

# U.S. FOODLINK

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

Vol. 14 No. 3



## Consumer Demand Remains Strong for Healthy, Responsible Ingredients

While consumers have been pursuing health-based products for some time, 2018 marks the year when they truly want wellness in every aspect of their food. Shoppers are still chasing the latest superfood, but they are also on the lookout for social responsibility, turning an eye to offerings that are as good for the environment as their bodies.

Health is still at the forefront, and 40% of U.S. and UK consumers increased their consumption of “healthy foods” in 2017, according to a survey by Innova Consumer Insights. At the same time, 70% want to know and understand the ingredient list in products they buy, while 20% of U.S. consumers say they are most heavily influenced by claims of “real” ingredients. Ethical claims on packaging also command significant attention.

At the crossroads of these dual trends trend is oat milk, which is available at 1,000 coffee shops nationwide and is starting to appear at retailers, reported *Bloomberg* (April 13). The dairy substitute is so popular that Oatly Inc., the largest producer, is working with its manufacturing partners to increase output by 50% by summer 2018. In addition to its flavor and health benefits, oat milk has gained popularity as a more environmentally sound alternative to almond milk, reported *Fast Company* (April 13).

The continued growth of plant-based beverages showcases the openness American consumers have towards better-for-you versions of existing products that can also make environmental claims. In 2018, retail sales of traditional milk are expected to drop 1.2%, while sales of alternative dairy products are expected to grow 3%, according to Euromonitor International.

(Continued on page 2)



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## Healthy, Responsible Ingredients *Continued*

A growing number of Americans are choosing an entirely vegan lifestyle: 6% of consumers claimed to be vegan in 2017, up from just 1% in 2014, according to the *Top Trends in Prepared Foods in 2017* report by Global Data. This aligns with the growth of better-for-you claims, which have increased their market penetration from 42% in 2012 to 49% in 2017. Manufacturers should keep an eye on the growing vegan and vegetarian population, as they represent a potentially lucrative market for companies that can meet their particular needs.

Despite the emphasis on health, there's still a place for food manufactured for indulgence, reported *Food Business News* (April 24). The same consumers who want healthier ingredients still want food that tastes good, though they would prefer to minimize the sacrifices to health as much as possible.

"The challenge is creating something healthy that can indulge you at the same time," executive vice-president of bio-based ingredients at Corbion Andy Muller said at the American Bakers Association's annual convention. "It's an area where we're working hard to make that happen."

He listed enzyme blends for sugar reduction, trans-fat-free solutions and organic and clean label ingredients as possibilities bakers should consider when trying to merge health and indulgence. He also suggested that food producers and sellers would do well to keep up with the latest scientific developments, pointing out that the high demand for protein-rich foods has its roots in studies that found protein to be filling and offer more nutrition per calorie than other options.

Even the most indulgent products, such as chocolate, are seeing the benefits of healthy ingredients. While protein hasn't made much of a splash in the category, its prevalence in other snack categories means it may become a larger trend in the future, reported *Food Ingredients 1st* (April 25). The category is also likely to pick up on the plant-based trend, as nuts are already a common ingredient in chocolate bars.

In terms of environmental responsibility, Innova predicted mindful consumer choices as one of the top food trends for 2018. The research firm found that ethical claims on food and drink new product development has been soaring in recent years, at a combined annual growth rate of 44% between 2011 and 2016.

The trend is being driven by younger consumers, exemplified in how nearly 50% of Gen Z and Millennials value retailers that do good for the world. This has caused them to support food-tech startups that match

their demand for social and environmental good with measurable actions.

However, larger companies have been on the trend for years, with many pointing out their nods to sustainability and social justice in annual reports. General Mills pledged to source its 10 most important ingredients, which make up 40% of the company's raw ingredient purchases, from



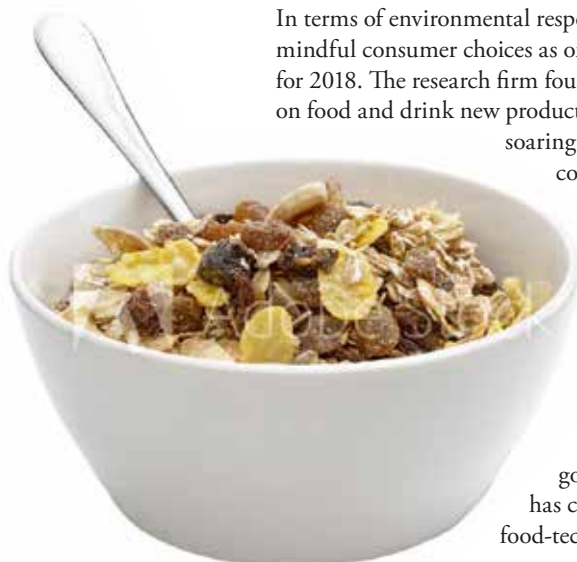
100% sustainable sources by 2017. The list of affected ingredients includes cocoa, vanilla, oats, U.S. wheat, U.S. sugar beets, U.S. corn (dry milled), U.S. dairy (raw fluid milk), fiber packaging, sugar cane and palm oil. The manufacturer has achieved 76% compliance as of April 5.

