

GLOBAL FOOD MARKETER™ NEWSLETTER

Export news from the Midwest and Northeast



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WHAT MAKES YOUR PRODUCT STAND OUT?

As new retailers set up shop and consumer demand thrives in some of the world's fastest-growing economies, new goods are flooding the market making it difficult to stand out in a crowded marketplace.

PRICE OR QUALITY

If all buying decisions were based purely on price, the cheapest products would always be the best sellers. But in reality, this simply isn't the case: customers are looking for a balance between quality and affordability. Profit margins don't always allow you to be the least expensive so you will need an angle to differentiate yourself.

Maybe it's customer service, or perhaps fast shipping times or better functionality, but once the price has been set, you need to give customers a good reason to choose you over any other company.

ESTABLISH A USP

If your product is going to outsell the others, it needs to have a unique selling point (USP) that will draw customers away from your rivals and towards what you can offer. What is special about your product that competitors don't have?

There are some things to bear in mind when determining your USP. Firstly, you need to be able to distill it into an objective claim: a subjective statement such as "we deliver quickly" is far less credible to a reader than "all our goods are shipped within five days". This also makes your USP measurable, so you can prove to customers that you live up to your claims – but for that very reason you need to make sure it is both accurate and realistically achievable.

Equally, a USP means nothing if it does not impact the customer experience, so ensure you sell your products based on their ability to meet the buyer's needs. For example, fast delivery is important for products that have a relatively short lifespan, while high-value items will look more attractive if customers know they will be shipped securely. If the USP is in the product itself rather than the service, explain why that feature will benefit the customer compared to goods from another seller.

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CONTINUED INSIDE



MARKET FOCUS: THE UNITED KINGDOM

The UK, a leading trading power and financial center, is the third largest economy in Europe, after Germany and France.

Services, particularly banking, insurance, and business services, account for the largest proportion of Gross Domestic Product (GDP) while manufacturing continues to decline in importance. Agriculture is intensive, highly mechanized and efficient by European standards but, in terms of gross added value, represents less than 1% of GDP.

The UK is very receptive to U.S. goods and services. With its \$2.95 trillion GDP, the UK is the United States' top European market and the fifth largest market worldwide for all goods, after Canada, Mexico, China and Japan. In 2014, the U.S. exported \$53.8 billion of industrial and agricultural goods to the UK. Ultimately it is demand of U.S. consumer-oriented food products driving growth with processed fruit, tree nuts, chocolate, condiments and prepared foods setting records in 2014.

U.S. agricultural, fish, and forestry exports to the UK reached \$2.7 billion in 2014, a record for the second consecutive year. Consumer oriented food and beverage products remain the most important sector, amounting to \$983 million (37% of the total) and also a record in 2014. In the UK another growth sector is wood pellets for the renewable fuel sector.

KEY INFLUENCES ON UK CONSUMER DEMANDS:

- Slow population growth
- Aging population
- Number of household units growing
- Smaller households (notably one-person households)
- Almost two-thirds of households in the UK are one or two person households
- Growing personal disposable income (boosting premium/convenience/eating out)
- Rise in number of working women (46% of total workforce)
- International consumer tastes e.g., Chinese, Indian, Italian, Thai, Mexican
- Reduction in formal meal occasions, an increase in snacking

- Increasing public debate centered on food, incorporating safety, environmental, ethical, social and economic issues
- Improvements in the supply chain, reducing food costs
- Increased retail concentration
- Higher number of population that is urban based rather than rural

WHEN LOOKING AT THE UK MARKET CONSIDER THE FOLLOWING FACTORS:

- Basic market research
- Retail, Foodservice or Processing
- UK business partner and terms
- Import duty and excise tax
- UK Value Added Tax
- Price points and competitors
- Labeling
- EU Food Standards Restrictions
- Promotion budget and resources

The UK can be a successful market for those companies willing to invest the time and resources to cement contacts. It is a good place to "test the waters" of the broader EU market. It takes on average 18 months from initial market survey to the time product appears on shelves.

Information from USDA Foreign Agricultural Service GAIN Report distributed 12/23/2015

UPCOMING ACTIVITY IN THE UK

Focused Trade Mission to the UK for Specialty Foods

November 16-17, 2016 London, The United Kingdom

Early Registration Deadline: July 11, 2016 - \$400

Registration Deadline: August 22, 2016 - \$600

BRANDED
ELIGIBLE

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 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.

