

# GLOBAL FOOD MARKETER™ NEWSLETTER

Export news from the Midwest and Northeast



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## GLOBAL FOOD & DRINK TRENDS FOR 2018

In 2018, expect to see transparency and traceability for all consumers. From ingredient scares to political bombshells, self-care has become a priority for many and one that includes choosing food and drink that will address perceived nutritional, physical and emotional needs. Opportunities also will be plentiful for natural, tantalizing and unexpected textures from chewy beverages to cookies with popping candy inside.

Meanwhile, the rapid expansion in the variety of food and drink retail channels will fuel the opportunity for recommendations, promotions and product innovations that are personalized based on individual consumer behavior. Forward-looking companies are developing solutions to replace traditional farms and factories with scientifically engineered ingredients and finished products.

Trends predicted to play out in food and drink markets around the world include:

### FULL DISCLOSURE

*In our new post-truth reality, consumers require complete and total transparency from food and drink companies.* Widespread distrust places pressure on manufacturers to offer thorough and honest disclosures about how, where, when and by whom food and drink is grown, harvested, made and/or sold. The need for reassurance about the safety and trustworthiness of food and drink has led to increased use of natural as well as ethical and environmental claims in global food and drink launches. In addition to more specific product details, the next wave of clean labels will challenge manufacturers and retailers to democratize transparency and traceability so that products are accessible to all consumers regardless of income.

### SELF-FULFILLING PRACTICES

*As more consumers find modern life to be hectic and stressful, flexible and balanced diets will become integral elements of self-care routines.* The frantic pace of modern

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Market Focus: AUSTRALIA



Exporter Business Tips

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## MARKET FOCUS: AUSTRALIA

Americans and Australians have a warm relationship that spans the history of both nations. They share a common heritage, culture and language and have supported each other in every major international crisis of the past century.

Australia is prosperous, politically and economically stable, and industrialized. It has an enormous natural resource base of agriculture and minerals; a highly developed human resource base; modern legal and financial systems; and a physical and service infrastructure to support complex business and industry. Its state-of-the-art transportation and telecommunications systems support a well-developed, economically diversified market.

Australia is the world's 13th largest economy, with nominal GDP of US\$1.5 trillion and one of the highest levels of per capita GDP in the world. Australia has a population of 24 million and is the only country to wholly occupy a continent, with the mainland covering 7.7 million square kilometers. Notably, the Australian economy is entering its 24th consecutive year of economic growth. It grew by 2.7% from 2010 to 2014 and is expected to grow at 3% from 2015 to 2019. Australia has low inflation and is ranked highly for

ease of doing business and transparency and has attracted significant capital inflows for many years. The U.S. is the major investor with an FDI stock of A\$150 billion in 2013 followed by the United Kingdom and Japan. Australia is also a major investor in the U.S. economy.

Australia's trade with the world was around US\$500 billion in 2014, with a growth rate of over 10% over five years. Australia is a major exporter of resources, energy, food, and goods and services. Exports accounted for over 20% of GDP in 2014. Australia's major export markets are China, Japan, Korea, the U.S. and India. Its major import sources are China, the U.S., Japan, Singapore and Germany. Terms of trade have come off historic highs, with prices for exports of iron ore and coal moderating as production increases after a minerals investment boom. Energy exports will

nevertheless continue to expand as large projects in northern Australia (such as Gorgon) increase supplies of gas to East Asia.

Australia has a sophisticated financial market, regulated in accordance with international norms. Australia's foreign exchange market is the seventh largest in the world, and the Australian dollar/ U.S. dollar currency pairing is the fourth-most traded globally (BIS, Triennial Central Bank Survey, 2013). Four of Australia's leading banks are currently ranked in the top 12 in terms of world financial security and AA rankings. In 2014, the World Bank ranked Australia as one of the easiest places in the world to start a business. The Australian dollar was about US\$0.73 in August 2015. Australia's A\$1.6 trillion superannuation system is the fourth largest in the world and is a major driver behind Australia's globally significant funds management industry. This pool of assets is expected to grow to A\$7.6 trillion or 180% of GDP over the next two decades.

Australia has proven to be an appealing and profitable market for U.S. companies for many years. Apart from a very strict quarantine regime, it offers few barriers to entry, a familiar legal and corporate framework, and a sophisticated – yet straightforward business culture. A publication on "Doing Business in Australia," including importing is available at: <http://www.corrs.com.au/thinking/insights/doing-business-in-australia/>.

