

U.S. FOODLINK

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

Vol. 18 No. 2



PET FOOD SALES ARE RISING, and Health is the Key to Catching the Momentum

Pet food has become a massive industry: dog food alone accounted for \$38 billion in annual sales in 2021, more than 37% of the overall \$103.6 billion U.S. pet market, according to the American Pet Products Association (APPA). The number is expected to continue rising in 2022, and Statista expects food to remain the highest-selling pet market product in the coming year.

In fact, pet food sales are expected to grow approximately 5.8% this year alone, according to APPA. That's down slightly from the up 6.4% growth Packaged Facts recorded for 2021, but still well above the 3% to 4% average APPA saw in pre-pandemic years.

The number of pet owners has been on the rise since COVID-19 first hit the U.S., and pet parents are happy to splurge on their furry friends. According to APPA, 70% of all U.S. homes have at least one pet, with 69 million families having a dog, 45.3 million having a cat and 11.8 having a freshwater fish.

Dog-owning households in particular have been on the uptick: an MRI-Simmons National Consumer Study found that the number of households without children at home grew by 20% between 2010-11 and 2020-21, while the number of dog-owning households without children grew by 27%. Additionally, the number of retiree households rose 35% over the last decade, while the number of dog-owning retiree households grew by 67%, according to *PetFoodIndustry.com*.

One of the key drivers for these households is "pets as family," which can lead to higher spending on pet products and services, including pet food, for households without children at home. Statista found that the average dog owner spends \$442 on food alone, while the average cat owner spends \$329.

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Pet Food Sales are Rising *Continued*

However, people are spending more on their pets across the age spectrum.

Millennials make up a majority of pet owners at 32% (compared to 27% for Baby Boomers), and they're well-known for treating their pets like children. This is causing interest in pet health to grow across the country, which is in turn changing what shoppers are spending on. For instance, pet supplement sales jumped up to 1.47 billion in 2020 and are expected to continue growing at an average annual rate of 5.9% through 2028, according to Grand View Research.

Organic pet food is another area of growing interest, according to IMARC Group. Spend in this area is expected to increase a total of 10.6% by 2026 as pet parents seek to cut out additives such as antibiotics, artificial dyes and preservatives. Additionally, organic options are growing to include more items across options like raw, homemade and freeze-dried items. Non-organic pet food is expected to account for the majority of pet food sales in the coming years, but that gap is steadily closing.

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Another growing, but more controversial, market is vegan pet food. This market is projected to grow from \$9.3 billion globally in 2022 to \$15.6 billion by 2029, according to Pet Food Industry. It is far more popular among dog owners (with more than 10% choosing vegan diets) than cat owners (with just 3.3% going vegan). Cats in particular are carnivores and putting them on a plant-based diet requires extra precautions.

Just because more shoppers have health at the top of mind doesn't mean that manufacturers should discount the popularity of treats, though. Pet treats sales grew 15% to \$9.9 billion in 2021, and Packaged Facts expects the category to maintain a 12% compound annual growth rate through 2025, when total sales will hit \$15 billion. Pet parents definitely care about the health of their furry friends, but they like to spoil them, too.



Health isn't the only thing on pet parents' minds. The supply chain challenges of 2021 have stayed with some consumers and created a group Euromonitor International



calls "Backup Planners." These consumers are on the lookout for creative alternatives and options with similar labels to their preferred brands – meaning while there's always room for new and unique formulations, manufacturers should be aware of opportunities in tried-and-true pet foods that can appeal to customers who can't find their usual preference.

This also benefits manufacturers who sell through channels including direct-to-consumer and subscription services. Local sources for pet food may not have the needed items in stock, but shoppers feel more comfortable when they can find items directly from their producer or through services that have proven reliable for months. Producers also can find interest in stores near their manufacturing facilities, as consumers found locally-produced options to be more reliable.