Value-Added Feed Ingredients Buyers Mission at World Dairy Expo

October 4-6, 2016 Madison, Wisconsin
Early Registration Deadline: August 1, 2016 – \$150
Registration Deadline: August 22, 2016 – \$225

Bakery Ingredients Buyers Missions at the 2016 International Baking Industry Exposition

October 8, 2016 Las Vegas, Nevada
Early Registration Deadline: August 5, 2016 – \$150
Registration Deadline: August 26, 2016 – \$225

Convenience Store Buyers Mission at the 2016 National Convenience Stores Show

October 18, 2016 Atlanta, Georgia
Early Registration Deadline: August 15, 2016 – \$150
Final Deadline: September 7, 2016 – \$225

Seminar-Buyers Mission: Getting Started in Canada and Mexico

October 27, 2016 Rosemont, Illinois
Early Registration Deadline: August 26, 2016 – \$200
Registration Deadline: September 16, 2016 – \$250

Seminar-Buyers Mission: Staying Competitive in Canada and Mexico

October 28, 2016 Rosemont, Illinois
Early Registration Deadline: August 26, 2016 – \$200
Registration Deadline: September 16, 2016 – \$250

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 Korea for Food Service and Ingredients

October 24-26, 2016 Seoul, Korea
Registration Deadline: August 4, 2016 – \$600

Focused Trade Mission to Japan for Ingredients and Food Service Products

October 27-28, 2016 Tokyo, Japan
Registration Deadline: August 4, 2016 – \$600

Focused Trade Mission to Taiwan for Seafood

October 30-31, 2016 Taipei, Taiwan
Early Registration Deadline: July 13, 2016 – \$400
Registration Deadline: August 10, 2016 – \$600

Focused Trade Mission to the Netherlands for Specialty Foods

November 14-15, 2016 Amsterdam, The Netherlands
Early Registration Deadline: July 11, 2016 – \$400
Registration Deadline: August 22, 2016 – \$600

Focused Trade Mission to the UK for Specialty Foods

November 16-17, 2016 London, The United Kingdom
Early Registration Deadline: July 11, 2016 – \$400
Registration Deadline: August 22, 2016 – \$600

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 SIAL Paris

October 15-20, 2016 Paris, France
Registration Deadline: July 22, 2016 – \$350

Food Show PLUS!™ at Gulfood Manufacturing

November 6-9, 2016 Dubai, United Arab Emirates
Early Registration Deadline: July 8, 2016 – \$225
Registration Deadline: August 3, 2016 – \$350

Food Show PLUS!™ at Food and Hotel China

November 6-9, 2016 Shanghai, China
Early Registration Deadline: July 18, 2016 – \$225
Registration Deadline: August 15, 2016 – \$350

Food Show PLUS!™ at SEAFEX 2016

November 7-9, 2016 Dubai, United Arab Emirates
Early Registration Deadline: July 13, 2016 – \$225
Registration Deadline: August 10, 2016 – \$350

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WE'RE HERE TO HELP.

Call: (312) 334-9200 or (215) 829-9111 E-mail: info@foodexport.org | www.foodexport.org



Make your market.™

Please note: Dates and locations are subject to change and upcoming activities are pending funding from the Foreign Agricultural Service (FAS) of the USDA. Visit our website for more event information.



BRANDED PROGRAM

50% MORE INTERNATIONAL MARKETING

Remain Competitive Internationally. Enroll in Food Export's cost-share reimbursement program and learn how you can make the most of your marketing budget. Qualifying companies can make their promotional efforts go even further. **Go to www.foodexport.org/brandedprogram today to submit a pre-qualification or application.**

What is the Branded Program?

