

# Global Food Marketer<sup>TM</sup> Newsletter

Export news from the Midwest and Northeast



Food  
Export  
Midwest USA



Food  
Export USA  
Northeast



## Rethinking Your Use of Branded Program Funding

After an unprecedented year seen in 2020 and 2021 due to the worldwide Covid pandemic Food Export has seen a huge shift in how companies use the Branded Program. With the inability to exhibit at domestic and international trade shows, companies had to rethink the way they used their funding. This was not a bad thing either! Thought processes changed as suppliers considered new ways to reach international buyers, increase their market shares, and expand their branding.

Here are some examples of how to use your Branded Program funding outside of trade show participation.

**Company Videos:** Give interested overseas buyers an inside view into your facility, products, and company. Not only will a video help connect them to where the product is sourced from, but it'll also help build a deeper understanding of your business and why they should purchase from you.

Showcase products in your videos, and try to give the same demonstration that you would if at a trade show or Buyers Mission. Remember many international buyers like to have a personal feel for a company, so have a company Executive share an "About Us" overview.

**Digital Collateral:** Create sales assets you can share digitally. From pricing sheets to brochures and more, creating digital collateral helps with a more seamless virtual buying experience, and saves time and money with printing marketing materials to ship them overseas.

**Labels & Packaging:** A topic that is covered all the time when talking about the Branded Program, but did you know all the possibilities in this category? You can request funding for a product multiple years in a row, and you are not limited to just one country. Label stickers are also reimbursable; when markets require minor changes to product labels and you need to create a sticker, this cost is also typically reimbursable through the Branded Program. The creative design process for new labels is also an expense that is reimbursable along with translation service costs.

*(continued on back)*

## in this issue



Rethinking the  
Utilization of Branded  
Funding



Market Focus: Mexico



Food Export  
Helpline Q/A

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## Market Focus Mexico

Mexico continues to be a strong and consistent market, representing one of the largest consumer markets in the world for U.S. agriculture products. Mexico's top trading partner is the U.S., which imports 80% of all Mexican exports and provides Mexico with 50% of its total imports. Since NAFTA was implemented in 1994, total bilateral trade has increased from \$50.84 billion to \$229.70 billion.

Effective July 1, 2020, The United States-Mexico-Canada Agreement (USMCA) modified the free-trade area that the North American Free Trade Agreement (NAFTA) originally established in 1994. In agriculture, USMCA adds provisions on biotechnology, geographical indicators, and sanitary and phytosanitary measures. All agricultural products that had zero tariffs under NAFTA continue to have zero tariffs under USMCA.



**\$8.2B**  
U.S. exports of  
consumer-ready  
food products  
in 2020



**\$5.7B**  
Imports of  
U.S. processed  
foods in 2020

The top processed food exports to Mexico in 2020 included processed/prepared dairy products, food preparations, syrups and sweeteners, prepared/preserved meats, snack foods, fats and oils, processed vegetables and pulses, condiments and sauces and soups.

### RETAIL SECTOR HIGHLIGHTS

According to Euromonitor, the packaged food market in Mexico was estimated to reach \$54.8 billion in 2020, which makes it the 10th

largest international market in the world. That represents a growth rate of 32% or \$13.3 billion since 2016. The forecast for growth in this market is also promising. High growth products in the forecast include pet food, cheese, ready meals, chocolate confectionery, savory snacks, processed fruits and vegetables, processed meat and seafood, and ice cream and frozen desserts.

Mexicans are loyal to brands and buy them even if the price is slightly higher, mainly for products that are part of their daily life, such as sodas. Retail expansion in rural and small communities is creating new markets for consumer products. Restaurants and entertainment services are also opening smaller formats in small communities. Urban areas are increasingly adopting e-commerce. Grocery and food delivery apps are gaining popularity.

**Best Prospects:** Healthy/environment friendly processed foods (low sodium, low-fat, reduced sugar, "green" packing); Premium products – claiming better quality and product innovation; Gourmet Food – sauces, condiments, artisanal cheeses; Ethnic Foods such as Asian-inspired items, Mediterranean food, European food; Dairy products – distinctive formulation of yogurts (Greek, etc.), segmentation of milk products; Plant-based beverages and products – soy, almond, coconut, rice, oat beverages/yogurt/other products; Convenience Foods such as ready-to-eat, meal helpers, frozen foods; Craft Beer.

### FOOD-SERVICE SECTOR HIGHLIGHTS

In the pre-COVID-19 period of 2019, major hospitality multinationals as well as local companies continued to expand throughout Mexico, launching more sustainable and practical formats to capture new visitors (international and locals). During 2019 the number of international visitors increased to 44.7 million with an average expenditure of \$496.26.

