

U.S. FOODLINK

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

Vol. 15 No. 2



Functional Ingredients Positioned for Growth *as Demand For Healthy Meals Grows*

While ingredient fads rise and fall, one particular trend has shown significant staying power: health. Functional and plant-based foods are positioned to stay prominent in the public's eye through 2019 as consumers continue looking at their diet as an important part of their overall health.

"I don't see it going away," Sanford Sports Science Institute dietician Lizzie Kasparek said in an interview with *Food Dive*. "People are interested in their health, and if they can pay the price pay for the option that has added fruits and vegetables, or added omega-3 or added probiotics, [they] are looking for those different packages that make it seem like they are getting benefits from those foods."

While functional foods were once a niche product, the global market is anticipated to grow nearly 8% annually through 2021, according to a report from Technavio. This segment includes both ingredients like probiotics, which have spread from being a yogurt-focused concept to cover a wide range of fermented foods and beverages, to plant-based foods, where ingredients like cauliflower, squash and chickpeas are used to fortify more traditional foods.

This use of functional ingredients in common foods is particularly noteworthy: 65% of U.S. consumers seek added functional benefits from their everyday food and beverages beyond their inherent benefits, according to a study by Kerry. Many producers are already responding, as product launches with added functionality claims have grown 19% in the past four years.

The number of new food and beverage products with digestive functional benefits have grown 16%, and those with immunity benefits have grown 9% in the last four years, according to Mintel. One of the all-stars in this category is turmeric, as retail revenue from products containing the ingredient have grown 179% since 2016.

(Continued on page 2)



www.foodexport.org

Functional Ingredients Positioned for Growth Continued

Green tea is another classic superfood, but its popularity is still growing, with appearances on menus up 27% in 2019 compared to 2015, putting the choice on 19% of all U.S. menus. Apple cider vinegar and kombucha have also seen a major rise in popularity, with kombucha up 71% over the past four years, while ginger's appearances grew 55% in the last year alone.

While the benefits of turmeric are already widely known in the public, some ingredients are just starting to see their time in the mainstream. One of these is collagen, which has already been popular in supplements and sports nutrition products but is now starting to appear in grab-and-go snacks and beverages, reported *Food Business News*. Collagen appeared in a number of items at Natural Products Expo West, where the ingredient showed off its versatility in products ranging from flavored water to dips to nutrition bars.

Algae is another up-and-coming star, thanks to its extremely high protein content, reported *New Daily Herald*. Every 100 grams of raw spirulina contains 60 grams of protein, along with high levels of Vitamin A, B, C, E and K. Algae-derived products also contain calcium, iron, magnesium, manganese, phosphorus, potassium, sodium and zinc.



that are the result of or can be worsened by inflammation. These results could be particularly notable, as they would turn something currently considered a waste product into a potentially valuable ingredient.

Older consumers are particularly likely to seek out functional ingredients, 95% of Baby Boomers agree that a healthy diet is important to maintain good health, compared to 88% of Millennials. The numbers are still high among both cohorts, which makes it important for manufacturers to consider functional foods regardless of their primary customer demographic.

The desire for health is also spurring interest in plant-based foods, as shown by the rapid adoption of the Impossible Burger at restaurants across the U.S. Nestle is one of the major producers getting involved in this category, and the company noted that research has shown 80% of consumers say they want to find functional benefits in food and beverages rather than supplements, reported *Baking Business*.

The company has expanded its functional and plant-based offerings through products including Awesome Burgers, GoodBe bars and Goodnight clusters, which are the fruit of investments and acquisitions in the area. Retailers are also interested, and Nestle said that Wegmans has been asking for healthier snacks to join their candy bars in the checkout area.

Mondelez International is in on the trend as well, most recently through a minority investment in Uplift Food, a startup focused on prebiotic functional foods. The investment was part of Mondelez's SnackFutures initiative, an innovation and venture hub that seeks snacking growth opportunities around the world and includes functional foods as one of its targets.

