

U.S. FOODLINK

The bi-monthly newsletter for importers of U.S. foods

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Trends Are a Vital Part of Foodservice

Even When They Don't Involve Food

The foodservice industry is defined by trends – as consumer tastes evolve, restaurants of all sizes must adapt their menus to keep up with what their customers want. This year has proven no exception, and social media continues to accelerate the rate of change, with fads coming and going with the seasons, though certain standbys remain popular no matter how much palates shift around them.

One trend that shouldn't be ignored is poke, a Hawaiian raw fish dish. The food has spread from its island home to hit the mainstream and mainland U.S. market, with 300 poke restaurants opening every three months between fourth quarter 2016 to second quarter 2018, accounting for an annual rate of 61% location growth, according to data from Yelp.

However, this trend also shows that no dish offers infinite growth. Poke started its surge on the West Coast, with new restaurants primarily opening in cities. Now the rate of expansion has flatlined in Honolulu and Los Angeles, which were two of the bastions that founded the movement, and the number of New York City locations specializing in the dish actually fell in 2017.

At the same time, 32% of consumers would be willing to pay extra for authentic ethnic fare, according to Technomic. Forty-four percent always prefer completely authentic fare, while 23% say their preference changes based on the cuisine. Over 35% like to explore regional varieties of mainstream ethnic cuisines to try new foods and flavors.

Staying on top of the latest and greatest foods can help restaurants attract foodies. More than 50% of Americans would describe themselves as one of these adventurous eaters, according to the Consorzio del Prosciutto di Parma. Fifty-six

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Trends Are a Vital Part of Foodservice *Continued*

percent of self-described foodies like to try new foods, 47% want to learn more about the origins of foods, 32% have an awareness of what foods are in season and 19% eat healthy, reported *New York Post*.

Locally-grown options are always beneficial when possible, as nearly 75% of Americans try to include them in their diets, according to a Gallup poll. Another 47% say they try to include organic foods, but 41% say they don't think much about whether to include them or not. Other trends include a majority of Americans trying to add vegetables, fruits, poultry and seafood to their diets, while avoiding soda and sugar.



One future trend foodservice suppliers may want to watch is chicken – specifically, a dwindling interest from customers. Sanderson Farms reported “significantly lower” market prices for its meat, which the company blamed on a lack of promotions, combined with rising feed costs. It remains to be seen if these trends will cause consumers to turn to other proteins instead, particularly with the Gallup poll showing most Americans claim to be trying to eat more chicken.

Even when keeping trends in mind, restaurants and their suppliers should be prepared for a potentially difficult period. The U.S. restaurant count reached 660,755 in spring 2018, a 1% decrease in units from a year ago, according to The NPD Group. The primary source of the decline was a 2% drop in independent restaurant units compared to a stable restaurant chain count. Total quick-service and full-service restaurant units declined 1% each.

“The restaurant unit declines captured in our spring 2018 census are reflective of the sluggish restaurant traffic the industry has been experiencing over the last several years,” said Annie Roberts, vice president of The NPD Group’s SupplyTrack, ReCount and Foodservice Future Views research services. “It takes a lot of resources and capital to withstand tougher times, and an experience and offering that keeps customers coming back.”

While restaurants surveyed by the National Restaurant Association reported improvements in same-store sales and customer traffic in June, the operator outlook for the longer-term remains softened, according to the organization’s Restaurant Performance Index.

Visits to fast casual restaurants grew 6% annually over the last five years, stemming in large part from store openings, according to The NPD Group. Although fast casual is the only restaurant channel growing visits, its traffic growth slowed in the last two quarters. Fast casual traffic was up only 4% in the quarters ending December 2017 and March 2018, compared to a 7% visit growth in the third quarter of 2017.

To ensure they have every advantage in attracting customers, restaurants need to look beyond their menus to the desires of consumers in general. For instance, 45% of consumers say they consider conservation efforts an important factor when choosing a restaurant to dine at, according to the National Restaurant Association.