A similar pledge was made by Kellogg Co., covering cocoa, sugar cane, vanilla, palm, corn, wheat, rice, potatoes, beet and fruit. The company has also made pledges regarding social issues, offering support to the communities that grow its raw ingredients, starting work programs and helping farmers reduce their impact on climate change.

Increased interest in sustainability is happening further down the supply chain as well, with Cargill approaching 100% traceability of palm oil to the mill level, with the goal of completing the transition by 2020. The effort is part of the company's overall sustainability plans, which also cover cocoa and coconut oil.

However, issuing the occasional report isn't enough to draw consumers' attention and loyalty. Manufacturers that want to take advantage of their sustainable ingredient practices need to make sure customers actually notice what they're doing, as 92% of consumers don't notice sustainability logos on packages, according to a study by QuadPackaging.

That doesn't mean consumers aren't interested in sustainable ingredients – more than half of consumers say a simple sustainability rating system would impact their purchase, while over 40% said sustainability influences their buying decisions. Rather than rely on packaging alone, manufacturers need to engage in marketing campaigns that let consumers know the companies they buy from share their same values.



# Featured Products



## Zollipops

Walled Lake, MI

Loved by kids and approved by moms. Kidpreneur, Alina Morse's, Zollipops & Zaffi Taffy, Clean Teeth Candy are the #1 best-selling, tooth-friendly, sugar-free candy in the U.S. according to IRI and AC Nielsen. In the U.S., Zolli candies are sold at Walmart, Kroger and Amazon. Zollipops are great for families and consumers seeking a delicious healthy treat. Zolli candy are sugar-free, nut-free, gluten-free, non-GMO, dairy-free, vegan, Kosher & made in the U.S with natural flavors and colors. Zollipops contribute 10 percent of profits and One Million Zollipops to schools to promote oral health education with children and families.

Zollipops have more than 100 million media impressions and have been featured on CNN, at the NYSE, GMA Shark Tank, Steve Harvey, Harry Connick, NPR, Forbes, Scholastic and many other trusted media outlets. Zollipops were the only candy at the White House Easter event two years in a row, invited by First Lady Michelle Obama. [zollipops.com](http://zollipops.com)



## Sustainable Indulgence LLC

Bridgeport, CT

Founded in 2013 in Bridgeport, CT. Sustainable Indulgence is a line of delicious cookies that feature nutritional powerhouse super foods, such as Chia, Flax, Maca, Hemp Seed Protein, Goji Berry and Lucuma. Our flavor varieties are Almond Chia, Pecan Maple Bliss, Chocolate Chipster, Walnut Chocolate Chip and Oatmeal Raisin. Each batch is hand made, gluten-free, vegan, certified Kosher, non-GMO and made in the U.S.

We are launching our newest flavor this summer – Cinna-Maca, the classic “Snickerdoodle” featuring ground Flax and Maca powder. The company launched with regional distribution and is growing into national and international markets. [sustainableindulgence.com](http://sustainableindulgence.com)



## The GFB: Gluten Free Bar

Grand Rapids, MI

Started in 2010 by brothers, Marshall and Elliott Rader, the GFB is a Certified B Corporation that has been a leader in the gluten-free industry creating bars, bites and power breakfast. Focused on creating a good-tasting, good-for-you, 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.

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, Dark Chocolate Hazelnut, PB & J

We believe eating well plays a strong role in helping you feel well: eat healthier, feel happier. If you're choosing our foods because they allow you to indulge your taste buds while showing kindness to your body, then we're succeeding in our mission. [theglutenfreebar.com](http://theglutenfreebar.com)



## Life Plus Style Gourmet

Valley Stream, NY

Life Plus Style Gourmet is best known for its unique and delicious line of artisan-made Coney Island Classics Kettle Corn and Caramel Corn. Each batch is hand crafted in copper kettles the old-fashioned way, reminiscent of walking the boardwalk during the summer in Coney Island, NY.

