

# U.S. FOODLINK

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

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## New Food Trends *Expected for 2018*

As 2018 approaches, companies are coming up with ways to reach consumers looking for the newest and most innovative products. At the same time, Amazon's acquisition of Whole Foods looms over the grocery industry, and the number of class action lawsuits regarding food products has been on the rise.

One of the up-and-coming trends is alternative ingredients, including meat such as bison, ostrich; vegan meat made from plant protein; and seaweed and algae. The growing use of unconventional animal meat ties into consumers' growing interest in international flavors. Technomic's 2017 Flavor Consumer Trend Report found 45% of consumers crave bold flavors, up from 41% in 2015. This demand is mainly being pushed by Millennials and Generation X, while Baby Boomers are increasingly forgoing new flavors.

The growth of meatless meat is exemplified by Impossible Foods, which is selling its signature Impossible Burger at a growing number of retailers and foodservice locations. Fatburger is selling the Impossible Burger at five of its Los Angeles, CA, restaurants, while Bon Appetit Management Co. will distribute the patties to the University of Chicago and the headquarters of several San Francisco Bay Area companies. In addition, Restaurant Associates will serve the Impossible Burger at its clients' dining halls on the East Coast.

As a result of the expansion, Impossible Foods will open a manufacturing facility in Oakland, CA, which will boost production capacity by 250%, reported *San Francisco Business Journal*. The company will be able to produce up to 1 million pounds of alternative meat each month.

Algae and seaweed have been gaining notice as a sustainable source of food for both humans and animals. One of the largest recent expansions in the area was Evonik and Royal DSM locating a commercial-scale production facility in

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Blair, NE, for the production of omega-3 fatty acids from natural marine algae for animal nutrition. DSM Nutritional Products and Evonik Nutrition & Care plan to invest approximately \$200 million in the facility.



Another up-and-coming ingredient is insects, which are starting to find their way into increasingly mainstream venues. Crickets in particular have been gaining buzz as a source of high-protein, low-fat snacks that can be sustainably raised using minimal land and water. While no major food producer has started making insect-based food and no chain is carrying insect dishes, various independent restaurants and hospitality venues have started experimenting with them, and insect-based specialty companies are appearing across the country.

Experimenting with these new ingredients can be costly, and large companies aren't as nimble as their smaller competitors. As a result many are buying brands and companies to tack on trendy products rather than starting their own research and development efforts from scratch. This trend is expected to continue into 2018, bolstered by dedicated investment arms like Kellogg Co.'s eighteen<sup>94</sup> capital and General Mills' 201 Inc.

Recent examples of large companies bolting on smaller rivals include Nestle's acquisition of a majority stake in Blue Bottle Coffee, a high-end coffee producer; J & J Snack Foods Corp.'s acquisition of Labriola Baking Co., which adds Labriola's bread and artisan soft pretzels to J & J's in-store bakery offerings; and Smithfield Foods' acquisition of Kansas City Sausage Company LLC, which added fresh dinner sausage and Italian-style meal solutions to Smithfield's portfolio.

Retailers are facing their own changing trends in 2018, mainly driven by technology and the "Amazonization" of the industry. As the e-commerce giant dives into food retail, it's becoming more urgent for traditional retailers to improve their convenience and experience to compete in the highly competitive market.

Companies are expected to experiment with stores that serve more as a showcase for online sales than sole destinations themselves, which is made possible by the rapid expansion of delivery and pickup services across the industry. These stores are more about experience than selection, and may be paired with fresh technology like cashier-less convenience stores and vending machines.

The importance of selection is why many restaurants have been opening in-store "grocerants," a trend that is showing no signs of slowing down in 2018. Supermarkets are expected to partner directly with restaurants, like the deal between Hy-Vee and Wahlburgers. Under the companies' agreement, Hy-Vee will operate 26 independent Wahlburgers locations in seven Midwestern states, while serving Wahlburgers' food at its own Hy-Vee Market Grille locations, which are full-service restaurants inside existing grocery stores.

Pressure will also come in the form of class action lawsuits, as a number have been affecting food companies recently. A common complaint is about the amount of non-essential slack fill used by companies in their packaging, which has mainly affected candy manufacturers, but dragged in other companies as well. Ferrara Candy Co., Just Born Inc., Hershey Co., Mondelez International and Nestle are all facing slack fill lawsuits for candy products, while Pret A Manger was sued over claims that the packaging used in its lawsuit is deceptive.

