Specialty foods have never been as popular as they are today. Approximately 65% of consumers purchase these products, resulting in $140.3 billion in retail and foodservice sales in 2017, according to the Specialty Food Association's (SFA) State of the Specialty Food Association 2018 report.

The total amount of specialty food sold was up 11% during that period, while retail sales in particular grew 10.7%. In comparison, all food sales grew 1.4%. Specialty foods and beverages accounted for 15.8% of the total market, with convenience stores, drug stores and vending machines potential growth markets. Currently, 82% of all specialty sales are made through mainstream channels.

While brick-and-mortar sales are bright, the growth of specialty in other channels is even more profound: foodservice sales were up 12.8%, while e-commerce jumped 20.9%. This is a reversal from the 2015 through 2017 period, when both categories were outpaced by the now-matured physical retail market.

“The specialty food industry is a business that is constantly evolving,” said Phil Kafarakis, president of the SFA. “Consumers of all ages are embracing specialty foods and making purchases everywhere they happen to be — from convenience stores to big-box retailers to online, as well as in traditional gourmet shops and groceries. Foodservice and retailers are relying more and more upon our products. The industry’s growth has been building and will continue to maintain momentum for years to come.”

(Continued on page 2)
In terms of specific categories, water saw the highest growth with a 76.1% boost in sales during 2017. Rice cakes came in second, soaring 64.1%, while refrigerated ready-to-drink tea and coffee jumped 63.2%, jerky and meat snacks rose 62.1% and shelf-stable creams and creamers grew 61.7%.

The summer is a good time for specialty food, with vegan barbecue, better-for-you ice cream and bold snacks some of the 2018 summer trends predicted by Mintel. Snacks designed to be a companion to beer are poised to do especially well, and the rise of water sales likely means flavored sparkling waters will take the place of soda and lemonade.

Going forward, SFA expects black foods, such as those made with activated charcoal or black sesame seeds, to see a boost in popularity. Cauliflower has proven staying power thanks to its use as a carb substitute and wide variety of nutrients, while grapefruit is expected to get its time in the sun as well. In terms of flavors, African cuisine, turmeric and cardamom are all expected to make a splash.

Plant-based categories are becoming some of the biggest-sellers, and are expected to continue growing over the next five years. One of the rising stars is plant-based proteins, which saw 19% growth in cases shipped from broadline foodservice distributors to independent and micro-chain restaurant operators in the year ending March 2018 compared to the same period a year ago, according to The NPD Group.

Beef alternatives made up 44% of the plant-based categories being shipped, and served as the primary contributor to the total category’s growth. While hamburgers were the biggest category, alternatives like meatless meatballs outpaced burgers and all other plant-based protein formats in terms of growth.

This could be attributed to the fact that 60% of consumers want more protein in their diet, with many using a mix of both animal- and plant-based protein to fuel their needs. A recent NPD survey found that 14% of U.S. consumers, or 43 million people, regularly choose plant-based alternatives such as almond milk, tofu and veggie burgers.

At the same time, 86% of these consumers don’t consider themselves to be vegan or vegetarian, though the heaviest users include those that are more likely to be on a diet or suffering from a medical condition. Many of these consumers tend to think of food as fuel, are convenience-oriented and are less confident about their cooking skills.

Taste is a factor as well: people who are all about how their food tastes make up one of the fastest-growing plant-based food consuming segments.

Dairy alternatives are continuing their rise as well, growing 4% in the five years ending in 2017, compared to a 3.5% drop in milk sales during the same period, according to Rabobank. However, this is still a small piece of the overall market. The firm noted that the dairy industry brings in roughly $600 billion in global sales every year, while the dairy alternative industry accounts for just $18 billion, reported CNBC (May 29).

Part of the category’s success is public perception of its healthiness. Dairy alternative manufacturers have used clear labeling and touted locally sourced ingredients, according to Rabobank analyst Tom Bailey. In comparison, traditional milk’s packaging hasn’t changed much, which makes it appear obscured in comparison.

“The dairy industry rightfully points to the nutritional and flavor superiority of dairy compared to plant-based beverages,” Bailey said in an interview with CNBC. “[But] the makers of dairy alternatives generally appear to be doing a better job of connecting emotionally with consumers who favor more dairy-free options to meet their own perceptions about health and lifestyle.”