Through the Foreign Agricultural Service of the USDA, the Branded Program supports U.S. food and agricultural companies' international marketing efforts by reimbursing 50 percent of approved international marketing and promotional activities such as:

Marketing and Promotional Materials

- Catalogs
- Pamphlets
- Product sheets
- Giveaways
- (up to \$2/item)
- Website Development
- Electronic Marketing
- Banners
- Mailings
- Brochures

Public Relations and Seminars

- Production & distribution of press materials
- Site rental
- Duplication of seminar materials

Package and Label Modifications

(For Mandatory Requirements by the Importing Country)

- Design, translation and production
- Printing of a one-year supply
- Labor required for attaching new labels

Advertising

(Newspapers, magazines, direct mail, posters, billboards, TV, radio, websites)

- Production and placement

Demonstrations and Merchandising

- In-store and food service promotions
- Consumer and trade demonstrations
- Freight cost for promotional samples
- Temporary displays

International Tradeshows

- Exhibition fees and set-up charges
- Equipment and furnishings rental
- Design, creation and construction costs for a temporary booth
- Select travel expenses

Companies Already Enrolled in the Branded Program

Your company may qualify for Branded Program funds for another market even after you've reached the five-year graduation in one market. In fact, you may qualify for many markets at one time.

How to Qualify?

To be eligible for the Branded Program, U.S. suppliers must be a "small" company according to SBA guidelines or an agricultural producer cooperative; be incorporated in the U.S.; have products that are at least 50 percent U.S. agricultural content by weight (exclusive of added water and packaging); and are headquartered in the Midwestern or Northeastern regions of the U.S. A company's headquarters is defined as the physical location of the business' main management/operations office.

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FOOD EXPORT HELPLINE™: 101 EXPORT GLOSSARY

Q: The acronyms and abbreviations in food exporting can be pretty confounding you have to admit. How about providing us with a “Top 25” of important terms to know in moving forward?

A: It is true that most export glossaries are not food focused and those few that are can be rather generic. By drilling down a little more we can arrive at an “Export Essential” glossary of terms. Not all of them apply to each type of product or transaction, however recognizing them as required or not helps save time and appreciate the overall scheme of the process. You can learn more about these terms and others in the “Export Essentials” trade tutorials or the archived webinars both located at www.foodexport.org

IAES – The Automated Export System (AES) is a computer system that collects Electronic Export Information (EEI). In most cases, the law requires you to report EEI for goods exported from the United States and its territories. <http://www.census.gov/foreign-trade/aes/index.html>

AMS – Agricultural Marketing Service (USDA) this is one of the main resources for grading and certification of agricultural products, especially dairy destined for the European Union (EU) and China. www.ams.usda.gov

APHIS – Animal & Plant Health Inspection Service (USDA) an agency that issues export health certificates for plant and plant products as well as animals and animal products, such as pet food. www.aphis.usda.gov

ATO – Agricultural Trade Office (or, alternatively, Agricultural Trade Officer) Foreign Agricultural Service (FAS) staff in foreign markets advocating for U.S. food and agricultural exports. They often refer to themselves as “Post”.

COA – Certificate of Analysis; can be required for seeds, grain, health foods, dietary supplements, fruits and vegetables, and pharmaceutical products.

CERTS – FAIRS Export Certificate Report Published by Foreign Agricultural Service (FAS) a matrix of documentary requirements

for sanitary and phytosanitary (SPS) issues dependent on type of product. <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

CO – Certificate of Origin of manufacture often document used to supplement exports, especially in Free Trade Agreements (FTAs), but also include General Use certificates issued by Chambers of Commerce. Depending on the market the CO may need to be notarized by a foreign government agency.

COFS – Certificate of Free Sale; is often used in support of export shipments where “health certificate” is not available due to it being a processed food. These are often issued by State Departments of Agriculture or State Departments of Public Health and attest the specific product is safe for human consumption and freely sold in the U.S.

EEI – Electronic Export Information; the “EEI” is the most common of all export control documents. It is required for shipments above \$2,500 (with the exception of Canada) and for shipments of any value requiring an export license. It has to be electronically filed via the AES Direct online system, which is a free service from Census and Customs. Use the AES link for further details.

EX-IM – Export Import Bank of the United States – a Federal Government bank that provides transaction-specific working capital loans to U.S. exporters, made by commercial lenders and backed by Ex-Im Bank’s guarantee. EX-IM Bank’s export credit insurance policies enables U.S. exporters to both finance their export activities and mitigate the risk of non-payment.

