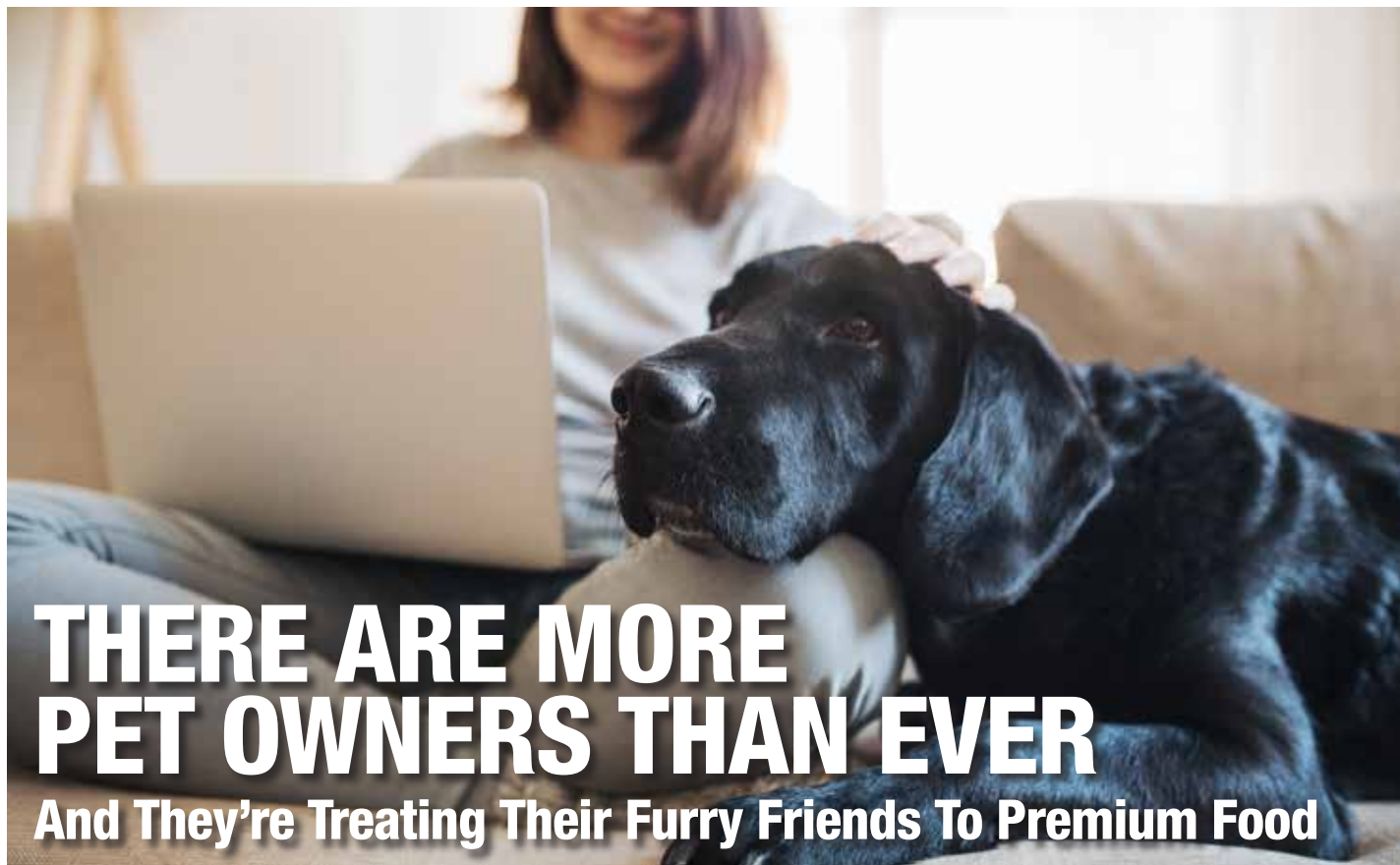


U.S. FOODLINK

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THERE ARE MORE PET OWNERS THAN EVER

And They're Treating Their Furry Friends To Premium Food

Pets have helped many people get through the loneliness of social distancing during the COVID-19 pandemic – 83% of respondents said pet cats and dogs helped them with stress relief throughout the pandemic, and another 72% said having a pet helped to improve their mood during lockdowns, according to a survey by *Petfood Industry*.

