2016 GLOBAL FOOD AND BEVERAGE TRENDS

Alternative protein sources gain mainstream appeal, natural and less processed products continue to grow in demand, and social media is sparking new interest in home cooking...these are just a few of the trends that made Mintel’s list of annual predictions for food and drinks in 2016.

As 2015 comes to a close, it’s time to look ahead to what experts are predicting will be the hottest food and beverage trends in the coming year to help you finalize your export marketing plan. According to Mintel, there are 12 key trends that will have an impact in 2016. Read on to see if you can take advantage of any of these trends to boost export sales for your U.S. food and drink products.

1. **Alternative protein sources** and replacements are appealing to the everyday consumer, giving them mainstream appeal down the road.

2. **Consumer demands for natural and “less processed”** food and drink are forcing companies to remove artificial ingredients.

3. **Drought, worries about food waste, and other natural phenomena** not only affect the worldwide food and drink supply, but influence preparation and production.

4. Consumers are recognizing that **diets can connect with the way they look and feel**.

5. The rising promotion of athletic programs that encourage consumers to get and stay active showcases a parallel need for **food and drink that helps consumers get acquainted with sports nutrition**.

6. Consumers are being **romanced by product origin, ingredients, or inspiration stories**.

CONTINUED ON BACK COVER
A number of factors have spurred a tremendous increase in Vietnam’s food imports over the last five years reports the Foreign Agricultural Service (FAS) of the USDA, including steady population growth, strong economic growth, greater disposable income, and expansion in the retail, food service, and food processing sectors. Vietnam’s food and beverage import sector was relatively insulated from the global economic recession of 2008-09, and total imports continued to climb in 2010-2014. In particular, U.S. exports of consumer-oriented agricultural products to Vietnam have grown at an astonishing rate in recent years. From 2004 to 2010, the year-end figure increased over 1,000 percent. In 2014, the U.S. exported a record $879 million in consumer-oriented agricultural products to Vietnam, making the country 14th on the list of U.S. export markets for this sector. Overall, prospects for continued growth in Vietnam’s food import market remain strong.

A young population, rising middle-class incomes and female participation in the labor force are driving Vietnamese consumerism. Forty-two percent of Vietnam’s population, which was approximately 91.6 million in 2014 and growing by 1 percent annually, is under 25 years of age. Vietnam also has a large female working population (49 percent in 2014), making the female consumer ever more important. Over the past decade, the number of middle class households (defined as number of households with income in excess of $20,000), has nearly doubled from 1.2 million in 2003 to 2.3 million in 2012 (Source: Global Insight).

BEST HIGH-VALUE PRODUCT PROSPECTS

General demand for various kinds of high-value foods and drinks in Vietnam will continue to grow in the coming years due to the improved standard of living and higher disposable income. Demand for packaged foods is predicted to continue growing strongly over the next few years. Busier lifestyles and higher incomes will drive the growth of convenient and gourmet food products.

U.S. food products with the best prospects are chilled and frozen meat (beef and pork), frozen poultry, dairy products, fresh fruits (apples, grapes, and pears), dried fruits (raisins) and nuts, snack foods (popcorn, potato chips, etc.), confectionery (chocolates, cookies, etc), packaged foods (canned fruit and vegetables, canned meat), condiments (mayonnaise, tomato ketchup, sauces), juices, and alcoholic drinks (wine, beer, spirits).

IS VIETNAM THE RIGHT MARKET FOR YOU?

Food Export provides the services and activities you need to help determine if Vietnam is the right market for your product. If you’re interested in developing potential sales, market education, meeting global buyers, or qualifying for funding assistance in marketing your products overseas, contact us.

VISIT OUR WEBSITE AT WWW.FOODEXPORT.ORG
SUCCESS STORY

NEW YORK GINGER ALE COMPANY ENTERS JAPAN

In March 2014, Bruce Cost Ginger Ale Concept Corp. of Brooklyn, New York, traveled to Tokyo, Japan, to participate in Food Export’s Food Show PLUS™ services at the FOODEX show. As part of Food Export’s show services, BCGA was introduced to buyers from Japan, Singapore, Taiwan and Thailand.