Slack fill lawsuits are on the rise due to new FDA regulations, with litigation spreading from manufacturers to retailers, reported *Legal Newsline*. The agency defines slack fill as "the difference between the actual capacity of a container and the volume of product actually contained therein," in the Food, Drug and Cosmetic Act, and many plaintiffs accuse companies of deceiving consumers by including maximum levels of slack. Despite the lawsuits' prevalence, a partner with law firm Sutherland Asbill & Brennan LLP believes defendants will be vindicated in most of the cases.

Other deceptive claims include companies listing ingredients such as "evaporated cane juice" instead of "sugar" in a suit against YumEarth Organics and whether products with artificial coloring can be consider "all-natural" in a case filed against Tradewinds Beverage Co. Such lawsuits are expected to carry into 2018. Separate lawsuits were filed against Coca-Cola, PepsiCo and Dr Pepper Snapple Group alleging their marketing of diet sodas deceives consumers into thinking the beverages will help them lose or manage weight. The lawsuits center on the use of aspartame, claiming that the companies' use of the word "diet" in the beverages' marketing could make a "reasonable consumer" think the drinks are a diet aid.



# Featured Products



## Hella Company

New York, NY

Hella Company is a New York City-based cocktail company that produces a line of premium non-alcoholic mixers, syrups, and bitters. Hella Co. offers a variety of handcrafted goods that raise the bar on everyday imbibing and culinary experience. All products are designed with the utmost care to be premium, user-friendly and appealing to a broad audience. They allow anyone from the passionate bartender to the home chef to create delicious cocktails at home with ease.

Made in small batches, Hella Co.'s cocktail lines offer a premium alternative to mass-produced products. Founded in Brooklyn and now thriving in NYC, Hella Co.'s passion for quality has been there since the beginning and it's how they went from being a weekend project to a company in serious pursuit of the delicious.

As they've grown they've never lost sight of product craftsmanship. It's a quality they believe belongs behind every bar and in the cabinets of every kitchen. Whether it's a classic cocktail or a brand new recipe, Hella Co. is there to make life more delicious. For more information, e-mail [info@hellabitters.com](mailto:info@hellabitters.com).



## Universal Probiotics

Produced by Universal Enzymes LLP

## Universal Probiotics

Manhattan, KS

Founded with passion for developing natural ways to protect and enhance the health of animals, Universal Probiotics began as a family business and has grown into a proven solution for animals of all kinds. Customers say their animals have never looked or performed better, and they will continue to invest in Universal Probiotics because of its unique ability to save them money they would otherwise spend on animal care.

Universal Probiotics is unparalleled in its ability to improve the digestive system of each animal species because, unlike other competitors, Universal Probiotics grows its beneficial bacteria together during the production process, ensuring the probiotics will function together for maximum results. For more information, e-mail [mark@universalprobiotics.com](mailto:mark@universalprobiotics.com)



## The Sunshine Tomato Company

New Cumberland, PA

**There Is A New Color In The Pasta Sauce Aisle – Yellow!** Made with all yellow tomatoes, Sunshine Pasta Sauce is naturally lower in acid compared to its red counterpart. It is more versatile too! Sunshine Pasta Sauce pairs easily with seafood, meats, poultry and salads! All Natural, Non – GMO, Gluten Free with no sugar added Sunshine Pasta Sauce is a natural alternative to red sauce. Yellow is now the new Red!

Producing a pasta sauce with yellow tomatoes was not all that simple. This was something no one had ever done before! "It all started when my husband would get acid indigestion when eating red sauce. Being Italian, having pasta sauce a few times a week was something I was not willing to give up. Thus, we discovered the wonderful natural qualities of yellow tomatoes and have produced a delicious pasta sauce with lower acidity. This not only makes my husband happy, but over 1/3 of the population!" says Carla Noss, owner of The Sunshine Tomato Company.

Sunshine Pasta Sauce comes in four varieties: Original, Spinach Formaggio, CC's Hot Harlot and Bean & Truffle. Check out the website at [sunshinepastasauce.com](http://sunshinepastasauce.com), Facebook at The Sunshine Tomato Company and twitter at #allyellowtomato.



