

U.S. FOODLINK

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IN 2023 FOOD CONSUMERS WILL LOOK FOR Health and Sustainability

Health and sustainability will continue to be top of mind for shoppers in 2023, through a combination of continuing trends and new developments that may put new ingredients into the spotlight. Consumers will be looking for foods that promote overall wellness while minimizing the impact their production has on the environment.

One item that may see its day in the sun in 2023 is fish. Global consumption has risen 117% since 2016, and the protein piled on another 9% growth in the 12 months leading up to April 2022, according to data from Spoonshot. Consumers are turning to fish both for the flavor and for its health benefits, which include high amounts of Omega 3 fatty acids and lower fat than most land animal-based proteins. The top benefits associated with fish include protein (20.7%), low-carb (8.8%) and low-calorie (8.6%).

Even consumers who aren't ready to go pescatarian may be adding fish into their diets as one of the growing number of flexitarians. By mid-2022, interest in this diet had grown 341% since 2016 and 38% in the previous 12 months, and that trendline is expected to continue. Fish can be an important part of a flexitarian diet, particularly for consumers who still want animal-based protein but are concerned about the health issues linked to red meat consumption or the reported overuse of antibiotics in factory farming.

Shoppers at the intersection of health and social concerns may turn to plant-based seafood in the coming year. The space is currently very small, accounting for about 1% of the plant-based meat market compared to conventional seafood's 20% of the total meat and seafood market, but a study by The Good Food Institute found nearly three in four consumers are interested in alternative seafood.

(Continued on page 2)



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Health and Sustainability *Continued*

“Along with growing consumer interest in plant-based foods, factors like the high incidence of seafood allergies and the high price points of many seafood products – especially products that are consumed raw and thus pose special consumer risks – generate a sizable number of highly motivated early adopters and market entry points for alternative seafood products,” said Miles Woodruff, CEO & Co-Founder of Sophie’s Kitchen. “Additionally, after learning about plant-based and cultivated seafood, 42% of respondents said they found plant-based seafood appealing.”

While plant-based seafood may still be a small if growing segment, clean eating is anything but small. Consumers are increasingly interested in minimally-processed foods, particularly those that are rich in nutrients on top of being free from unnecessary chemicals and calls for these products are expected to get louder. Manufacturers that already cater to vegetarian and vegan needs should take note, as 10% of consumer conversations on vegan/plant-based food were about clean eating, according to Spoonshot.

Data from SPINS shows that various clean labels saw significant growth throughout 2021, and that momentum is expected to continue carrying them through 2022 and into 2023. Sales of USDA Organic rose 28% and Non-GMO Project Certified rose 27%.

Even foods that aren’t traditionally connected with healthy eating can be connected to the rise in clean labels, according to Home Eatz. Meat products that can highlight specific attributes such as antibiotic-free or grass fed will continue to be in high demand, and pastries and other treats that replace sugar with natural alternatives are also experiencing a surge in popularity.

This goes hand-in-hand with rising interest in functional foods that contain components that are good for the health of the body and mind. This has been a slow but steadily growing category, and interest is expected to continue rising in 2023. Functional food products are often plant-based and rich in vitamins or antioxidant properties, with claims including improved sleep, stress management and relaxation.

Consumers interested in alternative paths to help are expected to continue building a focus on immune and microbiome health. Some functional beverages already contribute to gut health, and postbiotics are also gaining traction. Fermented foods such as sauerkraut, kimchi and tempeh will be the beneficiaries of this trend, as shoppers look beyond basic nutrition to find healthy choices with benefits in multiple categories.

“It’s not enough to just be full and hydrated with great, clean foods,” says Becca Schepps, founder and CEO of Mortal Ventures. “Everything we consume must be multi-tasking.”

The continuing demand for health will also cause shoppers to keep an eye on what *isn’t* in the foods they buy. Foods that are free from sugar without sacrificing taste or texture will only become more popular among shoppers, particularly those that are trying to manage their blood sugar levels.

Shoppers will also be looking at how their foods are packaged. Stephanie Venn-Watson, CEO and Co-Founder of Fatty15, noted that a “natural product with packaging that is hard on the environment is counterintuitive.”



Manufacturers interested in appealing to consumers’ demand for overall wellness should look into packaging that is usable, made from environmentally friendly materials, or has other sustainability claims.