There are a wide variety of functional ingredients other manufacturers getting in on this trend can look at, and the best place to start may be looking at what consumers want out of their functional foods. The most common desire is weight management, sought by 67% of consumers, followed by energy support at 54%, digestive and gut health at 52% and beauty benefits such as better skin and hair at 48%.

The ingredient most commonly associated with weight management is green tea, cited by 48% of consumers, followed by apple cider vinegar at 43% and grapefruit by 37%. When it comes to digestive health, consumers are most likely to turn to probiotics (55%), followed by prebiotics (33%) and then apple cider vinegar (36%).

FUNCTIONAL INGREDIENTS POISED FOR GROWTH

The number of new food and beverage products with digestive functional benefits have grown 16%, and those with immunity benefits have grown 9% in the last four years, according to Mintel.



One of the all-stars in this category is turmeric, as retail revenue from products containing the ingredient have grown 179% since 2016.

Green tea is another classic superfood, but its popularity is still growing, with appearances on menus up 27% in 2019 compared to 2015, putting the choice on 19% of all U.S. menus. Apple cider vinegar and kombucha have also seen a major rise in popularity, with kombucha up 71% over the past four years, while ginger's appearances grew 55% in the last year alone.



80% of consumers say they want to find functional benefits in food and beverages rather than supplements, reported *Baking Business*.

The most common desire is weight management, sought by 67% of consumers, followed by energy support at 54%, digestive and gut health at 52% and beauty benefits such as better skin and hair at 48%.



Still other functional ingredients remain on the horizon. A recent study by Penn State University found that the seeds of avocados may exhibit anti-inflammatory properties. The findings have implications as both a functional food ingredient and in pharmaceuticals.

The investigation needs to be continued with animal studies before the findings can be confirmed, but the results could help functional foods combat cancer, cardiovascular diseases, arthritis, colitis and other ailments

Featured Products



Big Fork Brands

Chicago, IL

Big Fork Brands is a Chicago-based, family-owned company focused on innovating the swine; through bacon sausage, pork jerky, & snack sticks. Big Fork works with independent farmers in the Midwest who raise Heritage Hogs outdoors without the use of antibiotics. These hogs live the good life with continuous access to the outside. Our goal is do very little to the glorious meat so you can taste the quality, taste the difference. Clean label, great tasting products, with a unique twist, that's Big Fork.

Craft Pork Snack Sticks by Big Fork Brands come in three pork tasty flavors: Original, Maple-Pepper, and Thai Green Curry. Each 1 oz. stick has 7g of protein and 50 calories. Made from 100% Heritage Hogs raised outdoors in Iowa.

Made in USA, Antibiotic-Free, Nitrate-Free, Gluten-Free, Soy-Free, Preservative-Free. These sticks are paleo and keto friendly. bigforkbrands.com



M-Power Enterprises LLC

Smithville, MO

Inspired by her mother's authentic Thai recipes, Marisa Wiruhayarn developed Primal Cry Hot Sauce as a complement to her restaurant's traditional Thai entrees. Originally, Marisa was sneaking in a few containers of the sauce for delivery orders. Customers' palates were satisfied, but they soon craved more of the rich spicy sauce. Marisa quickly recognized the potential for the sauce to enrich not only her customers' Thai food experience, but also others' culinary experiences. Marisa's business savvy and encouragement from family led to a decision to bottle the hot sauce as a product that could be distributed more broadly. Marisa found a manufacturer in 2015, and the business has been growing ever since. The Primal Cry lineup has also expanded to include Sweet Peanut Sauce.

Primal Cry sauces can be found in many local grocery stores in Kansas City and even recently went abroad to collaborate with new retail partners. Watch out, world! Primal Cry Hot Sauce adds Thai spice to your life or livens up your Bloody Mary, while Primal Cry Sweet Peanut Sauce makes some mean PB&J Wings. Add some Primal Cry to your pantry! primalcrythai.com