Already 27% of restaurant operators use low-flow faucet aerators in their hand sinks, which cost approximately \$3 each, and can reduce hot-water use at a hand sink by 60%. Based on 15 minutes of use a day, this results in 9,000 gallons of hot water saved per sink, per year, which can be a significant differentiator for a conservation-minded consumer.

Restaurants can boost their sustainability credentials by doing their part in reducing food waste, which is expected to grow to 2.1 billion tons annually, worth \$1.5 trillion, through 2030, according to Boston Consulting Group. The report suggested investing in cold chain supply systems, adopting digital technology to minimize loss and waste and advocating for changes to regulations and tax policies as ways companies can fight against waste.

Restaurants should also be ready to cater to the up-and-coming spenders in Generation Z, who may already wield as much as \$143 billion in spending power, according to *Forbes*. The generation is looking for on-demand service and experiential outings, and foodservice operators are adapting by offering affordable, quick and customizable experiences. Examples include McDonald’s adding table service across the U.S. and Sonic incorporating its Point of Personalized Service technology in all of its drive-in stalls.

To ensure they have every advantage in attracting customers, restaurants need to look beyond their menus to the desires of consumers in general.

“They are shopping online, learning online – that’s just a part of who they are,” said Jen Bentz, senior vice president of R&D, innovation and insights at Tyson Foods. “Experiences are critical to these consumers, and brands have to align to their belief system and what’s important to them.”

Generation Z has the potential to reset expectations for health and wellness, increase the reach of international cuisine and heighten creativity in the kitchen, according to Mintel. One quarter of teens aged 15-17 say they worry about staying healthy, with another 49% saying drinking soda is unhealthy. Adult Gen Z consumers are interested in eating at international restaurants such as Indian, Middle Eastern or African, and are much more likely than older generations to find culinary inspiration from social media.

Featured Products



Vesta Ingredients / Dr's Hope Vitamin & Dietary Supplements

Indianapolis, IN

Dr.'s Hope mission is to provide high quality innovative products at a competitive price by performing scientific research on natural solutions for wellness and economical health care. We bridge alternative medicine with established science.

Our product line of dietary supplements include:

- Nattokinase, which is Kosher certified, promotes cardiovascular health
- PQQ (Pyrroloquinoline Quinone) promotes heart & cognitive health
- Fucoidan, a natural immune system booster
- Lutein promotes healthy vision
- As well as many more!

The raw materials used in our non-GMO verified products come from only the purest of natural resources. Dr.'s Hope products are manufactured in the USA, at an FDA registered and NSF-cGMP certified facility. We pride ourselves on a depth of expertise in a specialized repertoire of products to allow our customers to develop a personalized health regimen.



Crazy Richard's Peanut Butter Company

Dublin, OH

Since 1972 Crazy Richard's has been making peanut butter with one ingredient, just peanuts. We use the highest quality peanuts, grown right here in the U.S. that taste delicious just as they are, with no added sugar, salt, fat or filler. From traditional jars to single-serve pouches, we offer convenient options for lunch boxes or to toss in a bag on-the-go. Our peanut butter, nut butter spreads and peanut powders are the perfect choice for families looking for real peanut butter without the clutter.

As a family-owned business, Crazy Richard's believes in nurturing families and the next generations. That's why through the Healthy Kids, Happy Future Project, Crazy Richard's donates 10 percent of profits to causes that promote children's wellness. Through these efforts, Crazy Richard's is helping in the fight against childhood hunger while helping future generations lead healthier, happier lives. crazyrichards.com



JonnyPops

Minneapolis, MN

Making delicious frozen pops is our passion, and our delightfully creamy smoothie-on-a-stick is the perfect taste good, feel good treat. Made with simple ingredients and nothing artificial, JonnyPops are truly scrumptious and meant to be shared. Each stick is printed with a good deed because we believe sharing kindness – through actions big and small – helps us achieve our mission of making the world a better place, one pop at a time. JonnyPops produces premium frozen treats using high-quality ingredients, real cream and cane sugar. JonnyPops are sold in a variety of major retailers across natural and conventional channels – Costco, Walmart, Target, Sam's Club, Jewel-Osco, Cub Foods, Lunds & Byerly's, Kowalski's, Coborn's, HyVee, Fresh Thyme and multiple co-ops. In honor of co-founder Jonathan Jeffrey, the JonnyPops team donates a portion of their proceeds to non-profit organizations that support addiction recovery. Get the latest on JonnyPops' including product news, new flavors and retail locations by visiting JonnyPops.com or following along on social [@JonnyPops](https://www.instagram.com/JonnyPops).