Australia is increasingly multi-cultural and is one of the most urbanized societies in the industrialized world. More than 85 percent of the almost 24 million people live in large urban areas and in smaller cities and towns within 100 miles of the ocean. The center of the continent is flat, dry, mineral rich and largely unpopulated, while the coastal areas are wet, mountainous, and densely forested. The interior plains are rich and fertile, supporting great varieties of agriculture.

The U.S.-Australia Free Trade Agreement has provided some advantages for U.S. products. For example, tariff rates for all U.S. food products exported to Australia dropped to zero upon implementation of the agreement in January 2005. Details of other trade agreements and negotiations are available on the Australian Department of Foreign Affairs and Trade website at: <http://www.dfat.gov.au/fta/>.



## GLOBAL FOOD & DRINK TRENDS CONTINUED...

life, constant connectivity, pervasive distrust and contentious tones in politics and the media have caused many consumers to look for ways to escape negativity in their lives. Many people who feel overwhelmed are focusing on "self-care," or prioritizing time and efforts dedicated to themselves. Looking ahead, individual definitions of self-care and balance will reinforce the need for a variety of formats, formulations and portion sizes of food and drink that present consumers with positive solutions – and treats – that can be incorporated into customized and flexible definitions of health and wellness.

### NEW SENSATIONS

*Texture is the latest tool to engage the senses and deliver share-worthy experiences.* In 2018, the sound, feel and satisfaction that texture provides will become increasingly important. Texture can be leveraged to provide consumers with interactive – and documentation-worthy – experiences. The quest for experiences will provide opportunities for multi-sensory food and drink that uses unexpected texture to provide consumers, especially the teens and young adults of the iGeneration, with tangible connections to the real world, as well as moments worth sharing either in-person or online.



### PREFERENTIAL TREATMENT

*A new era in personalization is dawning due to the expansion of online and mobile food shopping.* As technology helps to make shopping as effortless as possible, an era of targeted promotions and products is emerging. Motivated by the potential to save time and money, consumers are sampling a variety of channels and technologies when shopping for food and drink, including home delivery, subscription services and automatic replenishment. Companies and retailers can leverage technology to establish new levels of efficiency, such as customized recommendations, cross-category pairings and resourceful solutions that save consumers time, effort and energy.

### SCIENCE FARE

*Technology is being used to engineer solutions for our stretched global food supply.* Some forward-looking companies are developing solutions to replace traditional farms and factories with scientifically engineered ingredients and finished products. In 2018, technology will begin to disrupt the traditional food chain as enterprising manufacturers aim to replace farms and factories with laboratories. While lab, cultured or synthetic food and drink is only just emerging, technology could eventually be used to design food and drink that is inherently more nutritious, which could extend the consumer audience for scientifically engineered food and drink beyond environmentally conscious shoppers.

### FOOD EXPORT ASSOCIATION OF THE MIDWEST USA® AND FOOD EXPORT USA®—NORTHEAST

We are non-profit organizations comprised of state agricultural promotion agencies that use federal, state, and industry resources to promote the export of Midwestern and Northeastern food and agricultural products.

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.

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## FOOD EXPORT HELPLINE™

**Q:** I see Food Export has planned Focused Trade Missions for Australia and New Zealand in 2018. I have never seen these countries mentioned before. Is this new? If so what can you tell us about the U.S. food markets in those countries?

**A:** It's good to see you have been looking ahead for opportunities in 2018. Australia and New Zealand have been on the Food Export "radar" for some time and we decided it was time to invest in on-the-ground promotions. You may have noticed similar first-time ventures into growing markets, including Cambodia, Netherlands and Scandinavia.

### AUSTRALIA

According to Euromonitor, Australia will see its 26th year of recession-free growth in 2017. Real Gross Domestic Product (GDP) will increase by 2.6% in 2017 – up from 2.4% in 2016. Australia benefited from a dramatic trade surge in recent years, although this trend has slowed due to falling global commodity prices. Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources.

In 2016, Australia imported nearly \$1.3 billion of U.S. food and agricultural products, ranking them 10th as a market for consumer food exports from the U.S. Although Australia is a major commodity exporter (one of the world's leaders of meat and wheat), they prefer the value-added products from the U.S. Top consumer-oriented exports included pork and pork products, prepared foods, fresh fruits, dog and cat food, processed vegetables, tree nuts, and processed fruit and snack foods.