Other new opportunities for growth exist in fledgling categories. One fast-growing trend is "primal" proteins that connect dogs' and cats' diets to their primal origins, with an emphasis on gamey meats such as wild boar, venison and bison, according to Acme Canine. Insect proteins are also included in this category.

Proponents say that game meat and insect proteins are healthier for animals than traditional pet food ingredients like chicken and beef. The game-based pet foods are usually sourced from animals that were grass-fed and are free from antibiotics and growth hormones and insect protein is easier to digest – with these aspects further enhancing the health halo.

A related area of interest is the reduction of pet foods with flavorings. Some view pet food flavorings as "gimmicks" that can be used to cover up cheap ingredients, which makes additive-free foods more enticing to them.

Taken together, the growth trends for 2022 point to pet parents looking to help their companions lead healthier, happier lives – and seeking better pet food will be a major part of this drive. Manufacturers should follow the lead of human food trends and strive to offer products that meet modern wellness goals and ride these trends to success.

Speed Will Define Food Retail in 2022, From Faster Delivery to Ready-Made Meals



Food will become faster than ever in the year ahead, as grocers keep up with ever-busier customers. The past two years have seen an explosion of interest in buy online, pick up in-store services, and now the grocery industry will see demand grow into ultrafast delivery through services like DoorDash and the expansion of ready-made meals such as Kroger's foray into ghost kitchens.

It was less than a decade ago that two-day delivery seemed like the impossible standard everyone was expected to meet, but now thirty minutes is becoming the new standard for grocers, co-CEO of Omni Talk Anne Mezzenga told *Grocery Dive*. The offering is mainly focused in dense urban areas, but she expects it to expand into suburbia in the near future – and grocers will need to figure out how they can compete in this space.

“Whether that’s dark stores, whether that’s sortation centers, whether it’s partnerships and acquisitions, every grocer is going to have to figure out a long-term solution for instant delivery [in order to] stay competitive,” said Mezzenga.

Of course, it remains to be seen if this trend can prove profitable in the long-term.

“Instant” delivery companies have raised nearly \$7.6 billion in venture funding, with Gopuff the recipient of more than half that total, according to PitchBook data reported by *The Wall Street Journal*. Additionally, these services only account for a tiny fraction of total food sales volume, and it remains to be seen just how far they can grow.

Mezzenga expects the rapid delivery firms to consolidate as demand for ultra-fast delivery grows. Vishwa Chandra, partner at McKinsey & Company, noted that “none of the players are at scale,” which would prevent them from keeping up with truly nationwide volume. If this trend continues gaining steam, consolidation may be the best way for firms to keep up.