And, consumers stuck inside for months are pampering their pets accordingly, creating new opportunities for high-end products.

Additionally, there are more pet owners in the U.S. than ever. An estimated 750,000 animals were adopted from shelters alone since the pandemic began, and the American Pet Products Association (APPA) estimates 11.4 million households in total got a new pet during the pandemic. The growing pet population over this period was led by Gen Z and Millennial pet owners, and these newcomers offer an excellent opportunity for manufacturers and retailers to educate them about food and treats.

“Pets finding their forever homes is the feel-good story we need right now, as the increase in adoption and fostering is both good for the pets and the industry as a whole,” said Sean Simpson, Associate Client Director, Nielsen’s Pet Practice, in a blog post. “A growing population of pet-owning households means a growing need for pet food and products in the U.S.”

These new pets already had a significant impact on holiday sales early in the season, too: 50% of consumers planned to spend an average of \$90 or more on pet food and supplies during the season, according to Deloitte. Brick-and-mortar pet retailers had a great chance to capitalize on the season, as 49% of shoppers preferred to make purchases from pet stores compared to 17% from online merchants and 15% from mass merchants.

Pet food sales have been high even outside the holidays. Nearly seven out of 10 households purchased treats or pet food in the past year, according to the *SPINS Pet Trends 2020 report*. Dogs hold a small edge, as 35% of households bought dog

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There Are More Pet Owners Than Ever *Continued*

food during this period, but another 28% of households bought cat food, showing significant penetration for both major pet foods.

While sales are high among all households, retailers and manufacturers should be paying special attention to Millennials, who account for 33% of all pet parents and are bringing their penchant for better-for-you labels like natural and organic to their pet purchases. In fact, 69% of Millennial pet owners and 44% of owners over 35 are more likely to consider products with naturally-made ingredients versus conventional, mass-produced foods, according to Packaged Facts. A survey by FINN CADY found that 80% of dog and cat owners strongly or somewhat agree that what their pet eats impacts its health.

For dog food, approximately 35% of category growth is coming from natural-positioned, raw-positioned and frozen products, according to SPINS. Cat food is even more pronounced, with 75% of growth coming from natural-positioned and grain-free labeled items. Pet treats are experiencing a similar trend: 31% of dog treat growth is coming from grain-free, gluten-free and raw-positioned, while 67% of cat treat growth comes from natural-positioned, grain-free labeled and raw-positioned goods.



An important, if somewhat uncertain, trend on this front is “clean eating.” While there is no set definition for clean pet food, the brands leading the way have put an emphasis on natural and organic ingredients, and other manufacturers may benefit from emphasizing these claims in their own product lines to tap into consumer interest.

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Limited ingredient pet foods are another trend to keep an eye on. These products are just as varied as their clean cousins, with claims ranging from eliminating artificial ingredients to simply avoiding ingredients deemed lesser quality, like byproducts. Others include byproducts, but make sure all the protein sources are from the same animal. These diets are not new but are becoming common for consumers whose pet has allergies or food sensitivity.

An existing trend that has faltered is grain free among dogs. In 2018, the



FDA began investigating possible connections between the ailment dilated cardiomyopathy (DCM) and dogs’ diets, which has had a negative effect on grain-free sales and actually caused an uptick in brands advertising the grains they do include. While the FDA concluded that the DCM connection could be due to a combination of factors, not just eating a grain-free diet, the damage was already done.

However, certain grains are more popular than others and play into the wider interest in healthy diets. Ancient grains in particular have entered the spotlight, due to having little or no gluten, high fiber and protein and a low glycemic index — an important consideration for pets suffering from obesity or diabetes. SPINS expects manufacturers to release more packaging with messaging focused on ancient grains or high protein content in the future.