## Nutorious Nut Confections

Waukesha, WI

Every bag is packed with natural flavors that are full of goodness and loaded with Omega 3, premium all-natural ingredients, zero trans-fat, not to mention low sodium. Every batch of nuts is tested to high standards for flavor, and crunch.

"Can you try one without finishing the bag?" If the answer is "yes," then we admire your self-control. Nutorious Nut Confections are a healthy alternative to traditional snacks. Perfect as a snack or sprinkled on salads, ice cream, yogurt or oatmeal.

Manufactured by Devon's Chocolates, LLC. (Devon's Chocolates and A.L. Schutzman Company are sister companies.) [nutoriousnuts.com](http://nutoriousnuts.com)



## Shullsburg Creamery

Shullsburg, WI

**Simple. Versatile. Delicious.** Cheddar cheese curds from Shullsburg Creamery are produced in small batches with rGBH-free milk from local family farms. Curds are fresh, young cheddar cheese with a clean, mild flavor. They can be white or yellow in appearance and come in natural random shapes. Sometimes curds are flavored with garlic, dill, or jalapeno peppers.

Cheddar cheese curds can be enjoyed in a wide variety of ways. They melt smoothly in hot dishes such as miso ramen or Mexican chili. They are the main ingredient in poutine, and can also be used to make a caprese-style salad. What is more, they can be enjoyed as a simple snack with fresh fruits or even battered and deep fried to be served with beer.

Shullsburg Creamery has over 80 years of history and is SQF Level 3 certified. Using the best ingredients, rich traditional recipes, and a hands-on approach Shullsburg Creamery produces some of the most flavorful cheese in the world. [shullsburgcreamery.com](http://shullsburgcreamery.com)



## The Gracious Gourmet

Bridgewater, CT

Based in Bridgewater, CT, The Gracious Gourmet has created a line of all-natural and award-winning spreads, tapenades, chutneys, and allergen-free pestos. Paired with cheese, meats, fish, and even ice cream, eggs, and pasta, our products can transform ordinary dishes into exceptional ones!

Made in small batches, we source only the finest all-natural ingredients and we never use preservatives. With health consciousness in mind, we also minimize the use of salt and sugar and many of our products are vegan and naturally gluten free. Whether you are putting together a dinner party for a dozen or enjoying a quiet night at home, The Gracious Gourmet is here to help. Our aim is simple: we want every one of your meals to be a special occasion. [thegraciousgourmet.com](http://thegraciousgourmet.com)

For more information about these Featured Products or other featured products please email: [info@foodexport.org](mailto:info@foodexport.org).

## EVENT CALENDAR

### 2018

#### FEBRUARY

##### 14-16: SMTS (Supermarket Trade Show) 2018

Tokyo, Japan  
Makuhari Messe (Japan)  
[smts.jp/en](http://smts.jp/en)

##### 18-22: Gulfood Show

Dubai, United Arab Emirates  
Dubai World Trade Centre  
[gulfood.com](http://gulfood.com)

##### 24-25: CHFA (Canadian Health Food Association) West 2018

Vancouver, Canada  
Vancouver Convention Centre  
[chfa.ca/en/chfa-west](http://chfa.ca/en/chfa-west)

#### MARCH

##### 6-9: FOODEX Japan

Toyko, Japan  
Makuhari Messe, Japan  
[jma.or.jp/foodex/en](http://jma.or.jp/foodex/en)

##### 6-8: Expo ANTAD & Alimentaria Mexico 2018

Guadalajara, Mexico  
Expo Guadalajara  
[alimentaria-mexico.com/en/home](http://alimentaria-mexico.com/en/home)

#### APRIL

##### 24-27: FHA (Food & Hotel Asia) 2018

Singapore  
Singapore Expo & Suntec Singapore  
[foodnhotelasia.com](http://foodnhotelasia.com)

##### 24-26: Seafood Expo Global

Brussels, Belgium  
Brussels Expo  
[seafoodexpo.com/global](http://seafoodexpo.com/global)

##### 30-May 04: Seoul Food & Hotel

Kintex, Seoul, South Korea  
Korean International Exhibition Center  
[http://www.seoulfoodnhotel.co.kr/2009\\_IFIES\\_allworld/index.asp](http://www.seoulfoodnhotel.co.kr/2009_IFIES_allworld/index.asp)