While every generation is buying specialty food regularly, the breakdown of consumers buying these products rises among younger demographics. While even 60% of Baby Boomers buy these products, that number rises to 65% among Generation X, 67% among Millennials and reaches 79% among the iGeneration.

This may be because the iGeneration, which consists of consumers between the ages of 18 and 23, has greater awareness of specialty food than even Millennials. This could be a powerful sales driver going forward: 30% of the average weekly grocery bill is driven by teenagers’ preferences and eating behaviors, according to a survey by Farm Rich. Foods that serve a particular niche are of particular interest here, as 20% of teens completely changed their diet, and asked their parents to switch up the menu to cater to meal plans including low-carb, low-fat and vegetarian.
Simply Sunflower

North Loup, NE

Sharing sunshine around the globe! Simply Sunflower Oil is all natural, non-GMO, and one of the healthiest sunflower oils on the market. It is produced from fresh sunflowers grown on Nebraska family-owned farms. These seeds are mechanically cold-pressed using no chemicals to extract the oil from our specialized blend of mid and high-oleic sunflower seeds. Simply Sunflower Oil offers a savory, nutty flavor without any artificial flavorings or preservatives. The high smoke point of 450 degrees makes our oil optimal for gourmet cooking and frying. Many soap companies use our oil in their products because it contains 41% Vitamin E which is excellent for hydrating the skin. Simply Sunflower Oil is available in 500mL and 1L bottles for retail and also in 19L and 1T bulk tubs for food service and commercial use.

Simply Sunflower Oil is one of the only vertically-integrated sunflower oil producers in the U.S. It is a family owned and operated company that has been in the farming business for over 120 years. Our company is based in North Loup, NE, USA and we are able to export to most countries. simplysunflower.com

St. Amand Trade LLC

Paxico, KS

There was a time when “Oregon Country” meant the entire Pacific Northwest. Running north from the border of California and taking in what is now Oregon, Washington, Idaho, and British Columbia, “The Northwest” was one vast contiguous territory. As a wine region, it still is. With Northwest roots going back five generations, family-owned Lady Hill Winery makes hand-crafted wines from grapes grown only at the region’s finest vineyards and by the most experienced winegrowers—no matter where they are in the Northwest. Wine grapes, after all, know no borders. Carefully fashioned with a love for the region, respect for the heritage of the land, and a commitment to preserve it for future generations, Lady Hill wines express the authentic spirit of the True Northwest.

Jerry and Elaine Owen invite you to take your own True Northwest journey through the varying expressions of Lady Hill wines. Lady Hill wines are crafted by individuals, not manufactured by processes. Our pledge is to deliver delicious wines that are unique Northwest expressions of classic European varieties and blends and which reflect the individual qualities of each vineyard source.

To fulfill this promise, Jerry Owen, winemaker Dan Duryee, and the Lady Hill Winery team carefully select each vineyard source and personally work with growers to make the best viticultural decisions for each vintage’s conditions. Attentive winemaking ensures that every lot of hand-harvested grapes is individually vinified in slow, cool, small-batch fermentations and then matched to the best barrel type for its character. Rigorous tasting trials of all the barrels in the cellar result in final wines that are richly aromatic, texturally elegant, and which are true to their varietal character, blending style, and Northwest roots. stamandtrade.com

Michael’s Bakery Products, LLC

Clear Lake, IA

Bubabob Shortbread Cookies, these “Seriously Delicious” shortbread cookies are full of Vitamin C thanks to bababob superfruit. In addition to being high in antioxidants and non-GMO, these cookies are empowering others to live a higher quality of life, fight against poverty and inequality and promote environmental stewardship in some of the poorest regions of Africa. By harvesting the bababob fruit, African women are able to support their families and create a sustainable income. This is food that feels good! For more information, please contact us at info@michaelscookies.com. Bonzers.com

Zoup! Specialty Products, LLC

Southfield, MI

Introduced by Eric Ersher, founder of Zoup! Fresh Soup Company, a successful American chain of soup-themed, fast-casual restaurants, the company’s retail product lineup consists of Zoup! Good, Really Good™ Chicken Broth, Low-Sodium Chicken Broth, Vegetable Broth, and Beef and Chicken Bone Broth, each touting the product’s tagline, “Good Enough to Drink.” Since its launch, Zoup! Broth has brought better flavor, new consumers, and a higher ring to the once traditional category.