Transparency in labeling is important as well, regardless of which claims are being made. Packaged Facts found that 75% of Millennial dog owners and 64% of Millennial cat owners cited fear of pet food contamination or product safety as a key consideration in the products they choose.

Aside from health, sustainability is another all-encompassing attribute that has made its way to pet food. A survey by First Insights found that 73% of Gen Z and 68% of Millennials are willing to spend more for sustainable products in general, and FINN CADY determined that sustainability is a top factor for customers purchasing cat food. Offering sustainable pet food can range from using ingredients that meet this criteria, such as protein from grass-fed beef and sustainable fisheries, to corporate commitments to preserving the environment in other ways, such as contributing to charitable causes.

The overall pet food category is reflecting broader food trends, but the importance of pets during the pandemic has given their care added importance. Leaning on this messaging while offering products that help pets live the healthiest lives possible will be a strong differentiator for pet parents looking for a way to say thanks to their best friends.



Lockdowns Lead to Grocery Delivery Renaissance



When it comes to grocery delivery, the U.S. has been behind Europe for years – but lockdowns and general concern regarding the coronavirus pandemic has caused supermarkets and other grocers to close this gap. The North America E-Grocery Market was estimated at USD 30,879.1 Million in 2019 and is expected to reach USD 114,923.8 Million by 2026, growing at a compound annual growth rate (CAGR) of 19%.

Demand for grocery delivery has led to a spike in third-party partnerships, with discount retailers ranging from Family Dollar to established grocers like Meijer tapping companies such as Instacart and DoorDash to either enhance their own capabilities or launch completely new services. Uber has become a provider in this area through a partnership with Cornershop, and even restaurants like Panera Bread have added a small selection of groceries to their options.

Retailers with well-established delivery programs have been stepping up their efforts to keep up with the demand. Whole Foods opened a dark store, a location that only serves as a fulfillment center, in Brooklyn in September 2020 to keep up with local demand.

Of course, it's easy to deliver dry goods and even frozen items, but fresh products like meat and vegetables can be troublesome. Finding the right delivery window can pose a significant inconvenience for consumers, particularly as they head back to the office, and convenience will be the primary driver for grocery delivery once social distancing comes to an end.

Walmart and HomeValet are at the forefront of solving this challenge with powered smart boxes that can be delivered to consumers' homes at any time. The boxes, which are powered by an internet of things (IoT) platform, have three temperature-controlled zones to properly store frozen, refrigerated and pantry items. Additionally, they remain locked until the recipient chooses to open the box, keeping their goods safe.

However, Walmart isn't alone in this race. Retailers including H-E-B and Kroger, as well as Walmart itself, have been piloting autonomous delivery vehicles, which can eventually help them offer a wider range of windows and ultimately greater convenience. Tech companies like Nuro and Starship Technologies are leading the charge, forming partnerships with retailers to usher in the next generation of grocery shopping.



Featured U.S. Midwest & Northeast State Profiles

9,900 FARMS **NEW JERSEY** **16% LAND IN FARMS**

TOP AG EXPORTS

- Other Plant Products
- Vegetables, Processed
- Fresh Fruits

95,200 FARMS **MISSOURI** **63% LAND IN FARMS**

TOP AG EXPORTS

- Soybeans
- Corn
- Soybean Meal

64,900 FARMS **WISCONSIN** **41% LAND IN FARMS**

TOP AG EXPORTS

- Dairy
- Soybeans
- Corn

5,500 FARMS **CONNECTICUT** **12% LAND IN FARMS**

TOP AG EXPORTS

- Other Plant Products
- Other Livestock Products
- Dairy



Katz Gluten Free

Mountainville, New York

Katz Gluten Free was established in early 2006 by Mrs. F Katz, with not much more than a home model kitchen mixer, some thoroughly tested recipes, and an unyielding request for perfection.

As the word of our famously delicious confections rapidly spread, so did our base of operation. Today, we operate our state of art facility, which has been certified Gluten Free by the GIG, for our unmatched reliability in complying with strict GF standards.