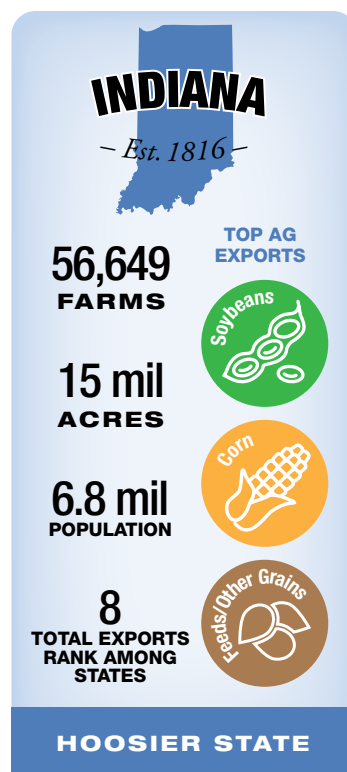
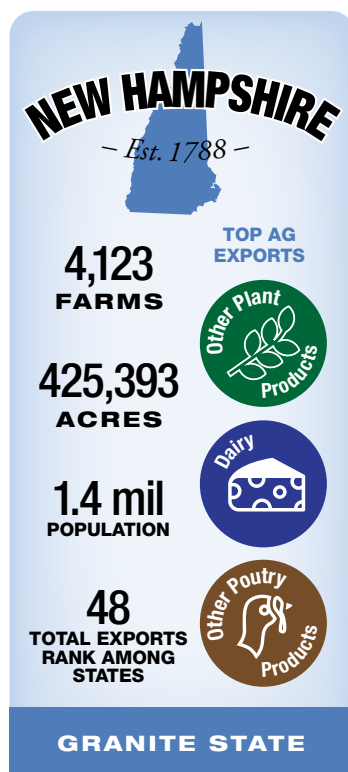
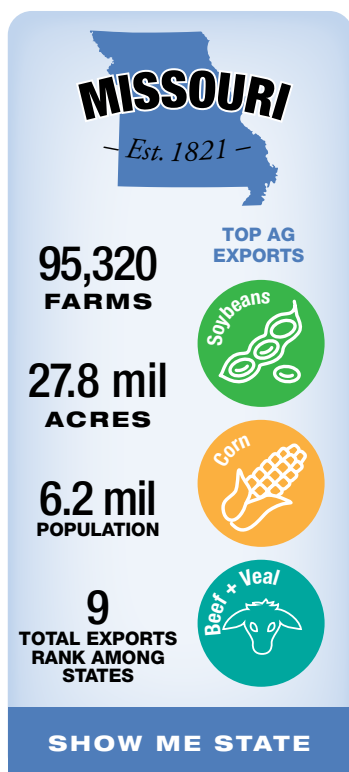
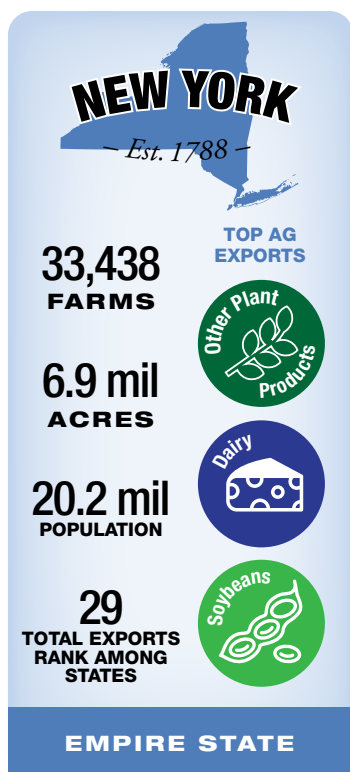
Speedy delivery will be complemented by improved breadth and quality of supermarkets’ prepared meals, as well as better digital tools for ordering them. Grocers have been hiring more direct culinary talent to help them prepare these meals, which are a far cry from the fried chicken kept under a heat lamp of the past.

Some grocers are even partnering with local restaurants to ensure they have the highest-quality prepared meals possible.

“We’ve started to see them doubling down on everything that’s a meal solution,” Tanja Ebner, Principal with Oliver Wyman, told *Grocery Dive*. “Ready-to-heat, ready-to-eat, ready-to-cook meals and even a restaurant-quality fresh meal that’s ready for pickup and for delivery.”



Featured U.S. Midwest & Northeast State Profiles



news briefs

Organic fresh produce sales topped \$9 billion for the first time in 2021. It also outpaced conventionally grown produce in year-over-year gains for both sales and volume, according to the *2021 Organic Produce Performance Report*.

Retailers are offering more international menu items at the deli counter. This occurs as global foods draw customers who seek experiential meal occasions without the need to go to restaurants, reported *Supermarket News*.

Recent polls suggest Americans are adding a little spice to their lives. An Instacart survey found 74% of Americans eat hot sauce with their food, and nearly half (45%) said they typically dash hot sauce on their food once a week or more.



More U.S. consumers want snacks with a “broader consciousness.” Mondelez’s latest *State of Snacking* study indicated between 75% and 78% of consumers surveyed indicate that issues like low-waste packaging, animal welfare and environmental concerns impact their food selections.

Buffets are bouncing back. The Yelp Economic Average studied search terms on the review platform and noted that communal dining rebounded in Q4 of 2021, with a 31% increase in buffet searches, reported *Restaurant Business*.