Tying all these concerns together is the omnipresent conversation around inflation. Manufacturers need to strategize the best ways to meet health and sustainability claims without raising prices too high. These ingredients already command a premium and adding too much onto a product’s final price could dissuade potential buyers who would normally pay a little extra for something a little healthier.

“The bigger macro issue everyone is watching is pricing with prices increasing and inflation,” said Jeremy Vandervoet CEO of Little Secrets Chocolates. “Natural products are a premium already. Everyone is already feeling the effects from raw materials, transportation and labor. It’s unlike anything we’ve ever seen. That’s what everyone is watching.”

Grocery Shoppers' Loyalty is Waning, But Interest in High-Quality Food Remains



The consumer shopping landscape has become a combination of trends that carried over from the pandemic and new habits developing in response to rising food prices.

In particular, omnichannel shopping options continue to be paramount even as pricing and promotions become vital in maintaining loyalty from shoppers who are increasingly willing to switch brands in search of the best deal.

A survey by the Food Industry Association (FMI) found that 64% of shoppers went online for groceries at least occasionally over the past year, which is up from 52% in February 2020. FMI sees omnichannel service growing in importance for grocers looking to offer a great experience – shoppers expect a convenient, well-stocked experience no matter how they interact with any given grocer.

However, the growth of multi-channel trips has only reduced shoppers' loyalty, with supermarkets and mass retailers and club stores each attractive to shoppers for different kinds of trips. Mass retailers have been gaining market share due to their “distinctive” shopping experiences that let consumers grab non-grocery items as well as staples on the same trips, though consumers still turn to grocers when they want products from fresh categories like produce.

Building and maintaining loyalty requires brands to understand all of these habits and provide shoppers what they're looking for on multiple levels. For instance, targeted discounts for loyalty and large baskets remain a good way to reward loyal customers, but adding in multiple options for digital shopping, such as offering curbside pickup or delivery, adds an extra level of flexibility that can help consumers make purchases at their own pace.

Additionally, price isn't everything, even if it is of growing importance.

FMI found that 19% of consumers say they're paying more for food due in part to buying higher-quality items. This is concentrated among higher-income consumers and fresh products, but it shows that many shoppers are interested in the best deal for their money and are still willing to pay more for a product with premium attributes.

FMI suggested that connecting premium products with meal planning may be a good strategy to maximize their potential. Shoppers looking to save may be more willing to spend a bit more if the items in question are presented as offering restaurant-quality food for significantly less than it costs to eat at a restaurant.



Featured U.S. Midwest & Northeast State Profiles

NEW JERSEY
— Est. 1787 —

9,883 FARMS **TOP AG EXPORTS**

734,084 ACRES

9.3 mil POPULATION

37 TOTAL EXPORTS RANK AMONG STATES

GARDEN STATE

OKLAHOMA
— Est. 1907 —

78,531 FARMS **TOP AG EXPORTS**

34.1 mil ACRES

4 mil POPULATION

25 TOTAL EXPORTS RANK AMONG STATES

SOONER STATE

CONNECTICUT
— Est. 1788 —

5,521 FARMS **TOP AG EXPORTS**

3.1 mil ACRES

3.6 mil POPULATION

43 TOTAL EXPORTS RANK AMONG STATES

CONSTITUTION STATE

OHIO
— Est. 1803 —

77,805 FARMS **TOP AG EXPORTS**

14 mil ACRES

11.8 mil POPULATION

10 TOTAL EXPORTS RANK AMONG STATES

BUCKEYE STATE

news briefs

Americans spend \$314 a month on impulse purchases, on average, up from \$276 in 2021. Despite recession fears, the combination of social media ads and 'revenge spending' still leads 73% of adults to make spontaneous purchases, reported *CNBC*.

As Gen Z members grow into their purchasing power, the plant-based food market is forecast to grow. A report from the NPD Group found that 79% of the Gen Z population choose to go meatless one day a week and 65% say they want a more plant-forward diet, reported *Supermarket News*.

Consumer goods companies are rolling out new package sizes and launching new affordable products. They are also pushing lower-priced items in some stores as consumers increasingly pull back on spending. CPG companies say they're unsure of what a recession will look like for consumers, as many habits, like pulling back on restaurant spending, were already in place following the pandemic, reported *The Wall Street Journal*.

Nature-friendly farming methods boost biodiversity without reducing average yields. A 10-year study by the U.K. Centre for Ecology and Hydrology found that setting farmland aside for rewilding did not have a negative effect on food security and actually enhanced overall yields for some crops, reported *The Guardian*.