Nut free | Dairy free | Kosher | Pure, all-natural high quality and fresh ingredients | No preservatives added

Today, we are a recognized leader in the category, with nationwide distribution across all channels. We are ranked the #1 brand in the Frozen Breakfast/Dessert category according to Spins. We feature an ever-extensive selection to meet the culinary demands of every gluten intolerant individual. We are also experiencing nice global growth, as we are expanding through multiple counties. katzglutenfree.com



Vita Food Products, Inc.

Chicago, Illinois

Vita Herring Wine & Cream – Vita wild caught Canadian Herring. Vita is the category leader with over 48% share of All outlet sales. Herring is a great source of protein which is naturally high in Omega-3's.

Product features: All "A"-cut fillets | Real Onions, Real Cream | More Fish per container less water weight | All Natural – no high fructose corn syrup | Kosher & Certified Gluten Free vitafoodproducts.com



Wild Ohio Brewing Company

Columbus, Ohio

Wild Ohio Brewing makes a unique product called "Tea Beer." Green and Black Tea is fermented with fruit juice to make a naturally gluten free product that tastes delicious. There is no barley, hops or malt in the beer. Lab testing has shown that there is not a trace of gluten in the beer. Most gluten free tastes nasty but ours is delicious because there is no gluten in the raw materials. Our 100 calorie flavors are Blood Orange Tangerine, DalyPalmer, Mango Passion Fruit and Dark Berry. They have 4.7% ABV, 2 grams of carbohydrates and zero sugars. wildohiobrewing.com



Otamot Sauces Inc.

Brooklyn, New York

Delicious, nutritious, organic vegetable-filled sauces and ketchups. Otamot ('tomato backwards) makes the healthiest line of vegetable-filled tomato sauces and ketchups on the planet. Our premium sauces contain 9-12 organic vegetables per bottle, and are sold at 2,000+ U.S. retailers such as Whole Foods, Sprouts, and Kroger, and are exported to countries including China, South Korea, and Canada.

Our growing line includes: Otamot Organic Essential Sauce – 8oz/16oz jars | Otamot Organic Spicy Sauce – 8oz/16oz jars | Otamot Organic Carrot Bolognese Sauce – 8oz/16oz jars | Otamot Organic Vodka Sauce – 8oz/16oz jars | Otamot Organic Super Ketchup – 12oz jars | Otamot Organic Spicy Super Ketchup – 12oz jars

All our sauces and ketchups are: USDA Certified Organic, Non-GMO Project Verified,, Gluten-Free, Vegan, Paleo, No Added Sugar and Made in the USA and Dairy-Free.

#SauceBoss | OtamotFoods | otamot.com | otamotfoods.com

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



Venus Wafers Inc

Hingham, Massachusetts

Venus Wafers has is launching new Mariner Mini Flatbreads, packaged in vibrant color cello-wrapped 6.5oz. trays and available in three flavors: Sea Salt Sourdough, Everything, and Sesame. The Mariner Mini Flatbreads is the perfect size for snacking to complement with your favorite cheese, spread, soup, or any-time snack.

Mariner Mini Flatbreads have received certifications from the Non-GMO Project, Vegan, and Kosher Approved.

Since 1931, family-owned and operated Venus Wafers has pioneered healthful crackers and flatbreads to meet the changing tastes of convenience driven consumers. From their founder's first product more than 88 years ago, a 100% whole wheat wafer bread, through their authentic Lavasch, and Brands – Mariner and CaPeachio's. Venus strives to bake the finest ingredients in a variety of shapes and sizes; packaged in an appealing fashion. venuswafers.com



Aronia Growers, LLC

Mosinee, Wisconsin

Aronia Growers, LLC is made up of family farms from Midwestern states in the U.S. Our growers cultivate and harvest aronia berries, emphasizing integrity, stewardship, and traceability from field to finished product.

Sweetened Dried Aronia is very versatile and can be used anywhere you use a raisin, dried blueberry, dried cranberry, and other dried fruits. These super-healthy berries represent the perfect product for your food applications and will elevate your products' health halo.