Made with 100% non-GMO whole grain American corn to create six exceptional varieties that will entice your taste buds: Sweet & Sea Salty, Butter Me Up, Caramel Corn, Cinnamon Bun, Jalapeno Poppers, Smokin' Bar-B-Q.

All natural, gluten free, certified kosher and made in a nut-free facility. It's naturally nutritious! Made in the U.S. and enjoyed around the world. [coneyislandclassics.com](http://coneyislandclassics.com)



## Lakefront Brewery / Organika™ Organic White Ale

Milwaukee, WI

Lakefront Brewery in Milwaukee, Wisconsin was the very first brewery in the U.S. to be Certified Organic. Organika™ Organic White Ale is brewed with organic Two-Row malt, wheat flakes, oat flakes, orange peel, coriander and Cascade hops. It's very close to being a classic Belgian Witbier, however, we've made the liquid more drinkable and light tasting.

Lakefront Brewery currently brews two organic beers, Organika and Fuel Café™, an organic coffee stout. Lakefront takes organics, sustainability and green initiatives very seriously. From running our warehouse on solar power to repurposing our spent grain to river clean-up efforts to recycling and composting, Lakefront has been an innovator.

By the flavors, you'd never guess Organika or Fuel Café was organic. Both maintain every ounce of full satisfaction. [lakefrontbrewery.com](http://lakefrontbrewery.com)



## Hilger Agri/Natural Popcorn

Bellwood, NE

Raised on a farm and actively involved since childhood, Daniel Hilger, Owner CEO of Hilger Agri/Natural Popcorn, has always tried to be innovative. Researching alternatives to chemicals for 30 years, he has found that plants, like people, need a balanced diet of nutrients to obtain a natural resistance to insects and disease. Using a system that includes probiotics to make nutrients in the soil more available and apply various nutrients to achieve a proper balance of nutrients makes for a healthier plant and better quality and tasting food products. Hilger has also found that cover crops and cultivation have helped reduce weed pressure while improving the soil.

Daniel farms with his wife and son Marcus who will someday take over the farm and popcorn business. Their farm has grain storage bins to handle incoming crops and a warehouse and packaging facility to process, package, store and load out packaged popcorn. [hilgeragrinatural.com](http://hilgeragrinatural.com)

For more information about these Featured Products or other featured products please email: [info@foodexport.org](mailto:info@foodexport.org).

## EVENT CALENDAR

### JUNE

#### 5-8: Alimentec

Corferias, Bogotá, Colombia  
[feriaalimentec.com](http://feriaalimentec.com)

#### 11-14: EXPHORE – Expo Hoteles y Restaurantes

Belen, Costa Rica  
Eventos Pedregal, Heredia, Costa Rica  
[exphore.com](http://exphore.com)

#### 12-15: Fispal Food Service

São Paulo, Brazil  
Expo Center Norte  
[fispalfoodservice.com.br](http://fispalfoodservice.com.br)

#### 12-15: SIAL Asean

Manila, Philippines  
MX Convention Center, Metro Manila  
[sialasean.com](http://sialasean.com)

#### 20-22: VIV Europe 2018

Utrecht, Netherlands  
Jaarbeurs Exhibition Centre, the Netherlands  
[viveurope.nl](http://viveurope.nl)

#### 27-30: Food Taipei

Taipei, Taiwan  
Taiwan World Trade Center  
[fispalfoodservice.com.br](http://fispalfoodservice.com.br)

### JULY

#### 2-3: Imbibe Live 2018

London, United Kingdom  
Olympia London  
[live.imbibe.com](http://live.imbibe.com)

### AUGUST

#### 15-20: HKTDC Food Expo

Hong Kong  
Hong Kong Convention and Exhibition Centre  
[m.hktdc.com/fair/hkfoodexpo-en](http://m.hktdc.com/fair/hkfoodexpo-en)

#### 28-31: Abastur

Mexico City, Mexico  
Citibanamex Center  
[abastur.com/en](http://abastur.com/en)

#### 29-31: Natural & Organic Products Asia (NOPA)

Wanchai, Hong Kong  
Hong Kong Convention & Exhibition Centre  
[naturalproducts.com.hk](http://naturalproducts.com.hk)

### SEPTEMBER

#### 2-4: Specialty and Fine Food Fair

London, United Kingdom  
Olympia London  
[specialityandfinefoodfairs.co.uk](http://specialityandfinefoodfairs.co.uk)