Kettle cooked in small batches using restaurant-quality cooking methods and standards and made using only the freshest and finest quality ingredients, Zoup! Broth bursts with an unforgettable homemade taste and is packaged in glass jars to showcase its delicious golden color. In addition, the products are low in calories, paleo-friendly / zero carb, and completely free of hormones, gluten, GMO’s, fat, trans fat and saturated fat.

President and CEO Eric Ersher said, “Working in the soup and spice industry for over 20 years, I would consistently hear from customers, ‘Why doesn’t chicken broth sold at grocery stores taste as good as what’s served at restaurants?’ It was those inquiries, along with a passion to fill a void in the marketplace, that inspired me to get into the consumer product business. We always felt there was a lack of great-tasting broth on the market, and the response from retailers and consumers to Zoup! Broth validate that was true. Once they taste the difference, it’s an easy sell, and that ‘yum factor’ is going a long way!”
Premium Gold Flax Products, Inc.

Denhoff, ND

Since 1906 the Miller family has been farming flaxseed in the heart of North Dakota. With over 100 years of experience the Millers have become experts in choosing heirloom seed, planting, harvesting, milling, and packaging. Word quickly caught on about their expertise and in 2002 Premium Gold Flax Products was born. Premium Gold Flax Products believes they need to do everything to give you a product of the highest quality possible, no matter what the product is. In 2013 Premium Gold created an award winning Gluten-Free product line that incorporates flax from the farm.

The Premium Gold Flax Products line includes both Natural and Organic Golden Flaxseed, Gluten-Free flours, and Gluten-Free baking mixes. Flaxseed products come in a number of milling textures from whole seed to fine powder, each having its own benefit. The Gluten-Free products use a blend of Ancient Grain flours that don’t include starches like corn or potato, resulting in a better tasting and more nutritious flour. Whichever item you choose, Premium Gold has made their products for people with allergies in mind. All of their products are top 11 allergen free.

Healthy Seeds, Healthier You!

Grecian Delight Foods, Inc.

Elk Grove Village, IL

Grecian Delight, A Pure Mediterranean Foods Company, is a U.S. manufacturer, founded in 1974 in Illinois by the current owners and operators, the Parthenis family. The Grecian Delight team is rooted in the Mediterranean and scours the region for the most authentic foods and flavors, bringing them back to the U.S. for production in our USDA inspected, SQF Level 3 facilities in Elk Grove Village, Illinois.

Enjoy the very best of the Mediterranean from quality U.S. producer committed to authenticity.

We offer authentic, Made in the USA, Halal Gyros, Halal Shawarma, Italian Beef & Al Pastor, Pitas & Flatbreads, Tzatziki, Hummus & Spreads and other Mediterranean Specialties like Falafel and Phyllo sweets. Meats are available as traditional cones or slices. We also offer solutions for Autodoner® Vertical Broilers for Gyros. greciandelight.com.

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

EVENT CALENDAR

AUGUST

15-20: HKDTC Food Expo
Hong Kong
Hong Kong Convention and Exhibition Centre
m.hktdc.com/fair/hkfoodexpo-en

28-31: Abastur
Mexico City, Mexico
Citibanamex Center
abastur.com/en

29-31: Natural & Organic Products Asia (NOPA)
Wanchai, Hong Kong
Hong Kong Convention & Exhibition Centre
naturalproducts.com.hk

SEPTEMBER

2-4: Specialty and Fine Food Fair
London, United Kingdom
Olympia London
specialtyandfinefoodfairs.co.uk

4-6: Seafood Expo Asia
Wanchai, Hong Kong
Hong Kong Convention & Exhibition Centre
seafoodexpo.com/asia

5-7: Asia Fruit Logistica
Lantau, Hong Kong
Asia-World Expo
asiafruitlogistica.com

11-12: Vitafoods Asia
Sands, Singapore
Sands Expo & Convention Centre at Marina Bay
vitafoodsasia.com

15-16: CHFA East
Toronto, Ontario
Metro Toronto Convention Centre
cfha.ca/en/tradeshows/chfa-east

17-19: VIV China 2018
Nanjing, China
Nanjing International Expo Centre (NIEC)
vivchina.nl