Suggested applications: Trail mixes | Nutrition bars | Cereals | Granolas | Baked goods | Salads aroniagrowersllc.com



Fat Boy Natural BBQ

Lincoln, Nebraska

Fat Boy Natural BBQ. Born from competitive grilling and incorporated in 2002, Fat Boy BBQ was created to market rubs used in competition. The skills mastered in these competitions and the knowledge obtained from other barbecue experts led to the development of our all-natural barbecue products enhances every meal and barbecuing experience.

After traveling much of the U.S., we became educated on the benefits of using rubs in grilling and smoking meats to keep them juicy and tender. After using various meat rubs already available, we developed one more suited to our operation. As people became acquainted with our grilled and smoked meats, the request to purchase the rub became more frequent, and the company was formed to market it.

Over time this one rub evolved into our current line of sixteen rubs, several of which have won national awards. Each is distinctive in taste, heat level, and texture. Our rubs seal the meat surface to offer a juicy and flavorful meat product. They also make a great seasoning for a variety of casseroles, vegetables, and prepared meat dishes.

bestnaturalbbq.com



LorAnn Oils, Inc.

Lansing, Michigan

Since 1962, LorAnn Oils has been producing and marketing premium flavorings and essential oils for professional kitchens, manufacturers, and home consumers worldwide.

LorAnn is known for concentrated, professional-strength flavorings and essential oils, but our product line also encompasses a variety of candy making and baking supplies including Super-Strength Flavors, Bakery Emulsions, Premium Vanilla Extracts, and our Flavor Fountain line for frozen yogurt and ice cream. Nearly all of our food products are certified kosher, without added sugar, gluten-free, and are available in retail and bulk sizes. LorAnn also offers certain product lines with bilingual labeling.

LorAnn Oils remains a family-owned and operated business focused on providing customers with the best in quality products and service. lorannoils.com

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

news briefs

The U.S. government released new dietary guidelines for 2020-2025. The updated guidelines keep current allowances for sugar and alcohol consumption unchanged. They are updated every five years and have a wide impact and influence what food companies produce.

Big CPG companies did well in 2020 but upstarts are gaining market share. While CPG sales increased 10.3% to \$933 billion last year, large manufacturers lost \$12.1 billion in sales to smaller players, according to market research firm IRI.

Online CPG food and beverage sales could top \$100 billion in 2021. NielsenIQ research noted that turning more food shoppers into online customers represents a \$58 billion growth opportunity for grocery retailers and CPG companies, reported *Supermarket News*.

CPG companies are betting consumers will be working, and more importantly eating, from home. McKinsey projects 20% of employees could realistically work from home in the near future, and Conagra, General Mills, and Kraft Heinz are among the CPG companies looking to capitalize on the trend.

The citrus market is on the rise as consumers look to get their vitamin C fix. New data show the citrus category saw increased demand across all varieties in 2020, with more than 20% increases year over year.

U.S. retailers posted record seafood sales in 2020. Frozen seafood sales rose 35%, and fresh crab sales grew 62%, as the industry benefited from increased online grocery sales, reported *SeafoodSource*.

Supplements are gaining investor interest. Consumers are seeking to improve their immune health during the pandemic, and supplement brands that use plant-based



ingredients are poised for significant growth, reported *Forbes*.

The meal kit and fresh food segments have experienced tremendous

growth over the course of the pandemic. However, with COVID-19 vaccines rolling out and the prospects for life returning to normal during the back half of the year, market observers are closely watching to see if expansion continues.

The food industry is bugging out over the prospects for insect protein. The edible insect market is expected to grow at a compound annual growth rate of 26.5% from 2020 to 2027 to reach \$4.63 billion by 2027, according to *Research and Markets*.

Some plant-based meats contain more sodium than regular burgers and just as much saturated fat. A new report found that Burger King's Impossible Whopper has about 10% more sodium than its beef counterpart, reported *Outside*.



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