Incoterms® 2010 – The term, Incoterms®, is an abbreviation for International Commercial Terms. They are a set of rules which define the responsibilities of sellers and buyers for the delivery of goods under sales contracts for domestic and international trade. Published by the ICC, or International Chamber of Commerce, and are widely used in export transactions. The most recent version

CONTINUED ON REVERSE



FOOD EXPORT HELPLINE™: 101 EXPORT GLOSSARY *continued...*

of Incoterms®; Incoterms® 2010 became effective January 1, 2011. www.icbwbo.org

IFF – International Freight Forwarder; Agent for moving cargo to an overseas destination. These agents are familiar with the import rules and regulations of foreign countries, the export regulations of the U.S. government, the methods of shipping, and the documents related to foreign trade. <https://apps.ams.usda.gov/FreightForwarders/>

FAIRS – Food & Agricultural Import Regulations & Standards published by Foreign Agricultural Service; complimentary to the CERTS in analyzing regulatory and documentary requirements for a market. <http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

FAS – Foreign Agricultural Service division of USDA; main portal for information on exporting food and agricultural products from the U.S. www.fas.usda.gov

FSIS – Food Safety Inspection Service (USDA). Main responsibilities including issuing export certificates for meat and egg products. www.fsis.gov

HS – Harmonized System codes for import/export classification and statistical purposes. Schedule B is the 4 digit extension to the 6 digit HS code. <http://www.census.gov/foreign-trade/schedules/b/index.html>

HTS – Harmonized Tariff System for imports into the U.S. The first six digits should match the Schedule B but this is Schedule A for imports so the last four digits rarely match. This number is often confused with Schedule B. http://dataweb.usitc.gov/scripts/tariff_current.asp

ISPM 15 – International Standards for Phytosanitary Measures No. 15 (ISPM 15) an International Phytosanitary Measure developed by the International Plant Protection Convention regarding heat treatment for wooden pallets. Country requirements available at www.aphis.usda.gov

NOAA – National Oceanic & Atmospheric Administration part of Dept. of Commerce & issues export certificates for fish & seafood products. www.noaa.gov

Phyto – Phytosanitary certificate issued by USDA for fresh plants and plant products; See “APHIS” for details. www.aphis.usda.gov

Pro Forma – Invoice prepared by the exporter before shipping the goods, informing the buyer of the goods to be sent, their value, and other key specifications. Essentially a quotation from seller to buyer.

SLI – Shipper’s Letter of Instruction - The “SLI” is issued by the exporter to the forwarding agent and includes shipping instructions for air or ocean shipment.

TRQ – Tariff Rate Quota; an import system established a quota and a two-tier tariff regime for affected commodities. Imports within the quota enter at a lower (in-quota) tariff rate while a higher (out- of-quota) tariff rate is used for imports above the concessionary access level.

USTR – Office of the U.S. Trade Representative; USTR is responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, and overseeing negotiations with other countries. This is a gateway to information on all Free Trade Agreements (FTAs) and Trade Promotion Agreements (TPAs) the U.S. has with other nations. <http://www.ustr.gov/>

VAT – Value Added Tax often charged with duty on products; aggregated on top of CIF + Duty + taxes and charges. The VAT in many countries is actually higher than the duty on the product.

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.

SUCCESS STORY

MICHIGAN SUPPLIER ESTABLISHES EXPORTS TO THE UK

Joshua Tree Skin Care, located in Brighton, Michigan, in the 8th Congressional District, exhibited at the OutDoor Germany Show in Friedrichshafen, Germany July 15-18, 2015. Using Branded Program funding for 50% reimbursement on booth fees and travel costs, two company representatives were able to travel to the show and meet with numerous international buyers. As a result of exhibiting at this show, a distributor from the United Kingdom placed an opening order of \$8,300 in September, 2015. Of this recent experience, David Lawrence, business and operations manager for Joshua Tree stated, "this is the first time we've had an established distributor in the UK. The Branded Program was the only thing that enabled us the opportunity to exhibit at the show."

Throughout 2015, Joshua Tree has also utilized the Food Export – Midwest Online Product Catalog to market its unique goods. The company's collection of organic lip balms, lotions, soaps, healing salves, and face sticks attract the attention of a wide array of customers who lead an active outdoor lifestyle. Current export markets for Joshua Tree include Germany, Japan, Russia, and most recently, the United Kingdom.



Food Export uses funding from the Market Access Program (MAP) to help America's small businesses increase their exports of food and agricultural products; as these exports increase, these small businesses are creating jobs and improving the strength and stability of our agricultural economy. Food Export-Midwest and Food Export-Northeast are non-profit organizations that work in collaboration with their member state departments of agriculture and the USDA's Foreign Agricultural Service. They offer a wide range of programs and services that help boost America's agricultural exports.