20-21: lunch! UK’s Trade Show for Food-To-Go
London, United Kingdom
ExCel, London
lunchshow.co.uk

24-27: Espacio Food & Service 2018
Santiago, Chile
Santiago Convention Center
espaciofoodservice.cl

25-27: Food Tech Summit & Expo
Mexico City, Mexico
Centro Citibanamex, Mexico City
foodtechnologysummit.com

27-29: ANUFOOD Annapoorna 2018
Mumbai, India
Bombay Exhibition Centre, Mumbai
worldoffoodindia.com

OCTOBER

3-5: Fi Food Ingredients Asia
Jakarta, Indonesia
Jakarta International Expo
figlobal.com/asia-indonesia

21-25: SIAL Paris
Paris, France
Paris Nord Villepinte
sialparis.com

22-23: Grocery Innovations Canada
Toronto, Canada
Toronto Congress Centre
groceryinnovations.cfg.ca

24-26: FIGAP Expo Pecuaria
Guadalajara Jalisco, Mexico
Expo Guadalajara
figap.com

30-11/1: yummex Middle East 2018
Dubai, United Arab Emirates
Dubai World Trade Centre

Listed events are the international shows where Food Export will have staff/services available.
Millennials are also part of the force that has turned snacking from a trend into a normal part of the average American’s eating habits.

Organic products are popular, and this can be seen among Millennials most of all. Approximately half of the generation is making an effort to buy only or mostly organic and natural products, compared to about 33% of all consumers, according to a study by Valassis. This generation is influencing their children as well, with 48% of parents doing the same.

Millennials are likewise leading the charge in resurrecting frozen food sales, reported Bloomberg (May 11). Americans in general are purchasing more frozen food, with volume sales growing in 2018 for the first time in five years, according to RBC Capital markets. Part of the rising demand may be Millennials’ desire for plant-based foods, which Caucasian Millennials are 47% more likely to incorporate into a meal than the general population.

The continued popularity of private labels owes some of its existence to Millennials as well, as 63% of the demographic finds store brand and other private label foods to be a much better value for their money, according to a study by Barkley and Futurecast. Another 60% found private label brands to be just as good as national brands in terms of quality.

Millennials are also part of the force that has turned snacking from a trend into a normal part of the average American’s eating habits. The study also found 78% snack because it keeps them full between meals, while 64% say it’s an affordable way to replace meals; 56% say it’s to satisfy a craving; and 39% say it’s to get energy.

Despite their reputation for brand disloyalty, 55% of Millennials have a preferred snack brand, compared to 46% of older Generation Z and 50% of the entire population. Snack brands that appeal to Millennials could have regular customers and strong evangelicals who feel a real connection with their product.

Finally, Millennial cooking habits may be the driving the importance of prepared foods at supermarkets. USDA found that Millennials spend and average of 88 minutes doing food preparation, presentation, and clean-up, compared to 143 minutes for Generation X. Younger shoppers also spend more of their money on prepared items, with some economic demographics devoting as much as 8% of their food budget on pre-made meals they take home and eat.

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**2017 TOP AGRICULTURAL EXPORTS**

<table>
<thead>
<tr>
<th>Product</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSoybeans, Whether Or Not Broken</td>
<td>$2 billion</td>
</tr>
<tr>
<td>Distiller’s Grains</td>
<td>$511.8 million</td>
</tr>
<tr>
<td>Miscellaneous Food Preparations</td>
<td>$443.1 million</td>
</tr>
<tr>
<td>Corn, Other Than Seed Corn</td>
<td>$433.2 million</td>
</tr>
<tr>
<td>Protein Concentrates &amp; Textured Substances</td>
<td>$330 million</td>
</tr>
<tr>
<td>Pork Meat, Frozen</td>
<td>$208.5 million</td>
</tr>
<tr>
<td>Starch Residues</td>
<td>$184 million</td>
</tr>
<tr>
<td>Baked Goods and Snack Foods</td>
<td>$169.3 million</td>
</tr>
<tr>
<td>Cocoa Preparations, Not In Bulk Form</td>
<td>$168.1 million</td>
</tr>
<tr>
<td>Beef, Boneless, Frozen</td>
<td>$133.8 million</td>
</tr>
<tr>
<td>Grain Sorghum</td>
<td>$133 million</td>
</tr>
<tr>
<td>Pork Meat, Fresh &amp; Chilled</td>
<td>$114.2 million</td>
</tr>
</tbody>
</table>