Paleo Scavenger LLC

Chicago, IL

Within/Without, a woman-owned business founded in 2014 and headquartered in Chicago, Illinois, is a mindful snacking company that supplies soft and chewy, grain-free granolas in a variety of flavors including: Original, Cherry, Blueberry, Maple Pecan, Chocolate Peanut Butter and seasonal Pumpkin. We believe food should enhance the mind and body. Our mission is to help everyone encounter the transformative experience of clean eating, because when you optimize your body from within, you can perform at your best without limitations. All Within/Without granolas are Certified Paleo, Gluten Free, Grain-Free, Keto-friendly and made from Non-GMO ingredients. Made with nine ingredients or less, our granolas are handcrafted with clean and simple ingredients such as almonds, coconut oil and honey, and always free-from inflammatory foods including grains, dairy, soy and refined sugars. Within/Without products can be found at retail grocery stores nationwide and online at withinwithout.com



Pocas International Corp

South Hackensack, NJ

Pocas Ginger Brew Meets Superfoods Consumers are highly interested in earthy flavors such as ginger and turmeric according to the Google Beverage Trend report 2017. Demand for ginger beverages is growing strongly with a year-over-year growth rate of 32 percent. Likewise, modern consumers are looking for something healthy but refreshing. As a result, Pocas International Corp. debuted Pocas Ginger Brew in 2018.

Pocas is passionate about delivering premium healthy beverages and specialty foods with only top-quality products. Pocas' mission is to study global market trends of healthy foods and beverages to supply the best healthy products with the lowest price possible.

Pocas Ginger Brew is freshly brewed from triple-filtered carbonated water and are healthy fusion-style ginger drinks with a variety of superfoods and natural flavored juices. Five flavors include Original Ginger, Ginger+Calamansi+Mojito, Ginger+Mango+Turmeric, Ginger+Pineapple+Ginseng, and Ginger+Apple+Moringa. It is caffeine free, non-GMO, kosher, and does not contain any preservatives or high fructose corn syrup. pocas.com



Pioneer Pet Products, LLC

Cedarburg, WI

SmartCat All Natural lightweight clumping litter is made from 100% US farmed grasses. Feel good about a litter that has no added perfumes or fragrances that could be offensive to your cats. Our litter clumps on contact and is 99% dust free. With no dusty residue, the chance of litter related respiratory issues is greatly reduced. SmartCat All Natural Litter also has a creamy sand-like look and texture that most cats accept easily. This makes transitioning from your old litter to SmartCat All Natural Litter quick and simple. SmartCat All Natural Litter is made right at our corporate office in Cedarburg, Wisconsin. We are a family-run company of pet lovers. pioneerpet.com



Meal Mantra

Newton Highlands, MA

Meal Mantra is a line of authentic, all-natural Indian Curry sauces. Meal Mantra sauces are handmade in USA with heirloom family recipes from the creators of Tandoori Cuisine and simmered to perfection. We take pride in our all natural ingredients, clean label and easy-to-do Simmer Sauces that allow a unique experience in a wonderful culinary exploration. mealmantra.com

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

EVENT CALENDAR

MAY

6-9: Bakery China 2019

Shanghai, China
SNIIEC
bakerychina.com

7-9: Vitafoods Europe

Geneva, Switzerland
Palexpo
vitafoods.eu.com

7-9: Seafood Expo Global

Brussels, Belgium
Brussels Expo
seafoodexpo.com/global

17-19: SIAL China

Shanghai, China
SNIIEC
sialchina.com

21-24: Seoul Food & Hotel

Seoul, Korea
KINTEX
seoulfoodnhotel.co.kr

21-22: PLMA's 2019 "World of Private Label" International Trade Show

Amsterdam, Netherlands
RAI Exhibition Centre
plmainternational.com

22-24: HFE (Health Food Exposition) Japan

Tokyo, Japan
Tokyo Big Sight
ifa-japan.com/en

28-6/01: THAIFEX

Bangkok, Thailand
IMPACT Exhibition and Convention Center
thaifexworldoffoodasia.com

29-31: China International Food, Meat & Aquatic (FMA) Products Exhibition

Hongqiao, Shanghai, China
National Exhibition and Convention Center
fmachina.cn/expo/en

JUNE

19-21: Food Taipei - Taipei

International Food Show
Taipei, Taiwan
TWTC Taipei Nangang Exhibition Center
foodtaipei.com.tw

JULY

11-21: Agroexpo 2019

Bogota, Colombia
Corferias – Centro de Convenciones
agroexpo.com

17-19: Specialty & Fine Food Asia

Singapore
Suntec Singapore
specialty-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 (SNIIEC)
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

Supermarkets Embrace Robots Both in Warehouses and In-Store

While grocers were slow to get in on the initial e-commerce rush, largely due to the logistical concerns surrounding the delivery of fresh food, they are on the ground floor of robotics technology. From more efficient warehouses to safer supermarkets, robots are the wave of grocery's future on a number of fronts.