#### MAY

##### 2-4: SIAL Canada

Montreal, Canada  
Palais Des Congres  
[imexmanagement.com/show/212/sial-canada-2018/#](http://imexmanagement.com/show/212/sial-canada-2018/#)

##### 16-18: SIAL China

Shanghai, China  
Shanghai New International Expo Centre – SNI EC  
[sialchina.com](http://sialchina.com)

#### JUNE

##### 5-8: Alimentec

Corferias, Bogotá, Colombia  
[feriaalimentec.com](http://feriaalimentec.com)

##### 25-28: IFT (Institute of Food Technologists)

Las Vegas, Nevada – USA  
Sands Expo  
[iftevent.org](http://iftevent.org)

#### SEPTEMBER

##### 4-6: Seafood Expo Asia

Wanchai, Hong Kong  
Hong Kong Convention & Exhibition Centre  
[seafoodexpo.com/asia](http://seafoodexpo.com/asia)

##### 17-19: SEAFEX 2018

Dubai, United Arab Emirates  
Dubai World Trade Centre  
[speciality.ae/seafex-seafood-aquaculture](http://speciality.ae/seafex-seafood-aquaculture)



## Demand for Clean Products, Avocados Still Going Strong

Consumers increasingly have been looking for fresh food with simple labels, making clean eating one of the biggest trends in the industry.

Consumer demand is affecting the entire food industry, from the kinds of products released to the areas of the supermarket seeing the fastest growth. Companies are cutting out artificial ingredients, and often ingredients in general. The demand for clean products is reflected in labeling as well, with consumers wanting food labels that are completely transparent yet understandable, without any ingredients they don't recognize.

Fresh items are reflecting this trend, including at convenience stores. Wawa and Sheetz are the leading convenience store chains for fresh food, and also rank among the top five U.S. convenience stores in terms of overall brand equity, according to Nielsen.



Avocados, which combine health, freshness and ethnic flavors in a single item benefit from the trend toward fresh food. While rising prices put a slight damper on avocado's popularity in 2017, the 2018 harvest is supposed to be bigger and could see a resurgence, as groves produce a larger harvest every other year.

Surging demand and small harvests in both California and Mexico drove up prices for 2017, reported *St. Louis Post-Dispatch*. In May, a 22-lb. box of Hass avocados from the state of Michoacan, Mexico's biggest producer, was priced at \$27.89, double what it was a year earlier. At the same time, American per-capita avocado consumption was 6.9-lbs. in 2015, versus 3.5-lbs. in 2006.

Another big winner from the healthy eating trend is better-for-you ice cream. Halo Top became the top-selling pint ice cream after its 2016 sales leapt about 2,500% to \$66 million year-over-year, with more than 13.5 million pints sold, reported *Food & Wine*. Halo Top isn't resting on its laurels, and launched non-dairy and vegan-friendly ice cream in seven flavors, and it seems unlikely that companies like Ben & Jerry's and Häagen-Dazs will refrain from fighting back.

## State Spotlights



Delaware farmers, with close to 2,500 farms using 40% of Delaware's land or half a million acres in farming, are among the most productive and efficient in the nation.

### 2016 TOP AGRICULTURAL EXPORTS

|  |                 |
|--|-----------------|
| Bananas, Fresh or Dried                          | \$137.1 million |
| Chicken Cuts & Edible Offal, Frozen              | \$54.7 million  |
| Pineapples, Fresh or Dried                       | \$20.1 million  |
| Miscellaneous Food Preparations                  | \$13.3 million  |
| Grapes, Fresh                                    | \$8.9 million   |
| Orange Juice, Frozen                             | \$5 million     |
| Protein Concentrates and Textured Substances     | \$3.9 million   |
| Plantains, Fresh or Dried                        | \$3.8 million   |
| Mucilages and Thickeners Derived from Vegetables | \$3.4 million   |
| Prepared/Preserved Chicken Meat                  | \$3.3 million   |
| Chicken Cuts & Offal, Fresh                      | \$3.1 million   |
| Cocoa Powder, Not Sweetened                      | \$2.6 million   |



The 59,600 farms in "The Sunflower State," working 45.9 million acres, or over 87% of the land provide cattle and calves, wheat, corn, sorghum and soybeans. Farmers also grow hard red winter wheat (best for high-protein flour for making bread) and soft red winter wheat, (useful in flat breads, cakes, pastries, and crackers) and hard white wheat (useful in yeast breads, hard rolls, tortillas, and noodles).