A more educated population, expansion of urban lifestyle in small cities, credit availability, and the booming number of couples with no children in urban areas, all open several possibilities for imported products of high quality and value. Foodservice trends in Mexico include consumer experiences linked with limited-time menus/products as well as seasonal products. Differentiation in drinks like sophisticated cocktails and super drinks including super foods are becoming popular. Convenience stores are becoming important outlets for fast food as consumers easily find fresh brewed coffee, grab & go food at low prices.

**Best Prospects:** Health and wellness products (power foods, vegan and gluten free products); Gourmet products; Organic and non-GMO foods; Ethnic foods (spices, food bases, cereals, and condiments); Wines/Spirits/Craft Beer and Specialized dairy products (gourmet cheeses, non-fat sugarless yogurts, lactose free, etc.)

### FOOD PROCESSING SECTOR HIGHLIGHTS:

The food processing industry in Mexico is the 9th largest in the world and is the 3rd largest in The Americas after the U.S. and Brazil. While Mexico remains a growth market for U.S. processing ingredients, the processing industry itself in Mexico remains stable. However, the sector is diversifying to provide tailored products. For example, some small companies positioned their products as healthy and were quickly acquired by the largest corporations covering mainstream distribution channels. The U.S. industry has a good reputation in the Mexican market for its consistent quality, stable supply, and proximity.

**Best Prospects:** milk powders, chocolate and cocoa, cereals, sauces, flours, condiments, nuts, plant-based products, and dairy products.



#### Advantages

- Increased awareness in health generates greater demands for healthy products, giving U.S. products an advantage.
- Continued industry-wide and government investments in the supply chain, insuring better infrastructure and logistics. This complements the existing, and extensive logistic networks between the U.S. and Mexico, including trains, trucks, planes, and ships.
- Mexican retailers, hotels, and restaurant chains are very familiar with U.S. products and best practices.
- Industry practices are becoming more sophisticated insuring cold chain distribution for wider nationwide penetration and increased use of technology.
- The shared border between the U.S. and Mexico gives U.S. exporters a competitive logistical advantage over other third country suppliers.

#### Challenges

- A new front of pack labeling requirement is being discussed in the Mexican Congress. The new front of pack labeling will stipulate that black stop signs be placed on products that exceed certain thresholds in calories, fats, salts, and sugars, and will limit advertisements and promotions that target children.
- Lower-end retailers and smaller hotels are the fastest growing segments, which are not the primary locations for more expensive U.S. products.
- Local manufacturers are adapting quickly to meet retail and hospitality industry needs as well as their specifications, bringing new competition to U.S. products.
- While cold chain distribution is now available nationwide, it lacks penetration throughout lower levels of the distribution chain. Specifically, regional distribution in southern Mexico is still underdeveloped.

### FOOD EXPORT ASSOCIATION OF THE MIDWEST USA<sup>®</sup> AND FOOD EXPORT USA<sup>®</sup>-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** All I seem to hear about with food exports is China, China, and China. I mean I know it is a huge market, but it is also very difficult to enter and to maintain. I want to balance out and diversify my exports, so what alternatives should I consider?

**A** China's dominance in the agricultural export environment seems overwhelming. Food Export fully supports balanced diversification as part of strategic intent and knows that quality buyer introductions for high value-added food products can come from almost anywhere. One region that can provide market access and has tremendous potential for future growth is Southeast Asia.

## THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

comprises 10 countries – namely, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam – with a combined population of 667 million. In 2020, the estimated total Gross Domestic Product (GDP) of all ASEAN states amounted to approximately \$3.1 trillion, reflecting the region's thriving economy. Let's review the top markets in the region.

**INDONESIA:** With an estimated population of 275 million in 2021, Indonesia is the fourth most populous and the largest Muslim-majority country in the world. The country is dominated by productive age (15-64 years) consumers, which account for 67.7% of the total population. These consumers are increasingly seeking new products with a focus on health and nutrition.