Novel Farms has successfully cultivated pork loin with the marbling and texture of a real muscle cut. Armed with \$1.4 million in SAFE notes, or simple agreement for future equity, the company says it has achieved the 'world's first' slaughter-free pork loin that looks like real meat, reported *TechCrunch*.

U.S. import activity continues to inch toward all-time highs despite canceled inventory orders. As of August 18, there were 130 vessels awaiting a berth at U.S. ports, and



Descartes reported imports increased 3% in July year-over-year, reported *Freight Waves*.

Red meat sales remain strong, with IRI reporting \$8.5 billion in meat department sales in July. Gains have reached +5.6% versus 2021. Meanwhile, the global meat market is expected to grow at a CAGR of +5.7% to approximately \$1.35 trillion by 2029, according to *Research and Markets*.

More than half of U.S. shoppers are willing to pay more for food that contributes to their overall well-being. A Deloitte report surveyed consumers in July who said they believe fresh food can have preventative or therapeutic benefits and are willing to share data with their grocer to receive personalized shopping lists with nutritional guidance, reported *Bloomberg*.

Shoppers care less about the environment as cost pressures rise. Research suggests that the proportion of consumers who are highly concerned about the environment and try hard to cut their waste dropped to 18% in 2022, from 22% a year earlier, as war and inflation trump the environment as many consumers' leading concern, reported *Bloomberg*.

A lackluster U.S. harvest is adding to global food challenges, according to agriculture industry executives.

Leaders from Bayer AG, Corteva Inc., Archer Daniels Midland Co., and Bunge Ltd. noted worldwide crop supplies remain tight, and at least two more years of good harvest in North and South America would be needed to ease the pressure, reported *The Wall Street Journal*.

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Orange Cheese Company

New Haven, Connecticut

Founded in 2014, Orange Cheese Company is a dedicated exporter and brand partner for several award-winning American dairy brands. Headquartered in Woodbridge, CT, we have two subsidiary companies in mainland China and Hong Kong. We offer a wider range of American natural, processed, and specialty cheeses to retail, food service and dairy manufacturing sectors.

Sartori: As a fourth-generation, family-owned Wisconsin cheese producer, Sartori's premium artisan cheese has won over 400 of the most prestigious domestic and international awards.

AMPI/Dinner Bell Creamery: More than 1,300 dairy farm families own eight manufacturing plants throughout the Upper Midwest and market about 5.9 billion pounds of milk per year. The co-op runs one of the largest butter packaging plants in the country and is the largest cheese cooperative based in the U.S.

Prairie Farms Dairy: One of the largest and most successful dairy cooperatives operating in the Midwest and the South, including more than 700 farm families, 7,000 team members, 47 manufacturing plants, over 100 distribution facilities, and annual sales of over \$3.6 billion. orangecheeseusa.com



kin+kind

New York, NEW YORK

Hi, we're kin+kind! We love making natural and affordable pet care that's not just good for animals, but also for the world we share with them. That's why we're on a mission to clean up pet products.

Clean products combine natural ingredients, safe+effective design, and ethical production. Our team of clever humans include veterinary, formulation, and plant experts who create advanced plant technologies from the ground up. We use ingredients that are USDA organic, free from GMOs and harmful chemicals, and mixed by hand here in the USA by a team paid a responsible, living wage.

kin-kind.com



Tanuk Inc.

Newton Highlands, Massachusetts

Meal Mantra is a line of authentic, all-natural dips, Chutneys and Curry Simmer sauces, crafted in small batches with our heirloom family recipes from the creators of Tandoori Cuisine and simmered to perfection. Indian Cuisine is renowned for its healthy options and flavors that elevate many vegetables and even the humble legume to an exalted gourmet experience. The challenge in trying this cuisine at home has been the complex play of spices which is often difficult to get right for the amateur.

Anu, Co-Founder of Meal Mantra, learned to appreciate the wonderful art of cooking at an early age when she would follow her grandfather Kundan Lal Gujral (inventor of the Tandoori Cuisine) into the kitchens of the legendary Moti Mahal restaurant in India and lose track of time in the aromas, tastes and textures of food as she stood enraptured in the thrall of a man who was in his element creating artistic masterpieces that would lure his customers to another world of culinary wizardry.