As a result of their participation in this Food Export-sponsored activity, BCGA Concept Corp. reported actual sales of more than $100,000 to Japan, which represents more than a 20% increase in sales. The company also projected additional sales over the next 12 months of $100,000.

Bruce Cost Ginger Ale is unique among ginger ales. It’s made with only fresh ginger, no extracts, and pure cane sugar. This tasty ginger ale has been a hit in the U.S. since 1989 and is now expanding its popularity to Japan.

NEWS STORIES

BRINGING U.S. ORGANIC PRODUCTS TO INTERNATIONAL TRADESHOWS

The U.S. organic industry is taking advantage of growing opportunities to market products in Europe. Thanks to the support of the Foreign Agricultural Service (FAS) of the USDA, American companies are connecting with a wide array of potential customers at major international trade shows.

Last February, the Organic Trade Association (OTA) and more than 20 U.S. companies showcased the best of what the U.S. organic industry has to offer at BioFach, the world’s largest strictly organic trade event held in Nuremberg, Germany. The exhibitors were located in the USA Pavilion, which is supported by funding from FAS’s Market Access Program (MAP).

This event followed on the heels of the industry’s success at SIAL Paris, one of the largest food exhibitions in the world. There, MAP funds supported the first-ever USA Organic Pavilion, where six American companies showcased products ranging from sun-dried California olives to grains for pet food.

CONTINUED ON BACK COVER
2016 GLOBAL FOOD AND BEVERAGE TRENDS CONTINUED...

7. While the Internet has not yet vastly changed the landscape of grocery shopping, innovations encourage consumers to think outside traditional physical retailers.

8. Interest in natural and “getting back to basics” has boosted ancient grains and superfoods, fostering a principle that age-old staples are better than today’s manufactured options.

9. The rise of food-centric media has sparked new interest in cooking, not only for the sake of nourishment, but for the purposes of sharing creations via social media.

10. Across age groups, more consumers are living in single-person households or occasionally eating meals alone.

11. Consumers’ awareness of the many sources of good and bad fats is ushering in a paradigm shift in which fat content is not the first and foremost consideration in the search for healthy products.

12. Flavor has long been the core of innovation, but more visual and share-focused societies call for products that are also appealing to the eye.

FOOD EXPORT IS HERE TO HELP YOU NAVIGATE THE FUTURE!

Food Export-Midwest and Food Export-Northeast provide U.S. suppliers with the support and services you need to succeed in this changing global marketplace. Our services cover a wide variety of assistance, from researching international markets to finding key buyers. Food Export Helpline™ and the Market Builder Program can help you explore market potential and even connect you with potential buyers. Buyers Missions, Focused Trade Missions, and Food Show PLUS!™ events can put you face-to-face with motivated, international buyers. Visit our website for more information and to view our 2016 activity calendar.

NEWS STORIES CONTINUED

Since the U.S.-EU Organic Equivalence Arrangement took effect in June 2012, there are more opportunities than ever for U.S. organic companies to expand into the European market. Previously, growers and companies wanting to trade products across the Atlantic had to certify to both U.S. and EU standards, which meant extra fees, inspections, and paperwork. Now, products certified in the United States or Europe may be sold as organic in either region.

For more information on support available through MAP funding to promote your organic products overseas, visit the FAS website at www.fas.usda.gov or visit our website to learn about support available through the Branded Program.
FOOD EXPORT–MIDWEST AND FOOD EXPORT–NORTHEAST ACTIVITIES

Branded Program: Did you know that you might be eligible for up to 50% reimbursement on travel and exhibition fees for some of these activities? Visit www.foodexport.org for more information.

BUYERS MISSIONS

Buyers Missions bring buyers from all over the globe to U.S. cities. U.S. food and beverage suppliers meet one-on-one with pre-qualified, international buyers to generate sales leads. Imagine meeting with numerous buyers from multiple countries all in one day.