#### 4-6: Seafood Expo Asia

Wanchai, Hong Kong  
Hong Kong Convention & Exhibition Centre  
[seafoodexpo.com/asia](http://seafoodexpo.com/asia)

#### 5-7: Asia Fruit Logistica

Lantau, Hong Kong  
Asia-World Expo  
[asiafruitlogistica.com](http://asiafruitlogistica.com)

#### 11-12: Vitafoods Asia

Sands, Singapore  
Sands Expo & Convention Centre at Marina Bay  
[vitafoodsasia.com](http://vitafoodsasia.com)

#### 15-16: CHFA East

Toronto, Ontario  
Metro Toronto Convention Centre  
[chfa.ca/en/tradeshows/chfa-east](http://chfa.ca/en/tradeshows/chfa-east)

#### 17-19: VIV China 2018

Nanjing, China  
Nanjing International Expo Centre (NIEC)  
[vivchina.nl](http://vivchina.nl)

#### 20-21: lunch! UK's Trade Show for Food-To-Go

London, United Kingdom  
ExCeL London  
[lunchshow.co.uk](http://lunchshow.co.uk)

#### 24-27: Espacio Food & Service 2018

Santiago, Chile  
Santiago Convention Center  
[espaciofoodservice.cl](http://espaciofoodservice.cl)

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

# Private Labels Strong a Decade After the Recession

Even though consumer confidence remains strong, sales of private label fast-moving consumer products grew at three times the rate of the equivalent branded items in 2017, with dollar sales up 3.2% to more than \$125 billion, according to Nielsen. This is a reversal of the trajectory seen at the end of 2016, when private label sales fell slightly.

However, the trend isn't being driven by national brands suddenly becoming unpopular – rather, premium choices in both categories are seeing the most growth. Store brands long ago discarded their reputation as inferior products, and the choices that play up their high quality are the ones seeing the strongest growth.

Even though discount store brands represent over 60% of revenue, the most inexpensive tier of products saw dollar share fall 2.3% to 30% in 2017, while the next tier up grew just 1.6% to 34%. In comparison, premium private label brands saw their dollar share grow 10.6% to 7% of overall store branded sales.



**Store brands long ago discarded their reputation as inferior products, and the choices that play up their high quality are the ones seeing the strongest growth.**



The trend was mirrored for branded products, where the most inexpensive options saw dollar share fall 7.4% to 11% of total sales, while the next tier up fell 1.6% to a dollar share of 27%. Meanwhile, the most expensive tier of branded items saw dollar sales growth of 6.3%, reaching 17% market share.

U.S. retailers are already taking advantage of the trend, with Ahold USA expanding its Taste of Inspirations brand to its Stop & Shop, Giant and Peapod banners, reported *Winsight Grocery Business* (April 19). The products were developed at Delhaize had been available at Hannaford and Food Lion for several years, and will replace the equivalent *Simply Enjoy* selections at the other banners. The line includes pastas, sauces, frozen appetizers, pizzas, desserts, marinades, dressings and other foods.

Private label makes up about 12% of the product assortment at Sprouts Farmers Market, and the retailer would like to boost that number into the mid-to-high teens, reported *Food Dive* (Dec. 7, 2017). Some of the retailer's store brands are notable for competing with national brands on quality, rather than price.

Sprouts' private label chips are often priced the same or higher than competitors, but they still outsell national brands, according to CEO Amin Maredia. He attributed their success to their health and taste. Snacks is one of the larger private label categories for the grocery chain, with penetration approaching 20%.

## State Spotlights



The "Ocean State" has 1,240 farms on over 70,000 acres, with top commodities of greenhouse and nursery products, dairy, sweet corn, and apples. Additional industries are potatoes, milk and aquaculture.

### 2017 TOP AGRICULTURAL EXPORTS

Cuttle Fish & Squid, Frozen or Dried	\$10.3 million
Protein Concentrates & Substances	\$9 million
Squid Frozen	\$7.9 million
Ethyl Alcohol, Undenatured, Alcoholic Strength by volume of 80% or higher	\$7.1 million
Scallops, Frozen, Dried, Salted, in Brine	\$6.5 million
Sausages & Similar Products	\$4.4 million
Ethyl Alcohol, & Other Spirits, Denatured, of Any Strength	\$4.1 million
Miscellaneous Food Preparations	\$3.3 million
Lobsters, Live, Fresh, Chilled, Dried	\$2.1 million
Inedible Fish Products	\$1.9 million
Coffee, Not Roasted, Not Decaffeinated	\$1.5 million
Frozen Fish	\$1.4 million



With 48,400 farms and ranches, using 45.2 million acres (nearly 92% of the state's total land area), corn and cattle are two of the top commodities produced in Nebraska.