Grovara

Philadelphia, PA

We are Grovara. A team 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.

One of our best-selling products, Wholesome Organic DelishFish, is the perfect candy for kids of all ages! Its fun fish-shape and deliciously sweet flavor, make it a tasty snack for road trips, movie nights or even as a lunchbox surprise. It's easy to get hooked on Wholesome DelishFish! The best part is that you can enjoy every bite worry-free! DelishFish candy is made with organic, clean ingredients. It's sweetened with Wholesome! Fair Trade Organic Cane Sugar rather than high fructose corn syrup, and it's free of all artificial colors and flavors. It's even Non-GMO Project Verified, Gluten-Free, Kosher and Vegan – a treat for special diets! Find us on Instagram [@Grovara](https://www.instagram.com/Grovara)!



Dave's Sweet Tooth, LLC

Harrison Township, MI

Dave's Sweet Tooth manufactures and distributes a variety of high quality almond toffee products, based on the recipe of a retired Detroit firefighter. Unlike traditional English toffee, Dave's toffee is softer and does not stick to your teeth, making it more appealing to both sophisticated and amateur snackers alike. Varieties include Milk Chocolate, Dark Chocolate, Coffee Toffee, Peanut Butter Crunch and Dark Chocolate Cherry.

Dave's Sweet Tooth is proud to be a Michigan Made product with a focus on using local ingredients whenever possible.

Founded in a home kitchen in 2011, Dave's is now sold mainly in grocery retailers such as Whole Foods, Kroger, Meijer, and other high end independent stores nationwide. Recently, sales have grown to include non grocery outlets including Bed Bath & Beyond, TJ Maxx, Williams Sonoma and a variety of airport and hotel gift shops, as well as direct to consumers online at davessweettooth.com



Date Lady, Inc.

Springfield, MO

Date Lady, a family-owned company founded in 2012 and headquartered in Springfield, Missouri, is a supplier of dates, date syrup and a variety of gourmet date syrup-based products.

Our humble mission is to introduce American home cooks to the delicious possibilities of this nutritious ancient fruit and its honey-like syrup.

All Date Lady products are USDA Organic, Non-GMO, Gluten Free, Kosher and Paleo. Made without processed sugar, additives, preservatives, and foreign ingredients, Date Lady products also serve as an excellent replacement for artificially flavored and sweetened syrups, chocolate and caramel sauces. Date Lady products are one of the most nutrient dense options in natural sweeteners. Moving beyond simply acting as a sugar alternative, these pantry staple ingredients are changing the sweet and savory recipe game. ILoveDateLady.com

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

EVENT CALENDAR

OCTOBER

3-5: Fi Food Ingredients Asia

Jakarta, Indonesia
Jakarta International Expo
figlobal.com/asia-indonesia

21-25: SIAL Paris

Paris, France
Paris Nord Villepinte
sialparis.com

22-23: Grocery Innovations Canada

Toronto, Canada
Toronto Congress Centre
groceryinnovations.cfg.ca

24-26: FIGAP Expo Pecuaria

Guadalajara Jalisco, Mexico
Expo Guadalajara
figap.com

30-11/1: yummex Middle East 2018

Dubai, United Arab Emirates
Dubai World Trade Centre
yummex-me.com

30-11/1: SEAFEX 2018

Dubai, United Arab Emirates
Dubai World Trade Centre
speciality.ae/seafex-seafood-aquaculture

31-11/2: Busan International Seafood Show

Busan, South Korea
BEXCO Exhibition Center
bise.com

NOVEMBER

6-8: Gulfood Manufacturing

Dubai, United Arab Emirates
Dubai World Trade Centre
gulfoodmanufacturing.com

6-8: China Fisheries & Seafood Expo

Qingdao City, Shandong Province, China
Qingdao International Expo Center
chinaseafoodexpo.com

