Seed Corn	$1.4 billion
Soybeans, Oilstock & Human Consumption	$432 million
Frozen Pork Meat	$400.7 million
Fresh Pork Meat	$388.3 million
Distiller's Grains	$384 million
Soybean Oilcake & Solids	$346.6 million
Frozen Boneless Fresh/Chilled	$206.9 million
Ethyl Alcohol, Denatured	$186.6 million
Frozen Boneless Beef	$180.5 million
Frozen Edible Offals of Swine	$149.9
Fructose Solids & Syrups	$143.9 million
Animal Feed Preparations	$141.6 million

news briefs

Buying local produce is important to 58% of consumers. A survey by Nielsen found that the majority of consumers also say local is important when it comes to bakery, eggs and food service. Across consumer groups, low-income consumers are more likely to say that buying local is extremely important across all products compared with the general population. However, what is considered local varies.

Consumers aren't confused by the labeling of plant-based alternatives using dairy terms. A majority of the more than 7,000 respondents in a Plant Based Foods Association-commissioned analysis of FDA-collected comments advocated for the continued use of descriptive dairy terms for plant-based milks and other dairy alternatives. Just 13.5% called for restricting the use of the dairy terms, with 51% of those comments coming from dairy farmers, reported *Forbes*.

More than 70% of consumers consider their impact on the environment when shopping. However, only 52% shifted purchase decisions, according to a study from A.T. Kearney. Seventy percent of respondents age 18-44 and 62% of those 45 or older see themselves shifting purchases towards "green" products in the coming year. Almost half of all respondents note cost as the primary obstacle to purchasing "green."

Two-thirds of consumers plan to maintain or increase consumption of animal protein in the next year. Cargill found that most respondents believe meat, fish and eggs can be an important part of a healthy diet, and nearly one-third said food and feed manufacturers bear the most responsibility for ensuring food production is sustainable. Four-fifths of participants expressed interest in plant-based or alternative protein.

Chocolate makers are turning to flavor innovation to combat falling sales. Less traditional varieties such as ruby chocolate and spicy flavors, as well as premium brands, are driving growth. Mondelez predicts 80% of growth in the snacking category will come from emerging markets over the next few years, but adapting chocolate products to local tastes will be key to appealing to these new markets, reported *The Wall Street Journal*.

The global beef market, led by China, is expected to grow 20% over the next six years to surpass $383 billion. Meanwhile, as Americans incorporate more plant-based foods into their diets, they are consuming less meat on a per capita basis than in previous decades, according to Grand View Research. However, total U.S. beef production is supported by an expanding population and growing beef consumption abroad, reported *Minneapolis Star Tribune*.

Most Gen Z and Millennials eat carbs in their regular diet. The American Bakers' Association's *Attracting Gen Z and Millennial Customers* study found that 73% purchased bread in the last week, and 63% purchased a sweet baked good. Nearly three quarters of Gen Z and Millennial consumers are bothered by wasting bread and more than one in five often or always skip buying bread on their next trip to the store after throwing bread away.

The free-from food market is expected to surpass revenues of $60 billion in 2019. Sales continue to remain influenced by a range of factors such as rising consumer awareness on food allergies and intolerances, and upward trends of health and wellness, according to Fact.MR. Sustainable sourcing of free-from ingredients and effective processing technologies continue to remain key concerns.

Natural claims on food packaging would be most likely to motivate more than half of Americans to purchase a product. A majority of consumers, 51%, are also swayed by "no preservatives," while nearly half would be more likely to buy something labeled "low sugar," according to Label Insight's consumer survey.

Fifty-three percent of consumers want an expanded local produce assortment. However, 59% would be interested in buying value-added produce with competitive pricing and 35% if it had a longer shelf life, according to FMI's *The Power of Produce* analysis. Thirty-six percent of shoppers eat fresh produce about three times a week or less, and are interested in incorporating produce into different meal occasions.

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.

U.S. FOODLINK

Tim Hamilton
Executive Director
thamilton@foodexport.org

Greg Cohen
Communications Manager
gcohen@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.