Seafood Buyers Mission at 2016 Seafood Expo North America
March 5, 2016, Boston, Massachusetts
Registration Deadline: January 27, 2016 - $300

Natural Products Buyers Mission at Natural Products Expo West 2016
March 10 - 11, 2016, Anaheim, California
Registration Deadline: January 29, 2016 - $225

Pet Food Buyers Mission at the 2016 Global Pet Expo
March 15, 2016, Orlando, Florida
Registration Deadline: February 1, 2016 - $225

Food Service Buyers Mission at the National Restaurant Association Show 2016
May 21 - 23, 2016, Chicago, IL
Early Registration Deadline: March 18, 2016 - $150
Registration Deadline: April 8, 2016 - $225

FOCUSED TRADE MISSIONS

Focused Trade Missions bring small groups of U.S. suppliers to a country with the goal of building participants’ export businesses. You’re able to see the market dynamics first-hand, meet and build relationships with interested importers, and discover your products’ potential in that market.

Focused Trade Mission to Panama for Retail and Food Service Products
April 18-19, 2016, Panama City, Panama
Registration Deadline: February 1, 2016 - $600

Focused Trade Mission to Costa Rica for Retail and Food Service Products
April 20-22, 2016, San Jose, Costa Rica
Registration Deadline: February 1, 2016 - $600

Focused Trade Mission to Brazil for Retail and Food Service Products
May 2-5, 2016, Sao Paulo, Brazil
Registration Deadline: February 8, 2016 - $600

Focused Trade Mission to China for Food Service Products
August 8-12, 2016, Shanghai and Shenzhen, China
Early Registration Deadline: April 11, 2016 - $400
Registration Deadline: May 23, 2016 - $600

FOOD SHOW PLUS!™

Food Show PLUS!™ provides the logistical assistance you need to be a more effective exhibitor. Services may include registration assistance, pre-show product research, translations of booth and sales materials, technical interpreters at your booth, local industry tours, on-site show assistance from food marketing experts, and much more!

Food Show PLUS!™ at SIAL China
May 4-7, 2016, Shanghai, China
Registration Deadline: February 10, 2016 - $350

Food Show PLUS!™ at Seoul Food & Hotel Korea
May 9-13, 2016, Seoul, Korea
Early Registration Deadline: January 22, 2016 - $225
Registration Deadline: February 26, 2016 - $350

Food Show PLUS!™ at Feria Alimentaria Guatemala
September 4-7, 2016, Guatemala City, Guatemala
Early Registration Deadline: May 15, 2016 - $225
Registration Deadline: June 12, 2016 - $350

Food Show PLUS!™ at Seafood Expo Asia
September 6-8, 2016, Hong Kong
Early Registration Deadline: May 17, 2016 - $225
Registration Deadline: June 14, 2016 - $350

FIND EXPORT SUCCESS. CALL US. WE’RE HERE TO HELP.

Visit www.foodexport.org to get complete details and register online. Or call your Food Export Liaison to answer any questions.

Food Export-Northeast Liaisons
- Delaware, New York, and Vermont, Howard Gordon 215.599.9748
- New Hampshire, New Jersey, and Pennsylvania, Adrienne Messe 215.599.9747
- Connecticut, Maine, Massachusetts and Rhode Island, Kristen Gowing 215.599.9749

Food Export-Midwest Liaisons
- Illinois, Indiana, Kansas, Minnesota, Missouri and Nebraska, Molly Burns 312.334.9219
- Iowa, Michigan, North Dakota, Ohio, South Dakota and Wisconsin, Paul Weiss 312.334.9221

Please note: Dates and locations are subject to change and upcoming activities are pending funding from the Foreign Agricultural Service (FAS) of the USDA. Visit our website for more event information.
What is the Branded Program?
Through the Foreign Agricultural Service of the USDA, the Branded Program supports U.S. food and agricultural companies’ international marketing efforts by reimbursing 50 percent of approved international marketing and promotional activities such as:

- Marketing and Promotional Materials
  - Catalogs
  - Pamphlets
  - Website Development
  - Electronic Marketing
  - Products sheets
  - Giveaways
  - Duplication of seminar materials

- Package and Label Modifications
  - (For Mandatory Requirements by the Importing Country)
  - Design, translation and production
  - Printing of a one-year supply
  - Labor required for attaching new labels

- Advertising
  - (Newspapers, magazines, direct mail, posters, billboards, TV, radio, websites)
  - Production and placement

- Demonstrations and Merchandising
  - In-store and food service promotions
  - Consumer and trade demonstrations
  - Freight cost for promotional samples
  - Temporary displays

- International Tradeshows
  - Exhibition fees and set-up charges
  - Equipment and furnishings rental
  - Design, creation and construction costs for a temporary booth
  - Select travel expenses

- Companies Already Enrolled in the Branded Program
Your company may qualify for Branded Program funds for another market even after you’ve reached the five-year graduation in one market. In fact, you may qualify for many markets at one time.

- How to Qualify?
To be eligible for the Branded Program, U.S. suppliers must be a “small” company according to SBA guidelines or an agricultural producer cooperative; be incorporated in the U.S.; have products that are at least 50 percent U.S. agricultural content by weight (exclusive of added water and packaging); and are headquartered in the Midwestern or Northeastern regions of the U.S. A company’s headquarters is defined as the physical location of the business’ main management/operations office.

FIND EXPORT SUCCESS. CALL OR EMAIL US. WE’RE HERE TO HELP.

Call: (312) 334-9200 or (215) 829-9111
E-mail: info@foodexport.org | www.foodexport.org

Remain Competitive Internationally. Enroll in Food Export’s cost-share reimbursement program and learn how you can make the most of your marketing budget. Qualifying companies can make their promotional efforts go even further. Go to www.foodexport.org/brandedprogram today to submit a pre-qualification or application.
An international freight forwarder is an integral part of exporters operations... they broker information and services from a wide variety of agencies, which could include customs, banks, and foreign consulates, chambers of commerce as well as ocean, air, and common carriers.

FOOD EXPORT HELPLINE™: SELECTING THE RIGHT FREIGHT FORWARDER

Q: We attended Food Export’s very first Midwest Buyer’s Mission in Chicago in 2005. There we met a new customer from Brazil. We have been exporting to them regularly ever since. But nearly each time they use a different freight forwarder, and every time we have a logistical, documentary, or communication problem. I feel these cumulative errors might eventually cause me to lose this business. Attached is some correspondence and documents from the last transaction. Any advice you could offer would be much appreciated.

A: A majority of shipments of high value processed foods are consolidated in containers. Oftentimes this work is done by a freight forwarder, either representing the importer or the supplier. The consolidation is typically completed near a port of export or another point away from the origin. Let’s begin by outlining the role of the international freight forwarder, then specifically review what it means to have “routed” export shipments. Then we will outline what U.S. exporters should consider when selecting their own freight forwarder.

ROLE OF THE FREIGHT FORWARDER

An international freight forwarder is an integral part of exporters operations. They are in the business of moving cargo from virtually anywhere in the country to anywhere in the world, by surface (which includes ocean) and air carriers. They provide either direct or consolidated shipments for exporters. If they provide consolidation services, they may publish their own tariff and issue their own bills of lading. They also broker information and services from a wide variety of agencies, which could include customs, banks, and foreign consulates, chambers of commerce as well as ocean, air, and common carriers. They build the bridge of the transaction once the buyer and seller have agreed to the terms of sale, payment, and shipment.

Freight forwarders are also valuable resources for assistance with documentation. They can prepare and file a variety of paperwork on your behalf, including the Automated Export System, AES filing, and certificates of origin, inspection, and transport documents. They help with banking documents, such as drafts and those required in support of payment by letter of credit. And they are helpful in determining import regulations in the destination country, especially if they have an office that does customs brokerage there.