8-10: Hong Kong International Wine & Spirits Fair

Wan Chai, Hong Kong
Hong Kong Convention and Exhibition Centre
m.hktdc.com/fair/hkwinenair-en

8-11: Seoul International Café Show 2018

Seoul, South Korea
Coex Seoul
cafeshow.com

13-15: Food & Hotel China

Shanghai, China
Shanghai New International Expo Centre – SNIIEC
fhcchina.com

21-23: ANUFOOD China

Beijing, China
China National Convention Center (CNCC)
anufoodchina.com

21-24: SIAL Interfood

Jakarta, Indonesia
JIExpo – Kemayoran, Jakarta
sialinterfood.com

DECEMBER

3-5: Food Ingredients Europe

Paris, France
Villepinte Parc des Expositions, Paris-Nord
figlobal.com/fieurope

C-Stores Boost Fresh Offerings As Grab-And-Go Helps Sales

A continued focus on fresh and healthy items is boosting sales at convenience stores across the U.S., according to NACS. More than three in four (79%) convenience retailers said that in-store sales increased during the first half of 2018 compared to the same period in 2017, while 56% said their fuel sales increased. In comparison, only 7% of retailers said that in-store sales declined, and 19% said fuel sales declined.

One of the burgeoning categories for convenience stores is health bars, which 45% of surveyed retailers added or significantly expanded their selection of during the first six months of 2018. Fresh fruits and vegetables were cited by 41% of respondents, while 37% increased the presence of packaged salads and 35% made more nuts and trail mixes available.

In keeping with the grab-and-go mentality, prepared foods are expected to attract customers as well. Foodservice accounted for 22.5% of in-store sales and 33.9% of gross profits, and prepared foods account for 69% of that category.

Consumers are interested in healthier items as well, which ties into local products. Working with nearby vendors can help convenience stores give their product assortment a healthy, socially responsible halo that resonates with consumers.



"Customers are very aware of the local food movement," Karen Kourkoulis, chef and manager of Passport Café said in an interview with *Convenience Store News*. "When we partner with a local business, word-of-mouth travels quickly, and the quality of the products speak for themselves."

More well-known brands still have their place on shelves, as branded produce dollar sales jumped 8% between July 2018 and September 2017, according to Del Monte Produce. The research also found that consumers are eating more fresh fruit than five years ago, with bananas being the most popular choice.

One of the keys to a strong fresh offering is to limit the shelf life of products, according to Dana Evaro, vice president of marketing for Land Mark Products. He suggested that convenience store retailers should look at the corporate cultures of grab-and-go suppliers, as well as their own practices.

The demand for health also carries over to beverages. Approximately 54% of convenience retailers added flavored/enhanced waters to their stock during the first half of 2018, while 52% increased their regular bottled water offerings. Additionally, 46% of retailers expect still bottled water sales to increase, while 42% expect a bump in sparkling bottled water sales.

State Spotlights



Massachusetts

With approximately 7,800 farms in production on over 520,000 acres, or 10% of the total land, Massachusetts is 2nd in the U.S. for cranberry and wild blueberry production, and also ranks in the top 10 nationally in the production of squash, maple syrup and raspberries

2017 TOP AGRICULTURAL EXPORTS

Lobster, Live Fresh & Chilled	\$166.9 million
Scallops, Frozen	\$79.7 million
Cranberries, Prepared & Preserved	\$60.3 million
Ice Cream & Edible Ice	\$48.9 million
Cranberry Juice	\$27.9 million
Lobster, Including In Shell, Frozen	\$25.9 million
Dog & Cat Food, Put Up for Retail	\$25.8 million
Bakery Products & Snack Foods	\$21.7 million
Miscellaneous Food Preparations	\$21 million
Scallops, Live Fresh & Chilled	\$18.6 million



North Dakota

Agriculture is the largest segment of the state's economy with nearly 90% of the land used by 30,000 farms and ranches. Hard red spring wheat, durum and barley are a mainstay, but recently North Dakota has become the nation's leading producer of sunflowers, field peas, dry edible beans, lentils and canola.