One of the relatively easy places to test new tech is behind-the-scenes, where it doesn't have to interact with the chaos that can be caused by customers. Kroger and Ocado are experimenting on this front with an automated robot warehouse in Monroe, Ohio, which will serve as a customer fulfillment center, reported *Forbes*. The companies plan to build 20 automated customer fulfillment centers across the U.S. over the next three years.

As the technology matures and shoppers become more used to their presence, robots may find use in an ever-increasing number of tasks



Ocado's existing UK-based operations include a warehouse located in Andover, where robots pack grocery orders and process 65,000 orders per week.

The robots move along a grid, communicate with each other and use charging bays to keep their batteries full.

Robots are moving in-store as well, as seen through Ahold Delhaize's launch of nearly 500 robots at its GIANT and Stop & Shop stores, reported *Retail TouchPoints*. These large robots come equipped with friendly googly eyes, and patrol the aisles in search of spills and other potential dangers.

"The purpose of our robots is to make sure our stores are a safe place for associates and our customers," said Nick Bertram, President of GIANT during a presentation at the 2019 NRF Big Show. "This robot helps us take it to the next level by scanning different areas where there may be a hazard, then alerting an associate so they can come out immediately and take care of that hazard."

The robots are adaptable: if a particular aisle is spill-prone, a Marty can roll down its entire length rather than just stop at the end and scan for issues. The robots also can recognize different types of flooring – a grape may be a slipping hazard if it's in the middle of the cereal aisle, but it can be ignored if it's safely caught in a rubber mat in the produce section. Their cameras can also handle other tasks, including analyzing shelves for out-of-stocks and gathering other useful data.

These two represent just the earliest uses of robots in a food retailing setting. As the technology matures and shoppers become more used to their presence, robots may find use in an ever-increasing number of tasks, helping grocers gain new insights and benefits at their stores.

State Spotlights



Oklahoma

The Sooner State's 78,000 farms cover 34.2 million acres of land, with the average farm sizing in at 438 acres. They're the second largest beef cattle producing state in the nation and the fourth largest producer of wheat.

2018 TOP AGRICULTURAL EXPORTS

Pork Meat, Fresh/Chilled	\$107 million
Wheat & Meslin	\$91.7 million
Pork Meat, Frozen	\$61.7 million
Pork Meat, Hams/Shoulders Bone In Fresh/chilled	\$20.8 million
Soybean Oilcake & Solids	\$18 million
Dog & Cat Food	\$14.4 million
Sesame Seeds	\$14.2 million
Sausage Casings	\$14.2 million
Sausages & Similar Products	\$13 million
Soybeans for Consumption & Oilstock	\$11.7 million
Sauces, Dressings and Condiments	\$9.2 million



New Hampshire

There are some 4,400 individual farm operations of all sizes in The Granite State, managing over 470,000 acres. Greenhouse, nursery and dairy products are the most important commodities.

2018 TOP AGRICULTURAL EXPORTS

Lobsters, Live Fresh Chilled, Dried Salted or in Brine	\$44.7 million
Cocoa Preparations Not in Bulk Form	\$26.9 million
Pig Fat	\$20.8 million
Chicken Cuts & Edible Offal, Fresh/Chilled	\$6 million
Maple Sugar and Maple Syrup	\$5.7 million
Chocolate & Other Cocoa Preps, Not Bulk, Not Filled	\$5.1 million
Sugar Confections Inc. White Chocolate No Cocoa	\$3.2 million
Eggs of Chickens, Fresh	\$1.8 million
Fish Fillets & Meat, Frozen	\$1.5 million
Miscellaneous Food Preparations	\$1.4 million
Fish, Prepared/Preserved	\$1 million

news briefs

Transparency, convenience, health and snacking are sources of opportunity in the fresh food space. Diversity is also having an increasing impact on food preferences, according to Nielsen. There has been a 5% growth in sales of Asian products across the store, while Middle Eastern influences are gaining momentum, particularly in fruits and herbs.

