

FOODLINK

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TECHNOLOGY

TRANSFORMING THE WAY WE SECURE FOOD



Online Shopping And Urban Farming Leading The Way

Rapidly evolving technology, impacting the entire food industry, is revolutionizing the way U.S. consumers shop, as well as how and where their food is grown. Consumers are enthusiastically embracing the technological advances, which are simplifying their lives, yielding safe local products and promoting a more sustainable environment.

PROFILE OF TODAY'S ONLINE SHOPPER

Unlike earlier years, online grocery shopping is not limited to any specific group of consumers. Online grocery shopping increased among all sectors of the population during the past year, and is poised for dramatic growth, according to a recently released study by global management consulting firm A.T. Kearney. While buyers in the 25-34 age group (37%) have the greatest percentage of shoppers who report they have purchased groceries online, penetration leaped by more than five times in some other segments. For example, one-quarter of shoppers 65 years of age and older say they bought groceries online in the past year. Demographically, urban dwellers (41%) and individuals earning more than \$75,000

(22%) also are shopping more online than suburban and rural dwellers and lower income levels.

Online shoppers use both websites and apps to shop for groceries, with some increased activity on social media, as it becomes a more available option. However, among older shoppers, websites continue to be the focus for shopping, according to A.T. Kearney's second study. As smartphone adoption continues to rise, the consulting firm expects mobile and social to play increasingly significant roles in online grocery shopping.

What items are being purchased?

Non-perishable items (personal care, beauty, packaged foods and baby food) are the most popular online purchases. Nearly two-thirds of respondents say they would buy more groceries online if quality and freshness could be guaranteed.

Convenience is a big draw to the online shopping experience and the majority of shoppers expressed willingness to pay for it. Eighty percent of respondents say they are willing to pay for home delivery instead of going to the store to pick up their order. This is especially true when it comes to same-day service.

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Meanwhile, saving money is also an important consideration. Online shoppers say they want coupons (71% of respondents), price comparisons between stores and other sites (67%), and loyalty programs (65%).



PROJECTIONS

“E-commerce is the fastest growing segment and one of the few segments in all of food that’s growing, stated Jim Hertel, managing partner of food retail and production consultancy Willard Bishop in Illinois. “The flip side of it is it’s only 1% or 2% of the total (food) business.”

Initially, that might not sound like much.

“Then you realize that food and consumable products in the U.S., basically the things sold in grocery stores, is about \$1.1 trillion in terms of sales,” explained Mr. Hertel, according to the *Milwaukee Journal Sentinel*. So 1% of that is \$10 billion. It’s nothing to sneeze at.”

The online grocery space is poised to grow, although it will never completely replace the brick-and-mortar grocery store, noted Mr. Hertel.

Within seven to 10 years, the e-commerce side of food retailing “is going to be about 10% of the business,” added Mr. Hertel.

“That’s \$100 billion a year,” Hertel said. “That’s a real serious business that is being grown.”

Meanwhile, brick and mortar stores will add fewer new outlets as they focus on omni-channel options in 2016, according to Software AG’s *10 Disruptive Digital Trends Retailers Need to Know* report.

“The worlds of e-commerce and brick and mortar retail are now seamlessly merging with retailers evolving towards an omni-channel approach to their businesses,” said Oliver Guy, Retail Industry Director, Software AG. “Mobile, cloud, analytics and social media will be fully integrated into a unified merchandising system designed to vastly improve customer engagement. The

notion that ‘the store is dead’ is not, in our opinion, the future—rather, stores will become highly technology-enabled to deliver a super-personalized customer experience and become the hub of omni-channel customer-centricity,” added Mr. Guy.

SMART REFRIGERATOR DOES THE SHOPPING

New technology is taking convenience a few steps further in terms of fulfilling the grocery list. Samsung is gearing up to unveil a smart refrigerator that lets consumers shop for groceries from the kitchen. The Family Hub Refrigerator, to debut this spring, has a touchscreen on its front for ordering products at various grocery stores and having them delivered. The refrigerator has cameras on the inside that take a photo every time the door is closed, letting users know what items need to be restocked, reported *Fast Company*.

URBAN FARMING DIVERSIFYING FARM LANDSCAPE

Not all crops and livestock are coming from traditional rural farms. Urban farms are carving their own niche with these sites narrowing the gap between production and consumption, lessening the environmental footprint and supporting the trend toward local. New agricultural spaces, whether on a restaurant or factory roof or a vacant city lot, are popping up in unexpected places in the U.S. In many instances, indoor urban farms are being established in areas where harsh winter weather ends production on traditional rural farms, thus fulfilling the consumer demand for fresh local product year round.



Gotham Greens, a Brooklyn, New York based producer of pesticide-free produce grown through urban agriculture, recently expanded its state-of-the-art commercial rooftop greenhouse concept to Chicago, Illinois. The company already has three commercial hydroponic greenhouses in New York and several new projects under development.