#### Retail Sector

Euromonitor reports that the Australian packaged food sector sales will reach over \$33.6 billion in 2017 – an increase of 13.3% or \$3.9 billion since 2013. Packaged food sales of nearly \$38.5 billion have been forecast by 2021. That represents growth of 14.4% or \$4.8 billion. High growth products include ready meals, health & wellness (H&W) beverages, soft drinks, edible oils, baked goods, rice pasta and noodles, and sauces, dressings and condiments.

#### Best Product Prospects

The organic, healthy and natural products market in Australia continues to grow rapidly. Prospects are excellent for organic and natural ingredients as well as consumer-ready processed foods and beverages. The whole health foods category increased by over 5% after an increase of 14% in 2014 and is valued at over \$300 million. Nutritional snacks account for the largest share (20%) of the health foods category, rising in value by more than 10% over the previous year. The nuts category grew by 23% in 2015.

Full Helpline response at:  
<http://www.foodexport.org>

### NEW ZEALAND

According to Euromonitor New Zealand's economy is slowing but will continue to grow at a healthy pace. Real Gross Domestic Product (GDP) will increase by 3.1% in 2017 after gains of 3.4% in 2016. The real value of private final consumption rose by 2.9% in 2016 and growth of 3.7% is expected in 2017. Growth of employment and a rise in household income (in excess of 5% over 2016) drive consumer spending.

New Zealand's economy depends heavily on exports – particularly exports of agricultural products, representing 19.3% of GDP in 2016. Exports of animals and animal products made up 42.6% of the total in 2016. Most of New Zealand's exports go to Asia Pacific – 48.2% of the total in 2016.

The top U.S. consumer food exports in 2016 included dairy products, miscellaneous food preparations, dog & cat food, fresh fruit, tree nuts, pork and pork products, processed fruit, snack foods, processed vegetables and condiments and sauces.

#### Retail Sector

According to Euromonitor, retail sales of packaged food are expected to reach nearly \$7 billion in 2017, representing growth of 13.5% or \$827 million from 2013. Packaged food sales are expected to reach \$8.5 billion by 2021, growth of 23% or \$1.6 billion. Products forecasted for high growth include edible oils, rice pasta and noodles, ready meals, sauces dressings condiments, processed meat and seafood, and processed fruit and vegetables.

#### Best Product Prospects

The best consumer-oriented U.S. export products include fresh fruits such as grapes, apricots, cherries, peaches, plums and citrus fruits, fruit and vegetable juice and processed fruit and vegetables, dried fruits and nuts, breakfast cereals, snack foods, pet food and wine and beer.

#### Food Export Helpline™ Counselor



Dennis Lynch, M.I.B.A., CGBP, is a 34-year veteran of international trade who has held a variety of positions in the public and private sectors. He has been directly involved in monitoring, troubleshooting and facilitating export transactions for more than 25 years.

As the export counselor behind Food Export-Midwest and Food Export-Northeast's Food Export Helpline™ Dennis provides customized technical export assistance to a variety of food and agricultural firms. He is a dynamic and informative speaker who speaks regularly at educational seminars throughout our organizations' Midwest and Northeast regions. Dennis is a "Certified Global Business Professional" and a member of "NASBITE," the National Association of Small Business International Trade Educators.