Thirty-three percent of consumers in North America increased grocery spending over the past five years. Meanwhile, consumers are often cost-conscious and look for bargains, but they are willing to pay a premium for certain categories, according to Nielsen. Thirty percent of North American consumers are willing to pay a premium for meat/seafood.

Fast-moving consumer goods companies are directing M&A efforts towards niche, environmental brands. This includes 75% of efforts in the last five years, and this type of activity more than quadrupled over that time, according to a report from CDP. While the firm claims research and development in sustainability is low compared to M&A activity, it found 63% of companies are investing to advance depolymerization and recycling infrastructure.

Frozen foods generated \$57 billion in retail sales in 2018. Nine out of the 10 top-selling categories generated higher dollar sales and all 10 reported higher unit sales, according to the Food Marketing Institute and the American Frozen Food Institute. Soups and sides (9.8%), appetizers/snack rolls (5.8%) and breakfast foods (5.7%) posted the largest dollar sales increases during the year.



The demand for organic will evolve into a greater push for locally grown foods. Consumers' desire for authenticity will drive innovation allowing consumers to have more restaurant-quality and chef-inspired meals at home, and newer companies will be disruptors in certain segments, such as ice cream, according to a projection from Packaged Facts. The firm predicts shoppers will continue to focus on fermented and probiotic-rich products that promote digestive health and cereal-makers will try to get in on this market.



Oatmeal sales are rising due to the popularity of the breakfast on social media sites. Sales of hot cereals jumped 1.3% to \$1.3 million in 2018, compared to the same period a year earlier, according to Zion Market Research. It predicts the global oatmeal market will reach \$2.5 billion by 2022. Bob's Red Mill Natural Foods, which is known for its microwavable, single-serving oatmeal in unique flavors, posted an 11.3% increase in sales and a 13.3% jump in unit sales, reported Fast Company.

Is corporate social responsibility becoming even more important for food manufacturers? Seventy-two percent of those surveyed expect this commitment from grocery retailers and 62% from restaurants, according to research firm Clutch. A majority primarily want grocery retailers and restaurants to address local food insecurity by feeding those in need.

Forty percent of organic shoppers plan to increase their household's organic consumption in 2019. A majority, 75%, of organic consumers, say they choose organic because it's healthier for themselves or their families according to a survey conducted by Earthbound Farm. The next closest reason, at 45%, was because "it's higher quality." Millennials, Gen Z and Gen X are more likely than Boomers to choose organic.

Organic food and beverages cost an average of 24 cents, or 7.5%, more per unit than conventional food. This is down from a 27 cent, or 9%, premium in 2014, according to Nielsen. The average price for a gallon of organic milk is 88% higher than regular milk, organic eggs have an 86% premium and organic bread is double the cost of traditional bread, reported The Modesto Bee.

Healthy fats, new collagen and bone broth products, and reducing added sugar are breakout trends. Other major trends in nutrition and health include mushrooms, nootropics, promoting the body's ability to heal itself, green beauty products, focusing on ingredient lists over nutrition facts, lutein, and supporting liver health, according to a survey by Natural Grocers. A bonus trend is eating sustainably-raised meat and dairy to combat climate change.

U.S. FOODLINK

Tim Hamilton
Executive Director
thamilton@foodexport.org

John Belmont
Communications Manager
jbelmont@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.

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.

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. Persons with disabilities who require alternate means of communication of program information should contact us. Food Export Midwest and Northeast do not tolerate fraud and are vigilant in preventing fraud in any of our programs. Food Export does not discriminate, and we reserve the sole right to accept or deny companies into our programs. For complete participation policies and our code of ethics, visit: www.foodexport.org/.