### 2016 TOP AGRICULTURAL EXPORTS

|                                     |                 |
|-------------------------------------|-----------------|
| Wheat & Meslin                      | \$849.8 million |
| Fresh Boneless Beef                 | \$661.5 million |
| Corn, Other Than Seed Corn          | \$305 million   |
| Soybeans for Consumption & Oilstock | \$242 million   |
| Dog & Cat Food                      | \$189.6 million |
| Frozen Boneless Beef                | \$170.6 million |
| Grain Sorghum                       | \$148.1 million |
| Frozen Beef Cuts, Bone-in           | \$79.4 million  |
| Frozen Pork Meat                    | \$67 million    |
| Beef Offal, Fresh or Chilled        | \$65.1 million  |
| Tallow of Bovine, Sheep or Goats    | \$63.3 million  |

# news briefs

**Pumpkin spice is growing at a slower pace.** The number of pumpkin spice items sold online jumped 49% year-over-year in 2017, but sales only grew 21%, according to 1010data. The firm believes that although pumpkin spice will remain a favorite in the fall, maple flavors are becoming more popular among consumers, reported MarketWatch.

**Fifty percent of U.S. households have protein with every meal.** Thirty-percent of these households don't care where the protein comes from, whether it's fish, meat or plants, according to Nielsen. About 35% of households follow a specific protein-focused diet such as Paleo or low carb.

**More meals are becoming meatless.** Americans are increasingly ordering meatless dishes, according to Grubhub's analysis of vegetarian and vegan options. Grubhub found vegan orders increased in popularity by 19% in 2017, meat substitutes were ordered 5% more on Mondays than the rest of the week and jackfruit rose 33% in popularity for orders placed on Mondays from 2016.



**Consumers find local grocers superior to online offerings.** Nearly 60% of frequent e-commerce shoppers never buy groceries online or do so just a few times a year, according to a Reuters/Ipsos poll. Frequent shoppers are defined as those who make internet purchases at least weekly. Additionally, 60% of all consumers claimed their local food store was superior on price, selection, quality and convenience, while only 3% felt online sellers led in all four categories.

**Still, those who shop online are loyal.** Only 17% of shoppers are purchasing groceries online, but nearly all have made an in-store purchase within the last 90 days, according to ratings and review software company PowerReviews. Nearly a quarter of consumers in cities with populations of 500,000 or more made online purchases, compared to 10% of consumers in towns of less than 50,000. Shelf-stable goods are the most commonly purchased items online.

**Alternative formats are on the rise.** Sales from alternative formats and e-commerce will increase to 44.9% of food-at-home spending in the next five years, up from 30.4% currently, according to an estimate from Barclays. Mergers and



acquisitions to drive efficiencies and better compete on price will be key to the survival of conventional food retailers over the long term, according to the report.

**Specialty coffee, bottled water and energy drinks are expected to grow rapidly.** Hot and cold beverages accounted for over \$181 billion in annual sales in 2016 and totaled over 113 billion servings, according to Technomic. Soda and regular coffee continue to drive beverage volume overall.

**Organic product sales are on the rise.** Dollar sales of UPC-coded organic products grew 9.8% in the year ending Sept. 2, while unit sales increased 11.4%, according to Nielsen. Warehouse clubs accounted for 27% of all organic sales, the most of any outlet, followed by natural and fresh stores at 26%, conventional grocery stores at 21%, supermarkets and mass merchandisers at 18% and discounters at 7%.

**Over half of U.S. adults and teens are trying to reduce the sugar in their diet.** When deciding which sugary foods to keep in or out of their diets consumers tend to separate them into categories, such as more healthful versus indulgent sugary foods, according to The NPD Group. Consumers are more likely to cut back on cola drinks than fruit juices because they feel juice has more nutritional benefits and the sugar is naturally occurring.

### Satisfaction with packaged food is down.

Overall customer satisfaction fell 2.4% to a score of 81 on a 100-point scale, according to the American Customer Satisfaction Index Nondurable Products Report 2017.

Customer satisfaction with packaged food waned as demand for higher-quality, fresh, natural and organic products grew. Most major food companies lost ground in the survey, except for Hershey Co., Quaker Oats Co. and Conagra Brands.



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