**\$2.8 billion | -1%**

U.S. exports of agricultural products in 2020

**\$657.1 million | +7%**

U.S. exports of consumer-ready products in 2020

**\$609.5 million | +22%**

U.S. exports processed food products in 2020

**\$393 million | -8%**

U.S. exports of processed foods through August 2021

*Top processed food exports: Processed/Prepared Dairy Products, Food Preparations & Ingredients, Syrups & Sweeteners, Processed Vegetables & Pulses, Non-Alcoholic Beverages, Chocolate & Confectionery*

**\$36 billion**

2021 estimated retail sales in the packaged food market

**\$47.4 billion | +31.6%**

Expected retail sales in the packaged food market by 2026

*High growth categories: Pet Food, Cheese, Edible Oils, Dairy (Ex. Cheese), Sweet Spreads, Processed Meat & Seafood*

**MALAYSIA:** Malaysia is politically and economically stable and open to foreign trade. Transportation, communications, banking, and health services are modern and efficient. It is one of the most developed nations in Southeast Asia. Over 60% of its population falls into the middle to upper income group of consumers.

**\$1 billion | -8%**

U.S. exports of agricultural products in 2020

**\$506.7 million | +4%**

U.S. exports of consumer-ready products in 2020

**\$461.4 million | +5%**

U.S. exports processed food products in 2020

**\$382.4 million | +22%**

U.S. exports of processed foods through August 2021

*Top processed food exports: Food Preparations & Ingredients, Processed/Prepared Dairy Products, Processed Vegetables & Pulses, Non-Alcoholic Beverages, Canned, Dried & Frozen Fruit, Snack Foods*

**\$8 billion | +22.5%**

2021 estimated retail sales in the packaged food market

**\$9.5 billion | +18.7%**

Expected retail sales in the packaged food market by 2026

*High growth categories: Pet Food; Cheese; Sweet Biscuits, Snack Bars & Fruit Snacks; Ice Cream & Frozen Desserts; Dairy (Ex. Cheese); Sauces, Dressings & Condiments*

**PHILIPPINES:** The Philippines is an emerging market with a service-based economy with a demographic "sweet spot" and was set to become an upper-middle economy prior to the COVID-19 outbreak. With a population of more than 109 million, opportunities for imported food and beverage products remain significant and continue to offer strong potential for growth into the future. The country is expected to maintain strong growth momentum.

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# Food Export Helpline™

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## PHILIPPINES: continued

**\$3.2 billion**

U.S. exports of agricultural products in 2020

**\$1.6 billion | +21%**

U.S. exports processed food products in 2020

*Top processed food exports: Food Preparations & Ingredients, Processed/Prepared Dairy Products, Prepared/Preserved Meats, Snack Foods, Processed Vegetables & Pulses, Dog & Cat Food*

**\$15 billion**

2021 estimated retail sales in the packaged food market

*High growth products: Cheese, Ready Meals, Breakfast Cereals, Ice cream and frozen desserts, Sweet Spreads, Dairy (Ex. Cheese)*

**SINGAPORE:** Singapore's highly import dependent, multi-billion-dollar food industry is driven by robust consumer spending, high disposable incomes, and intense urbanization. The country's trade and regulatory policies are focused on ensuring consistent foreign supply of high-quality food and agricultural products.

**\$1 billion | +7%**

U.S. exports of agricultural products in 2020

**\$537 million | +9%**

U.S. exports processed food products in 2020

*Top exports of processed foods: Fats And Oils, Food Preparations & Ingredients, Processed/Prepared Dairy Products, Processed Vegetables & Pulses, Snack Foods, Alcoholic Beverages*

**\$2.7 billion**

2021 estimated retail sales in the packaged food market

*High growth products: Cheese, Rice, Pasta & Noodles, Savory Snacks, Sweet Spreads, Baked Goods, Breakfast Cereals*

**THAILAND:** USDA's OAA in Bangkok reports that Thailand is Southeast Asia's second largest economy with a GDP of nearly \$1.3 trillion on a PPP basis in 2020. Thailand remains a strong agricultural competitor as it is the world's leading exporter of natural

**\$1.1 billion**

U.S. exports of consumer-ready products in 2020

**\$1.2 billion | +15%**

U.S. exports of processed foods through August 2021

rubber, frozen shrimp, canned tuna, canned pineapples, cooked poultry, and cassava. It is also a major exporter of sugar and rice.

**\$1.7 billion | -3%**

U.S. exports of agricultural products in 2020

**\$407.7 million | -3%**

U.S. exports processed food products in 2020

*Top processed food exports: Food Preparations & Ingredients, Processed/Prepared Dairy Products, Chocolate & Confectionery, Syrups & Sweeteners, Prepared/Preserved Seafood, Non-Alcoholic Beverages*

**\$16 billion**

2021 estimated retail sales in the packaged food market

*High growth products: Ready Meals, Processed Meat & Seafood, Savory Snacks, Pet Food, Cheese, Baked Goods*

**VIETNAM:** Before the COVID-19 outbreak, Vietnam's young population, growing middle class, and rapid urbanization led to more eating out, traveling, shopping in supermarkets and hypermarkets, and increased consumption of convenience and processed foods; habits that should return once the pandemic is managed. Strong economic growth, increasing foreign investment, benefits from free trade agreements (FTAs), a growing middle class with higher disposable income, rapid urbanization, and heightened concerns about hygiene and food safety continue to fuel sustainable growth.