2017 TOP AGRICULTURAL EXPORTS

Denatured Ethyl Alcohol & Other Spirits	\$115.5 million
Wheat (Other Than Durum) and Meslin	\$97.5 million
Corn, Other Than Seed Corn	\$69.2 million
Distiller's Grains	\$65.3 million
Soybeans for Oil Stock or Human Consumption	\$53.7 million
Dried & Shelled Lentils	\$42.1 million
Other Beans, Dried, Shelled	\$41.2 million
Low Erucic Acid Rape or Colza Seeds	\$40.2 million
Malt, Not Roasted	\$39.9 million
Soybean Oil-Cake and Other Solid Residues	\$29.8 million
Kidney Beans & White Pea Beans, Dried, Shelled	\$20.2 million

news briefs

The meat substitutes market is projected to grow at a CAGR of 6.1% by 2026. Tofu manufacturers increased their production by 10% over recent years and the tempeh market is expected to see \$5.8 million in revenue by 2026 due to the growth of fermented vegan drinks, according to Persistence Market Research.

Shoppers are moving to leaner cuts of chicken.

In comparison, sales of legs, drumsticks and whole chickens declined year-over-year, according to Nielsen. Deli has seen the strongest growth for chicken products, representing a rise of \$305 million in sales in the 12 months ended June 2. Fully cooked deli items make up the largest share of growth for chicken products in the deli aisle, with \$138 million in annual sales growth.

The retail ready packaging market is expected to generate around \$81.8 billion by the end of 2024.

The market was valued at about \$61.1 billion in 2017, according to a report by Zion Market Research. Rising interest for retail ready packaging in grocery stores will likely boost the market in the coming years, specifically in North America, where consumer demand has led to the ongoing growth of supermarkets and hypermarkets.



Eighty-four percent of U.S. adults never order groceries online. Another 89% never order meal preparation kits, according to a Gallup poll. Adults with a child under 18 are twice as likely as those without a child to say they order groceries online at least monthly. Online grocery ordering is more common among upper-income Americans, as 12% of those earning \$75,000 or more order groceries online versus 7% in the lower income categories.

Plant-based food sales rose 20% year-over-year, topping \$3.3 billion dollars. The plant-based milk category is up 9%, compared to 3% the previous year, and comprises about half the total dollar volume, at \$1.6 billion, according to Nielsen and the Plant Based Foods Association. Plant-based meats grew 24%, cheeses 43% and yogurts 55%.

Demand for grain-based foods in the U.S. is projected to hit \$116 billion in 2022. This growth will be driven by population growth and grab-and-go food trends, according to Freedonia Focus Reports. Commercial and retail bakery products are expected to compose the largest segment of the market. In addition, rising consumer interest in alternative grains and bread-making methods will influence bakery trends and boost sales.

Amazon captured 18% of online grocery sales in the U.S. in 2017. As of the second quarter 2018, this product group continues to grow at a rate of 40% year-over-year, according to One Click Retail. In the second quarter, coffee was worth an estimated \$135 million in sales and was responsible for seven of the top 10 bestselling grocery items.

Eighty-seven percent of consumers say it is important that their meat come from the U.S. On average, consumers rate their confusion level at the butcher counter as 4.5 out 10, as 71% do not know the difference between grass-fed and grass-finished beef, according to a survey from meat subscription service Karv. The data showed over half of consumers do not know how much they spent on meat last year.

About 39% of Millennials feel they have no choice but to eat meals on the run. This is followed by 31% of Generation Z, 26% of Generation X and 19% of Baby Boomers, according to Technomic's 2018 Generational Consumer Trend Report. Millennials are the most likely to look up a restaurant menu online at 65%, while Generation Z follows at 61%.



CPG unit sales growth is anemic, despite 55% of households saying their financial health is good.

The index found while consumers are spending more, they're selective about what they will spend money on and are looking to spend more in non-food aisles according to IRI's Consumer Connect survey. Sixty-one percent of consumers buy in bulk for lower price per serving/usage, while 59% generally purchase the lowest-price option when buying groceries.

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.

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