Demand for coffee outside the home increased substantially in 2021. Traction at the grocery store remained strong as well – further solidifying the category’s overall appeal and adaptability to shifting consumer behaviors.

Aquafaba appears to be the latest food trend gaining steam. The liquid from chickpeas is a useful emulsifier, thickener, and binder, and has become popular in vegan cooking as a plant-based alternative to eggs, reported *St. Louis Post-Dispatch*.

Three-quarters of consumers look for foods and beverages that are locally produced. This is up 5% since 2019, according to the Hartman Group’s 2021 Health + Wellness survey. Furthermore, two-thirds want products that are both hormone-free and produced without the use of antibiotics, reported *Food Technology Magazine*.

Wagyu beef is gaining traction globally. A recent report indicates market value is set to grow by \$2.4 billion, progressing at a CAGR of 6.15% through 2025.



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Albanese Confectionery Group, Inc

Merrillville, Indiana

For over 30 years, Albanese Confectionery has been making the World's Best Gummies and Chocolates in the U.S. We have a simple recipe for success, putting flavor and texture first, always finding a better way, and never taking ourselves too seriously.

Our gummies taste different because we are different. All of our gummies are made at our Midwest-based factory and produced with only the highest quality ingredients sourced exclusively from American and European growers. The Gummi with the "A" on the Tummy™ offers a softer chew with bursting flavor, and with sour gummies that start sour, and stay sour!

By combining natural flavors, and colors from real fruits and vegetables, our Ultimate™ 8 Flavor Gummi Bears™ have elevated the tasting experience. The variety of unique real fruit flavors gives your palate the experience of biting into the actual fruit. From the skin on the outside, to the juicy flesh on the inside, your taste buds will be begging for the next flavor.

Allergen Free | Gluten Free | Fat Free | Low Sodium | Made in the USA
albanesecandy.com



Shrewd Food

Hauppauge, New York

These Keto Krac Bars are addictive. They'll remind you of your favorite chocolate bars from childhood with crisp crunchies and real milk chocolate that will totally take you back down memory lane. Sold in a 24 pack because ... well, trust us; you'll want that many. These Keto chocolate Bars are Made in the U.S. and contain only 3g net carbs per bar. It truly is "the Smartest Way to Keto."

Keto Friendly | Low Carb | High Protein | Gluten Free
shrewdfood.com



Rule Breaker Snacks

Brooklyn, New York

Rule Breaker Snacks proves that healthy snacks can taste great! Rule Breaker makes additively delicious, soft-baked cookies and bites that are shelf-stable for 12 months. Our first ingredient is chickpeas (garbanzo beans). But our snacks are so chewy and delicious, you'd never guess! Flavors include Deep Chocolate Brownie, Chocolate Chunk Blondie, P'Nutter Chocolate Chip (nut-free), and Birthday Cake and come in 54 gram, individually wrapped cookies and bags of Rule Breaker Bites weighing 114 grams each.

Low in Sugar | 100% Plant-Based (Vegan) | Certified Gluten-Free | Free From the Most Common Food Allergens (Including Nuts) rulebreakersnacks.com



American Food Services, Inc.

Long Beach, New York

Tesi Bon Cheese Curlz & Cheese Balls are delicious typical American snacks, founded in 2005 and a resounding success, especially in the ethnic market in the Netherlands. We supply to the toko's, supermarkets, and wholesalers. Known worldwide and sold in Europe, South America, Middle East & Asia! The chips are made from maize meal and "The real American Cheese powder." Available in 2 variants: Cheese Balls: Crispy Cheese Balls and Cheese Curlz: Cheesy Crunchy Sticks

The resealable packaging makes it easy to take them with you & enjoy the chips at any time of the day! tesibon.com

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



Katz Gluten Free

Mountainville, New York

Katz Gluten Free was established in early 2006 by Mrs. F. Katz, with not much more than a home model kitchen mixer, some thoroughly tested recipes, and an unyielding request for perfection. As the word of our famously delicious confections rapidly spread, so did our base of operation. Today, we operate our state-of-the-art facility, which has been certified Gluten Free by the GIG, for our unmatched reliability in complying with strict GF standards.