**\$915.6 million**

U.S. exports of agricultural products in 2020

**\$504 million | -34%**

U.S. exports processed food products in 2020

*Top processed food exports: Food Preparations & Ingredients, Processed/Prepared Dairy Products, Non-Alcoholic Beverages, Chocolate & Confectionery, Processed/Prepared Seafood, Syrups & Sweeteners*

**\$15.7 billion**

2021 estimated retail sales in the packaged food market

*High growth products: Pet Food, Ready Meals, Breakfast cereals, Sweet Spreads, Processed Meat & Seafood, Savory Snacks*

**\$398.4 million | -3%**

U.S. exports of consumer-ready products in 2020

**\$298 million | +7%**

U.S. exports of processed foods through August 2021

**\$19.5 billion | +21.7%**

Expected retail sales in the packaged food market by 2025



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## Rethinking Your Use of Branded Program Funding

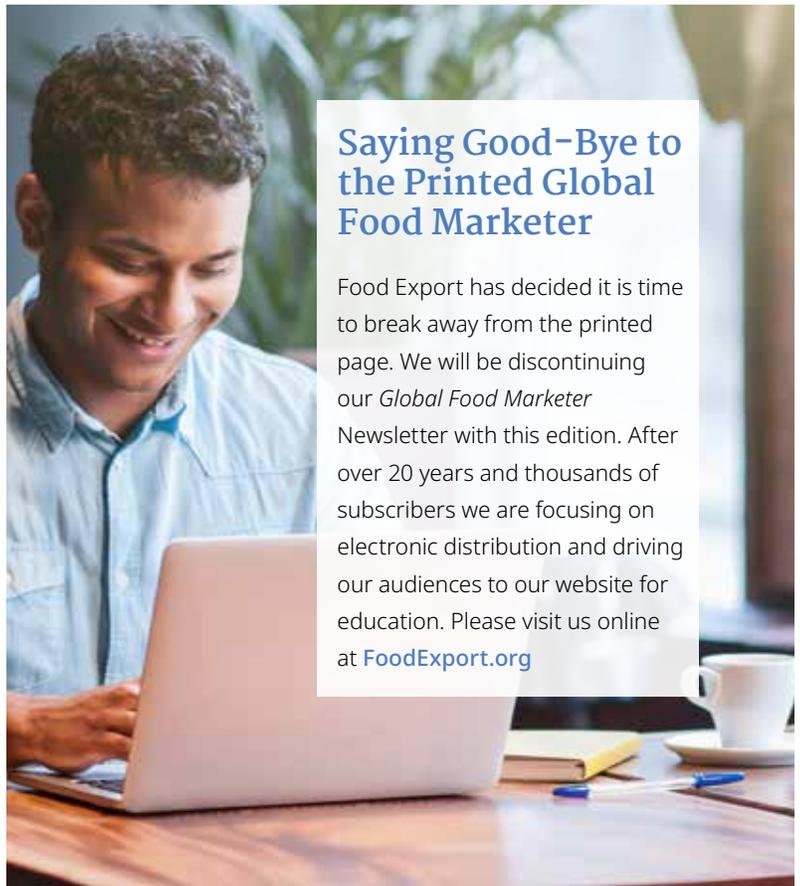
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**Advertising:** This can cover a wide range of expenses but consider the not-so-obvious advertising expenses such as running an ad in a trade show brochure, market segment publications, and even online publications or market related websites.

**Sample Kits:** The Branded Program can cover the expenses of sending out sample kits to prospective international buyers. The cost of the packaging and freight can all be reimbursed costs.

We always encourage suppliers to speak to their designated Liaison or a Branded Program team member to verify that your planned expenses will be covered and to make sure you collect all the needed proof for reimbursement before incurring large expenses.

Have marketing or product branding ideas that you are not sure would fall under the Branded Program list of approved funding, ask! We are always open to new ideas!



### Saying Good-Bye to the Printed Global Food Marketer

Food Export has decided it is time to break away from the printed page. We will be discontinuing our *Global Food Marketer* Newsletter with this edition. After over 20 years and thousands of subscribers we are focusing on electronic distribution and driving our audiences to our website for education. Please visit us online at [FoodExport.org](http://FoodExport.org)