All-natural ingredients | Clean label | Gluten Free | No fillers, stabilizers or gums | Delectable taste | Quick, easy to do, flavorful sauces | Proudly crafted in the USA
mealmantra.com



Bar Harbor Foods

Cutler, Maine

The taste of wind, weather, and clear, cold water; it's not a flavor that needs improving. We create our New England Clam Chowder in small batches the way people on the Maine coast have been doing for generations. Loaded with juicy clams and simple, wholesome ingredients, it's as close to "Fresh Off the Docks" as you can get without being here!

Bar Harbor is firmly established as a premium brand of all natural, sustainable, shelf stable seafood. Bar Harbor uses MSC certified seafood, non-GMO ingredients, and no artificial preservatives or additives. The use of non-BPA lined containers is another example of the emphasis Bar Harbor places on providing consumers with health conscious, high quality foods.

The success of the Bar Harbor brand is its humble origins and hands-on methods of production. Every clam is sorted and shelled by hand. You can taste the difference!

barharborfoods.com

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



Acme Smoked Fish Corporation

Brooklyn, New York

From our humble beginnings on a horse-drawn wagon, to today's fourth-generation Brooklyn business – there are over 100 years of passion and tradition in Acme's family history. Our team is dedicated to crafting memorable food experiences meant to be shared. Our commitment to quality can be tasted in every bite of Acme Smoked Fish's cold smoked, hot smoked, salads and herring.

Wild Alaskan Sockeye salmon is known for its extreme bright red color, firm texture, and distinctive flavor. These are qualities that are enhanced through Blue Hill Bay's natural curing and smoking process. The finished product is a naturally red, moist, and succulent smoked salmon with a rich oil content that is high in omega 3 fatty acids. Winner of the 2019 Gold sofi Award by the Specialty Food Association, which recognizes excellence in the specialty food category. acmesmokedfish.com



LorAnn Oils, Inc.

Lansing, Michigan

As plant-based trends and sustainability are top of mind for consumers, LorAnn has responded to demand by releasing certified organic options for their finest vanillas, essential oils, and their new certified organic bakery emulsions including: Almond, Blueberry, Raspberry, Lemon, Strawberry, Peppermint, and Orange. LorAnn is committed to ongoing education and collaboration to help reduce waste and energy.

LorAnn offers all products in both foodservice and retail sizes. Bakery emulsions are preferred by professional bakers over alcohol-based extracts due to their robusticity.

LorAnn also offers organic options in their Madagascar vanilla extracts and bean paste, and an organic lavender essential oil.

LorAnn also uses sustainable packaging and internal processes. This includes shipping packages in a variety of sizes to eliminate the need for extra packing materials and packing products in recycled paper. At the home office and new production facility, LorAnn keeps energy consumption in mind and has minimized with tactics such as programmable thermostats and LED lighting. lorannoils.com/organics



The Planting Hope Company

Chicago, Illinois

RightRice® from Planting Hope Brands, LLC is a delicious alternative to traditional rice and flavored rice blends that offer little more than starch as nutrition. Made from our custom blend of bean and grain, it is packed with the power of nutritious vegetables to give you more plant-based protein and fiber. RightRice® is made from lentils, chickpeas, peas and rice, with more than double the protein, five times the fiber, and almost 40% fewer net carbs than white rice. This powerful blend of nutritious vegetables are loaded with complete plant-based protein, fiber, plus iron and other vitamins and minerals. Just four simple ingredients: lentil, chickpeas, peas and rice with no preservatives or unnecessary ingredients.

The Planting Hope Company Inc. is a women-led and women-managed public traded company whose mission is to do better through offering planet-friendly plant-based foods, featuring better nutrition, sustainability, and representation.

plantinghopecompany.com



Core and Rind

Saint Louis, Missouri

Core and Rind created plant-based and dairy free Cashew Cheesy Sauces. They have whole, real, plant-based ingredients, all of which you can pronounce! Create comfort foods like creamy macaroni & cheese, smothered veggies, gooey nachos, or any of your favorite cheesy meals. Available in three flavors – Sharp & Tangy, Bold & Spicy, Rich & Smoky. The founders, Candi and Rita, spent years developing Cashew Cheesy Sauce to make your journey to health easier and tastier. We are proudly women-owned.

Plant-based, shelf-stable and clean label | 11 oz net weight & shelf stable until opened | Deliciously creamy & dairy free | Vegan, Paleo, Whole30 & Keto friendly | Clean label ingredients - gluten, soy, chemical preservative & additive free

coreandrind.com

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