ROUTED EXPORT TRANSACTIONS

Your exports to Brazil are what we call “routed.” A routed export transaction is when your customer is directing the shipment from their own country. They have agreed with a shipping agency, freight forwarder, or customs broker to make the arrangements for the importation of the product. If quoting by the Incoterms® 2010 by “EXW Union Illinois” or Ex-Works, as you have with Brazil, their forwarder will pick up the goods at your dock and all charges will move forward on a collect basis. Once the goods are in control of the customer’s freight forwarder, they will arrange for the shipment of the goods to the importer’s destination. They file the AES with your information, but on behalf of the importer, with their power of attorney.

WHAT HAPPENED HERE

When an importer who routes cargo switches forwarders in the U.S., they should communicate their specific requirements in detail to both the U.S. office as well as yourself. There is some correspondence here that indicates the office in Sao Paulo advised the one in Miami of how to organize the shipment, but made no specific reference to documentary requirements. They, in turn, advised their other office in Chicago to contact you and organize the pick-up of the shipment. A document you have always provided in the past, a certificate of origin was mentioned by you, but without
instruction, and they did not prepare one for the shipment until after it departed. Freight forwarders often arrange for this document to be prepared or even facilitate it themselves if they lease a seal from a local Chamber of Commerce.

The forwarder was convinced the importer did not need this document as it is not posted in the regulations for most food products, but they did not seem to be very familiar with exporting food. The fact is that you knew in all your previous shipments it was required and made sure it was done. Then the importer failed to advise you that due to a new requirement in Brazil, the invoice number had to be placed on the certificate of origin as well. It had already been prepared, so it was hand written on the document which caused more anxiety with the importer that it would not clear customs that way. One message indicated that there were four different vendors involved, including two forwarders, a customs broker, and a shipping company. Everyone was pointing fingers at each other or shrugging it off. None of this helped you or your customer.

Finally, it appears a set of misrouted documents was replaced after having vanished during a delay in transit before the goods arrived at port. All of this could have been avoided pretty easily if the importer had given you a bulleted list of instructions including the changes in the customs procedures, as well as provided clear orders on procedures to their new forwarder in the U.S. Switching forwarders for every shipment means you need to start over each time and make sure they follow both your specific instructions as well as the importers, and it did not happen. Always anticipate problems, treat each shipment as brand new, make sure you get all the information you need from the importer, and make sure the forwarder is on the same page, without exception. As we say “this is a business of details” and every step must be carefully considered.

SELECTING THE RIGHT FREIGHT FORWARDER

When shipments are not routed, it means that you are in control of the cargo until it reaches the destination, which is either the port of entry or beyond depending on the term of sale you use. It is up to you to select and work with the forwarder and be responsible for the delivery of the goods to a named point outside the U.S. In these cases, selecting the appropriate freight forwarder is very important, as they operate in many diverse ways. They differ according to size, scope, geography, industry, and mode of transport. There are larger multinational corporations that have worldwide offices and routes, and which provide services for all modes of transport and industries. There are also smaller outfits, such as the ones involved here that work in agency agreements with similar companies in the major cities in the world. There are those that specialize in certain industries, such as perishable commodities, and modes of transport, such as air, ocean, or trucking. There are some that focus on a specialized or limited geographic range, such as NAFTA, South Korea, or the Middle East.

It is important for you to qualify the freight forwarder in this regard before committing your cargoes to them. More importantly perhaps is that building a good relationship with an international freight forwarder that meets your specific needs makes you much more competitive in the export business. You can also refer them to different customers to use based on your confidence in their skills and perhaps avoid having shipments being routed when they have had problems like this in the past. There is an updated database and search engine for freight forwarders who handle food products at the Agricultural Marketing Service of the USDA. Go to www.ams.usda.gov and click on “Agricultural Transportation.” Then click on “Find a Freight Forwarder.” You can sort by state, destinations covered, and types of services provided, such as handling dairy, frozen foods, and consolidating shipments. This is a very handy tool that can help you match up your needs with the right company.