Our facility is also completely nut free, dairy free and Kosher. We feature an ever-extensive selection to meet the culinary demands of every gluten intolerant individual. Our products consist only of pure, all-natural high-quality and fresh ingredients, with no preservatives added, to enjoy absolutely no-guilt consumption!

Today, we are a recognized leader in the category, with nationwide distribution across all channels. We are ranked the #1 brand in the Frozen Breakfast/Dessert category according to Spins. We are also experiencing nice global growth, as we are spanning through 20+ countries. katzglutenfree.com



Specialty Cheese Co Inc.

Reeseville, Wisconsin

Bharatma Paneer is an award-winning Indian-style paneer made in Wisconsin. This semi-soft cheese has a mild and fresh flavor and contains no salt, good for use in both savory and sweet dishes. It is frequently used in curries and in stir-fried dishes because it does not melt. Paneer contains no rennet, so it is ideal for consumers who adhere to strict vegetarian diets.

Specialty Cheese Company is one of the nation's top manufacturers of Hispanic, Indian, Middle Eastern, Greek, Polish, Filipino, and other ethnic cheeses. Over the past 25 years, Specialty Cheese Company has achieved success with a focus on innovation and superior product quality. specialcheese.com



Rip Van

New York, New York

Rip Van Wafels are a delicious chewy treat inspired by the traditional Dutch Stroopwafel. Made with real ingredients, Rip Van Wafels allow you to indulge yourself without the guilt. This tasty snack is perfect for those on the go who want to satisfy their sweet tooth without sacrificing their diet. Rip Van Low Sugar Wafels are the perfect complement to a cup of coffee. Enjoy them straight out of the packet or try them the traditional way by placing them on top of a cup of steaming coffee for an extra melty, chewy bite! Sleek, pocket-sized, single serve packaging for easy portability throughout the day. With only 120 calories per wafel, Rip Van Wafels allow you to indulge nutritiously. Now you can enjoy tasty, indulgent snacks without sacrificing your diet! Endurance athletes love our low-sugar, high-carb ratio to keep them training longer and stronger. ripvan.com

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Bar B Que Specialties Inc.

Lincoln, Nebraska

Fat Boy Natural BBQ is a line of products created to enhance every meal and barbecuing experience. Born from competitive grilling and incorporated in 2002, Fat Boy BBQ was created to market rubs used in competition. The skills mastered in these competitions and the knowledge obtained from other barbecue experts led to the development of our all-natural barbecue products.

While traveling much of the U.S., we became educated on the benefits of using rubs in grilling and smoking meats to keep them juicy and tender. After using various meat rubs already available on the market, we developed one more suited to our operation. As more and more people became acquainted with our grilled and smoked meats, the request to purchase the rub became more frequent, and the company was formed to market it.

Over time this one rub evolved into our current line of fifteen rubs, several of which have won national awards. Each is distinctive in taste, heat level, and texture. Our rubs seal the meat surface to offer a juicy and flavorful meat product.

Fueled by the popularity of our rubs, the company expanded to include a new concept in barbecue sauces. Unlike some sauces on the market, our variety of nine Kansas City, Southern, and Southwest-style sauces are thick with seasonings and a fullness of flavor that delights the taste buds. The line also includes an apple cider honey mustard sauce. bestnaturalbbq.com



SCD Probiotics

Kansas City, Missouri

Meet Teem™ Defense – Fewer sniffles, more silly smiles and daily wins, for the whole family. That simple idea is why a group of parents, microbiologists, and biochemists here at SCD Probiotics got together to create our latest health supplement, Teem™ Defense.