# 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](http://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.

### **Pet Food Buyers Mission at the Global Pet Expo**

March 20, 2018 – Orlando, FL

**Registration Deadline:** February 9, 2018

### **Food Service Buyers Mission at National Restaurant Association Show**

May 19-21, 2018 – Chicago, IL

**Early Registration Deadline:** March 16, 2018

**Registration Deadline:** April 6, 2018

### **Beer, Wine & Spirits Buyers Mission at the BAR 18 Show**

May 21, 2018 – Chicago, IL

**Early Registration Deadline:** March 16, 2018

**Registration Deadline:** April 6, 2018

### **Sweets and Snacks Buyers Mission**

**at the Sweets and Snacks Expo**

May 21-23, 2018 – Chicago, IL

**Early Registration Deadline:** March 19, 2018

**Registration Deadline:** April 11, 2018

### **Natural Products Buyers Mission**

**at Natural Products Expo West**

March 8-9, 2018 – Anaheim, CA

**Registration Deadline:** January 26, 2018

### **Pet Food Buyers Mission at the Global Pet Expo**

March 20, 2018 – Orlando, FL

**Early Registration Deadline:** January 19, 2018

**Registration Deadline:** February 9, 2018

## 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 Shanghai, Chengdu, and Shenzhen**

July 16-20, 2018 – Shanghai, Chengdu and Shenzhen, China

**Early Registration Deadline:** April 9, 2018

**Registration Deadline:** May 21, 2018

### **Focused Trade Mission to Mexico for Retail, Food Service and Private Label Products**

July 17-19, 2018 – Mexico City, Mexico

**Early Registration Deadline:** March 16, 2018

**Registration Deadline:** April 27, 2018

### **Focused Trade Mission to Brazil for Food Ingredients**

August 20-23, 2018 – São Paulo, Brazil

**Early Registration Deadline:** April 16, 2018

**Registration Deadline:** June 4, 2018

### **Focused Trade Mission to Canada for Specialty and Natural Products**

September 5-6, 2018 – Toronto, Canada

**Early Registration Deadline:** April 30, 2018

**Registration Deadline:** June 11, 2018

## 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 Food and Hotel Asia**

April 23-27, 2018 – Singapore

**Registration Deadline:** February 2, 2018

### **Food Show PLUS!™ at Seoul Food & Hotel**

April 30-May 4, 2018 – Seoul, South Korea

**Registration Deadline:** February 9, 2018

### **Food Show PLUS!™ at SIAL Canada**

May 1-4, 2018 – Montreal, Canada

**Registration Deadline:** February 9, 2018

### **Food Show PLUS!™ at SIAL China**

May 15-18, 2018 – Shanghai, China

**Registration Deadline:** February 23, 2018

## SEAFOOD ACTIVITIES

Food Export-Northeast is widely known for the foreign market development activities and cost-share assistance we provide to the region's seafood industry. We also provide a variety of support activities on behalf of the industry to continuously uncover new market opportunities and to create greater foreign market awareness and demand for the region's seafood products along with our Seafood Export Promotion Program that includes market briefs provided by our in-market representatives in Brazil, France, Germany and China.

### **Seafood Buyers Mission at Seafood Expo North America**

March 10, 2018 – Boston, MA

**Registration Deadline:** January 29, 2018

### **Food Show PLUS!™ at Seafood Expo Asia**

September 4-6, 2018 – Hong Kong

**Early Registration Deadline:** May 16, 2018

**Registration Deadline:** June 13, 2018

### **Food Show PLUS!™ at SEAFEX**

September 17-19, 2018 – Dubai, United Arab Emirates

**Early Registration Deadline:** May 16, 2018

**Registration Deadline:** June 13, 2018

**FIND EXPORT SUCCESS. CALL OR EMAIL US.  
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## EXPORTER BUSINESS TIPS: AUSTRALIA



- **AGENTS/DISTRIBUTORS ARE KEY COMPONENTS** in developing exports of U.S. consumer-ready foods to Australia.
- **AUSTRALIA IS A SOPHISTICATED MARKET** that is interested in new-to-market food products.
- An increasingly **MULTICULTURAL SOCIETY** creates opportunities for ethnic food products.
- After sales services, such as **COOPERATIVE ADVERTISING**, is an important aspect of successfully entering the market.
- **INNOVATIVE PACKAGING** has an advantage and is becoming increasingly important to consumers.
- A large number of the **MAJOR AUSTRALIAN IMPORTERS VISIT THE UNITED STATES** at least once a year to see what is available and to place orders if the items are appealing.

- The **FOOD AND AGRICULTURE IMPORT REGULATIONS AND STANDARDS (FAIRS) COUNTRY REPORT FOR AUSTRALIA** contains detailed information on Australia's food standards, labeling requirements, import regulations, etc. This report can be viewed/downloaded at the following Internet site: <http://gain.fas.usda.gov/Pages/Default.aspx> or requested from (AgCanberra@fas.usda.gov). We recommend that U.S. exporters use this report extensively if planning to enter the Australian market.

- **EXPORTERS SHOULD ALSO WORK VERY CLOSELY WITH THEIR IMPORTERS/DISTRIBUTORS** to ensure that all requirements are met before any product is shipped.

### EXPLORE THE MARKET WITH FOOD EXPORT

#### Focused Trade Mission to Australia & New Zealand

Sept. 10-14, 2018 – Australia, New Zealand  
**Early Registration Deadline:** May 7, 2018 - \$400  
**Registration Deadline:** June 18, 2018 - \$600

Utilize your Branded Program funds to exhibit at the 2018 Fine Food Australia Show!

For details and more information contact a Food Export Liaison! 215.829.9111 or 312.334.9200