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**2017 TOP AGRICULTURAL EXPORTS**

<table>
<thead>
<tr>
<th>Product</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa Preparations, Not in Bulk Form</td>
<td>$202.3 million</td>
</tr>
<tr>
<td>Chocolate Preparations, In Blocks, Over 2kg</td>
<td>$125.8 million</td>
</tr>
<tr>
<td>Baked Goods &amp; Snack Foods</td>
<td>$116.4 million</td>
</tr>
<tr>
<td>Miscellaneous Food Preparations</td>
<td>$104.9 million</td>
</tr>
<tr>
<td>Coffee, Roasted, Not Decaffeinated</td>
<td>$93.4 million</td>
</tr>
<tr>
<td>Cocoa Preparations, Not in Bulk, Not Filled</td>
<td>$69.2 million</td>
</tr>
<tr>
<td>Dog &amp; Cat Food Put Up For Retail Sale</td>
<td>$65.4 million</td>
</tr>
<tr>
<td>Sauces, Condiments &amp; Seasonings</td>
<td>$64.7 million</td>
</tr>
<tr>
<td>Sugar Confectionery, Not Cocoa</td>
<td>$58.3 million</td>
</tr>
<tr>
<td>Cocoa Butter, Fat &amp; Oil</td>
<td>$54.8 million</td>
</tr>
<tr>
<td>Nonalcoholic Beverages</td>
<td>$46.4 million</td>
</tr>
</tbody>
</table>
One in three consumers make an effort to buy only, or mostly, organic and natural products. This number increases to 48% of parents and 50% of Millennials, according to a study by Valassis. The study found 10% of parents and 14% of Millennial parents have meal kits delivered to their homes once a week, and 14% of parents and 15% of Millennial parents are ordering groceries online once a week.

Over half of Americans are concerned about the safety of products bought online. Research from Mintel found almost eight in ten consumers are worried about the freshness of food products they buy online, as just 10% of Americans say they buy fresh produce, meat, poultry and/or fish through e-commerce channels. Saving money is the top reason Americans say they buy food or drinks online, followed by saving time, finding a specific item and avoiding the store.

Organic food sales in the U.S. totaled a record $45.2 billion in 2017. This was up 6.4% from the previous year, according to the Organic Trade Association. Fruits and vegetables continued to be the largest organic food category, recording $16.5 billion in sales on 5.3% growth, while sales of organic dairy and eggs grew 0.9% to $6.5 billion. Organic beverage sales rose 10.5% to $5.9 billion, making it the third-largest organic category.

Unusual flavor combinations, healthy indulgences and over-the-top treats are top trends. The Sweets & Snacks Expo in Chicago showcased numerous up-and-coming products. Smarties Candy introduced a new logo, fresh packaging and a smoothie-inspired product line. From the Ground Up introduced cauliflower-based pretzel products, and Nestle launched Butterfinger Candy Pop popcorn. Private labels such as Target’s Archer Farms and Trader Joe’s are emphasizing better and fewer ingredients to appeal to healthy and natural trends, reported Chicago Tribune.

Dairy alternatives are becoming increasingly popular. The category jumped 4% in the five years ending in 2017, while Dairy alternatives are becoming increasingly popular.

Traditional frozen food brands have found new popularity among health-conscious shoppers. Frozen food sales rose 1.4% in the year through March 31, compared to zero growth the prior year, according to Nielsen. Conagra freshened up of three of its frozen brands, Healthy Choice, Marie Callender’s and Banquet, and plans to renovate its snack brands. Good Thins and Oscar Mayer Natural.

About two-thirds of consumers purchase specialty foods. The industry reached $140.3 billion in retail and foodservice sales in 2017, an 11% increase over 2015, according to the Specialty Food Association’s State of the Specialty Food Industry 2018 report. Retail dollar sales of specialty foods grew 12.9% during that period, versus 1.4% for all food. Plant-based categories dominate the top four spots and are expected to grow over the next five years.

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. Foodlink was curated to provide readers credible data and information in an easy-to-read format.

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