Please let us know if your company has experienced a success as a result of participating in a Food Export-Midwest or Food Export-Northeast program by e-mailing us at foodexport@foodexport.org.

WHAT MAKES YOUR PRODUCT STAND OUT? *continued from front page...*

USE IT WELL

A USP is only useful as a means of differentiating your product if customers know about it, so think carefully about how you can incorporate it into your overall marketing strategy. It needs to be at the heart of the message promoted to the public, so it should feature prominently in product descriptions both on the packaging and in online marketplaces. Beyond that, consider providing extra information such as video demonstrations of the product's special features to ensure prospective buyers know exactly why you're the right choice.

Article adapted from *Global Biz Circle*, by Sunny Chhabra

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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NEWS BITE

BEVERAGE TRENDS FOR 2016

Consumers should expect to see continued changes in the beverage industry, with better-for-you brands that communicate a story about purpose, ingredients and function. Sugary sodas and fruit juice beverages will continue to decline.

"Today's consumers want healthier refreshment, variety and convenience in their beverages," said Gary Hemphill, managing director of research, Beverage Marketing Corp. (B.M.C.), New York.

Most traditional beverage categories continue to struggle and lose ground to newer niche concepts, said Hemphill. This includes plant-based waters, raw/pressed juices and non-dairy probiotics.

"While the overall fruit beverage category has struggled in recent years, the super-premium segment is experiencing growth," he said. "The products tend to be expensive, but they target a higher-end consumer who can afford them."

ON TARGET WITH TEA

The ready-to-drink (R.-T.-D.) tea category continues to grow, with B.M.C. estimates showing a 6.5% increase in volume sales from 2014 to 2015.

"Tea is well positioned as a healthy refreshment beverage," Hemphill said. "Growth is coming from higher end products. Additionally, there has been a solid track record of category innovations with variation in tea types as well as flavors."

"Fifty-some years ago, moms mixed up some tea powder and sugar and called that iced tea," he said. "Then Snapple debuted the R.-T.-D. format 'made from the best stuff on earth.' Tea has been evolving ever since."

DELIVERING ENERGY AND SATIETY

Without a doubt, consumer's desire for energy is fueling the growth of R.-T.-D. tea, as well as R.-T.-D. coffee beverages, with protein-enhanced energy beverages poised to be the next popular energy drink platform. Relying on natural energy – protein for endurance and plant-sourced caffeine for alertness – the drinks complement clean label efforts. Protein also has established itself as a satiety-inducing macronutrient, fashioning it essential for weight loss and weight management regimes.

PREMIUM COFFEE BEVERAGES

Coffee is about the energy jolt, and the R.-T.-D. coffee beverage segment long has been dominated by bottled Frappuccino. Like tea, coffee is going high-end with the hottest thing in coffee being cold-brewed technology.

During the five-year period from 2010 thru 2014, U.S. volume sales of R.-T.-D. coffee sold through all channels increased 48.1% according to the B.M.C. It is estimated the volume growth from 2014 to 2015 will be almost 19%.

BETTER-FOR-YOU BUBBLES

While focusing on carbonated soft drinks may not be as much of a priority as it has been in the past, consumers still crave bubbles.

Traditional soda has lost more than \$1 billion in the past five years, while every other sparkling alternative category has been in double-digit growth over the same period. Consumers haven't fallen out of love with bubbles, but they are avoiding sugar, artificial sweeteners and genetically modified ingredients.

THE CRAFTY TREND

Along with the trend in sparkling comes the concept of "craft," which is expected to gain traction in the non-alcoholic sector. Craft suggests small batch and authentic, often using local and natural ingredients. Such artisan beverages appeal to consumers seeking out simple products made by real people, not mass produced via automation.

THE FUTURE IS FUNCTIONAL

Our understanding of probiotics has accelerated and studies are showing positive links to mood, neurological function, skin health and immunity, as well as (the more widely known) digestive health, says Lester. "We haven't even tapped the surface of potential for this category."

The future of the beverage sector is making every calorie and ingredient count in terms of purpose and function.

Article from Food Business News, January 2016 by Donna Berry