The new 75,000-square foot Chicago firm, on the rooftop of the Methods Products soap factory, is powered by 100% renewable energy. The company also recycles 100% of its irrigation water, using 10 times less water than conventional agriculture. Sophisticated computer control systems continually adjust the greenhouse environment to ensure optimal growing conditions all year round. Gotham Greens says its proprietary growing methods yield up to 30 times more crop per acre than field production, enabling the Chicago greenhouse to produce yields equivalent to over 50 acres of conventional field production. Local residents are often seeing the premium veggies and herbs on store shelves and restaurants the same day Gotham Greens is harvesting them.

In Massachusetts, Higher Ground Farm creatively utilizes 55,000 square feet of space on top of the Boston Design Center. This outdoor rooftop farm grows leafy greens, tomatoes and herbs in the midst of this busy U.S. city. By growing locally, Higher Ground Farm eliminates the food waste and environmental footprint associated with shipping produce long distances. Higher Ground Farm brings its produce to the community through local restaurants, retailers and its farm stand.

In another high-tech venture, Freight Farms in Boston converts recycled shipping containers into indoor farms. The Massachusetts-based company furnishes the interiors of metal shipping containers with automated growing systems capable of producing commercial-scale crop harvests. All of the systems—from pumps to irrigation to LED growing lights—can be digitally controlled. A hydroponic growing system is used, which requires 90% less water than conventional agriculture, outlined *The Daily Free Press*. The containers used for the farms are stackable, allowing a single patch of land to house several urban farms. Also, the repurposed shipping containers provide farmers with a 365-day growing season.

With more people in the U.S. living in cities, consumer demand for fresh local products soaring and environmental concerns widespread, the future of urban farming appears to be on track for impressive growth.

FOOD SERVICE TRENDS:

TOP CULINARY PREDICTIONS

It's all about local—the dominant trend that continues to gain momentum and resonates throughout the food industry. Locally sourced meats and seafood held steadfast to its previous rank and tops the menu trends for the current year, according to the National Restaurant Association's "What's Hot in 2016" culinary forecast. Locally grown produce, ranked No. 3, has also secured a prominent position, and hyper-local sourcing (e.g., restaurant gardens, onsite beer brewing, house-made items) followed closely as No. 4. The latest findings are based on the National Restaurant Association's survey of 1,575 chefs, all members of the American Culinary Federation.

There are two newcomers to the top 10: chef-driven fast-casual concepts, ranked No. 2, and house-made/artisan ice cream, No. 10, which sprung up from No. 18 the prior year.



Chefs cited a variety of trends among individual categories. For starters, appetizers and small plate offerings will feature fresh house-made sausage and charcuterie. Vegetarian appetizers and ethnic/street food-inspired offerings (e.g., tempura, taquitos, kabobs) will also be popular. Main dishes will feature locally sourced meats and seafood, new cuts of meat, sustainable seafood and free-range pork and poultry. Trendy side dishes include: ancient grains, non-wheat noodles and pasta, black rice, pickled vegetables and farro. When it comes to produce, locally grown is the top focus of the entire category. Heirloom apples, organic produce, uncommon herbs and exotic fruits will be showcased. What beverages (non-alcoholic) will consumers be sipping? Chefs say house-made/artisan soft drinks head the list, followed by gourmet lemonade, specialty iced tea, mocktails and coconut water. For dessert, house-made/artisan ice cream is No. 1, followed by bite-size/mini-desserts, savory treats, smoked creations and hybrid desserts.

The National Restaurant Association has identified six overall trends to watch this year:

VEGGIE-CENTRIC

Center-of-the-plate items, usually reserved for proteins, will make a

noticeable shift to fresh produce. More restaurants and culinary professionals are featuring vegetable-centric meals that are often vegetarian without being advertised as such. And when animal proteins are included on the plate, the vegetables are the primary focus, says National Restaurant Association.

SRIRACHA = THE NEW KETCHUP?

The sriracha craze is broadening to include a range of other condiments and spices from various global cuisines applied to anything and everything to create totally new flavor combinations. Some possible combinations: za'atar spread on crostini, chimichurri as a hamburger topping, peri peri barbecue ribs, and raita with hot chicken wings.

AFRICAN FLAVORS

African cuisine, relatively under-explored when it comes to culinary experiences in the United States, will gain increased recognition. Chefs are enthusiastically scanning that continent for inspiration. Expect to see berbere, harissa, dukkah, ras el hanout, tsire and other spice mixes and flavors gain wider use as African flavors are a fast-growing trend, emphasizes the National Restaurant Association.

RESTAURANT STORES

The increasingly popular "grocerant" concept (grocery store with a sit-down eatery) is spurring restaurant operators to consider fresh food retail operations. Since consumers want to eat where they shop for groceries, it is also likely that they would welcome the opportunity to grocery shop where they dine. In fact, half of consumers say they would be interested in buying fresh, uncooked food items from restaurants. Among possible purchases for home consumption: steak, shrimp, bread and pasta of the same quality as served in the restaurant. Hybrid concepts such as food halls and market restaurants are seen as leading the way.