Teem™ Defense is a whole biotic tonic, powered by a synchronized team of probiotics, with pre- and postbiotics. These clinically-studied ingredients help balance your gut and immune health* and help nurture gut-immune communication, response, and recovery.* So you feel more resilient, and if and when you do go down, you can get back up quickly.

SCD Probiotics makes essential probiotics that are traditionally fermented, scientifically designed with nature – so they're most recognizable by your body. As pioneers in microbiome science, we've been studying and manufacturing our probiotics for 22+ years. We believe that the more we treat biology like isolated chemistry, the further we get away from healing. We combine traditional fermentation methods with scientific precision to design a probiotic that's as close to nature as possible, most aligned with your body's natural systems, and carefully controlled for real health results.

Microbiologist Formulated | Plant and Probiotic Based | Made with Clinically Studied Ingredients | Bio-Fermented Liquid Probiotic with Pre- and Postbiotics | Shelf Stable | Free from Common Allergens | Zero Calories | Zero Sugar | Nothing Artificial | Vegetarian | Made in the USA

**These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease.*

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



Venus Wafers Inc.

Hingham, Massachusetts

Mariner Organic Flatbreads are baked with the finest ingredients, just like everything at Venus Wafers since we started baking over 90 years ago. Available in three flavors: Sea Salt Multigrain, Rosemary, and Ancient Grains.

Since 1931, family-owned and operated Venus Wafers has pioneered healthful crackers and flatbreads to meet the changing tastes of convenience-driven consumers. From their founder's first product more than 90 years ago, a 100% whole wheat wafer bread, through their authentic Lavasch, Water crackers, Stoned Wheat crackers and Organic Flatbreads, Venus has always strived to bake with the finest ingredients into a variety of shapes and sizes that are packaged in an appealing fashion.

Certified Organic | Non-GMO | Vegan Verified | Kosher Approved

venuswafers.com



Dairy Products Inc.

Eden Prairie, Minnesota

We at Dairy Products Incorporated, take nothing for granted – not our 25-year position as the industry's unrivaled leader and not your desire to get the very best and most for your investment. From dairy ingredients of the highest quality to innovative specialty services to peace-of-mind risk management programs, DPI keeps you far ahead of the herd.

We deliver Ingredients of Excellence for the food and feed industries, including exports of: SMP, WMP, SWP, Lactose, Cheese, Butter, WPC, WPI and others.

dairyproductsinc.com

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Downs Food Group

Mankato, Minnesota

Downs Food Group is one of the leading frozen entrée, canned meat, and frozen meat suppliers, producing millions of pounds per year. Since 1947 we have worked with hundreds of food manufacturers and retailers nationwide to identify and provide premium quality products and innovative protein ingredients. We sell primarily to retailers, co-packers and as an ingredient to other food manufacturers. With years of food processing experience our product development specialists are ready to work closely with customers to develop custom items. From flavored marinades to charbroiling and grill-marking, we have cooking methods and formulations to meet the specific requirements of retailers, individual food companies and the food service industry.

Our tasty mac & cheese recipe includes noodles with a creamy cheese sauce. The result is a delicious and creamy mac & cheese. Our mac & cheese makes the perfect main course or side to any delicious meal. Pair as a side to crispy chicken or top with some crunchy bacon for a tasty treat.

The mac & cheese can be produced as single serve 12 oz. package, family size 32 oz. or as a club multi-pack. Our creamy mac & cheese makes the perfect private label product for any market. downsfoodgroup.com

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April 20-22, 2022	SIAL Canada – Montreal, Canada
April 26-28, 2022	Seafood Expo Global – Barcelona, Spain
May 16-19, 2022	Expo ANTAD & Alimentaria – Guadalajara, Mexico
May 17-20, 2022	SIAL China – Shanghai, China
June 6-10, 2022	Seoul Food & Hotel – Seoul, South Korea
June 7-10, 2022	Alimentec – Bogota, Colombia
June 22-25, 2022	Food Taipei – Taipei, Taiwan
Sept. 5-8, 2022	Fine Food Australia – Melbourne, Australia

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