### 2017 TOP AGRICULTURAL EXPORTS

Beef, Boneless Fresh & Chilled	\$603.3 million
Corn, Other Than Seed Corn	\$429.6 million
Beef, Boneless Frozen	\$377.4 million
Soybeans for Oilstock or Consumption	\$336 million
Pork Meat, Fresh & Chilled	\$198.7 million
Pork Meat, Frozen	\$158.4 million
Soybean Oilcake & Solids	\$138.6 million
Fructose & Syrups	\$113 million
Beef Cuts, Bone In, Frozen	\$112.8 million
Wheat & Meslin	\$96.6 million

# news briefs



## Nearly 25% of consumers throw out food each year.

They are aware of what they're doing, and are concerned about the negative financial and environmental implications of such waste, according to a survey by Phononic. While nearly half of Americans identified pre-packaged meals or meal delivery services as a potential solution for reducing food waste, a majority of Americans would be more likely to use a meal or food delivery service if the food was guaranteed to be fresh.

**What flavors will be big this year?** Middle Eastern cuisine, "less sweet" desserts, and functional ingredients are some of the top trends of 2018, according to Mintel. Mintel predicts international spice blends, sauces and condiments will become popular, while new spins on seasonings and preparation methods will bring meaty flavors to both meat and vegetables.

**Food safety is on shoppers' minds.** Wholesome, clean and unaltered foods are becoming a priority around the world in the wake of food safety scares and scandals, according to Technomic's *2018 Global Megatrends*. Technomic predicts that street foods, plant-based foods and customized foods will remain popular in 2018.

**More than 99% of shoppers purchased from the center store in 2017.** These consumers spent an average of \$1,408 a year in the section, according to Catalina's *The Center Store Revolution: Innovation Drives Trips and Category Growth*. The most popular categories in the center store include non-fat/low fat ice cream, value-priced entree frozen dinners, sparkling/seltzer water, and ready-made coffee drinks.



**Members of Generation Z actively participate in their family's grocery shopping.** The study found 47% of older Gen Z consumers, aged 18 to 21, participate in their household's grocery shopping, according to a study by IRI in partnership with The Family Room LLC. Additionally, parents say their Gen Z kids influence what they buy at the grocery store.

**Specialty food stores are seeing a decreased importance in grocery products.** At the same time, they're seeing more interest from consumers in prepared foods, ambiance and services. As more traditional retailers sell natural and organic products, specialty grocers are looking for new ways to set themselves apart. The Independent Natural Food Retailers Association notes adding perks to a store, like free Wi-Fi, grab-and-go foods or specialty products, make it more appealing to shoppers, reported *Supermarket News*.

**USDA updated its organic regulations.** The agency renewed 17 substances on the National List of Allowed and Prohibited Substances. The list reflects the outcome of the 2018 sunset review process and addresses the recommendations submitted to the Secretary of Agriculture by the National Organic Standards Board. The listing will become effective May 29.

**Consumers need an education on nutrition.** Thirty-nine percent of U.S. households fall into the category of low nutrition information users, while 48% are medium nutrition information users and 13% are high nutrition information users, according to USDA. Additionally, the agency found a correlation between nutrition information use and higher scores on the 2010 Healthy Eating Index.

**Consumers find sweet snacks the most appealing.** Almost three-quarters of consumers find sweet snacks appealing, with 36% saying they find them very appealing, according to Technomic and The J.M. Smucker Co. Those aged 25 to 34 are the most likely to prefer sweet snacks, followed by women, Westerners and those with a mixed ethnic background.

**Sandwiches are in!** Sixty-one percent of consumers eat sandwiches at least once a week, according to Technomic's 2018 Sandwich Consumer Trend Report. Forty percent of consumers' sandwiches are purchased away from home, while 60% are prepared at home. Over half of Millennials, and 39% of consumers overall, would like restaurants to offer more sandwiches with new or unique flavors.

**Consumer demand exists for alternatives to pasta and rice.** The United Fresh Produce Association's *FreshFacts on Retail* report predicts continued growth and expansion of fresh-cut and value added products, both in private label and branded produce, as health and convenience are two of the most important factors for successful new product launches in the produce department.

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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](mailto:info@foodexport.org)

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