SIMPLE IS KEY

This year it's all about simplicity, back to basics cooking, and classic dishes, report numerous professional chefs. While molecular gastronomy is becoming more mainstream, there is a counter-movement stirring that focuses on paring down recipes to fewer ingredients to let them shine on their own. Time-honored preparation methods such as pickling, fermenting and smoking are back with a vengeance, and traditional recipes are being updated for today's palates.



NO MORE GLUTEN-FREE KALE SALADS?

We might be nearing the end of the trends line for kale salads and gluten-free cuisine. Both of these formerly sizzling trends have been losing steam. However, don't expect either to disappear altogether. It is more likely that these will mature into perennial favorites. For instance, kale salads are being adapted to salads where other greens are traditionally used, as Caesars and Cobbs, and gluten-free items are becoming a regular menu offering at many foodservice establishments.

TOP 10 MENU TRENDS FOR 2016

1. Locally sourced meats and seafood
2. Chef-driven fast-casual concepts
3. Locally grown produce
4. Hyper-local sourcing (e.g., restaurant gardens, onsite beer brewing, house-made items)
5. Natural ingredients/minimally processed food
6. Environmental sustainability
7. Healthful kids' meals
8. New cuts of meat (e.g., Denver cut, culotte/sirloin cap, tri-tip, pork T-Bone chop)
9. Sustainable seafood
10. House-made/artisan ice cream

Menu items that gained in trendiness since the 2015 survey include: African flavors, authentic ethnic cuisine, ethnic condiments/spices, house-made/artisan soft drinks and Middle Eastern flavors. In contrast, those that lost momentum include: underutilized fish, kale salads, fresh beans/peas, gluten-free cuisine and quinoa.

In addition to identifying the up-and-coming trends of 2016, the National Restaurant Association unveiled a list of foods that have remained popular through the years.

Fried chicken tops the list of perennial favorites! Biscuits are a close No. 2, followed by barbecue, frying, French toast, pulled pork, hot tea, comfort foods, zucchini and classic pastries.

Looking ahead, chefs project that the food trend that will grow the most during the next 10 years is environmental stability.

Calendar of Events

APRIL

12-15: Food & Hotel Asia (FHA2016)
Singapore
Singapore Expo

13-15: SIAL Canada
Montreal, Canada
Palais Des Congres De Montreal

26-28: Seafood Expo Global
Brussels, Belgium
<http://www.seafoodexpo.com/global/>

MAY

4-7: SIAL China
Shanghai, China
<http://www.sialchina.com>

9-13: Seoul Food & Hotel
Seoul, South Korea
http://www.seoulfoodnhotel.co.kr/2009_IFIES_allworld/index.asp

**Food Export Association of the Midwest USA and Food Export USA-Northeast will be at this show.*

FEATURED PRODUCTS:

John B. SanFilippo & Son, Inc. – Elgin, IL

The Fisher brand of nuts is an American classic, having been born in the country's heartland. It all started with Sam Fisher, who developed a line of salted in-shell peanuts in St. Paul, Minnesota back in 1920. The brand quickly became a consumer favorite, and was sold in ballparks throughout the United States. Today, Fisher offers a full line of snack and recipe nut products through Consumer, Commercial Ingredient and International channels.

Fisher has always been known for innovative, high quality products. The brand launched its proprietary honey roast peanut flavor in the 1970s. Today, honey roast is the leading flavor of nuts in the category.



Lucky Pet Brands – Harvard, IL

Born from a bakery with over 15 years of experience in producing all-natural pet snacks, Lucky Dog® treats by Lucky Pet Brands are formulated with only the finest ingredients 100% sourced in the United States. Manufactured in an FDA approved, SQF Level 3 facility in Northern Illinois, Lucky Dog® treats are also USDA APHIS (Animal and Plant Health Inspection Service) approved for China, Japan, Korea, Taiwan, Australia and the EU. Lucky Dog® treats are always corn, wheat, and soy free, with no added artificial colors, preservatives, sugar or salt, and come in a variety of flavors, including: low-fat apple cinnamon, cheese & bacon, fruit & veggie, grain-free roast duck, peanut butter and berries, sweet potato and pumpkin, and grain-free fish. For more information, e-mail cstaker@luckypetbrands.com.



Soyko International, Inc. – Gary, MN

Jade In founded Soyko International in 1986. As a company, they have developed their own non-GMO soybean varieties that are advantageous to both the growers and consumers. The company only processes and handles non-GMO products as they believe that better ingredients leads to better health. Aside from conventional soybeans, they also process organic grains which are certified through Minnesota Crop Improvement Association (MCIA). Customers have several different choices as Soyko International offers a variety of different soybeans which range from sizing to protein content. Their identity preserved (IP) soybeans help with making sure the customer receives specific soybeans which will enhance the end products. With soybeans, their customers have produced products such as tofu, natto, miso paste, bean sprouts, and much more. For more information visit their website: www.soykointernational.com or email info@foodexport.org.





STATE SPOTLIGHT

Nebraska

- Nebraska's 49,100 farms and ranches utilize 45.2 million acres or nearly 92% of the state's total land area.
- Nebraska is a top producer of red meats and a variety of beans, and also ranks very high in the production of corn and soybeans, grain sorghum, potatoes, wheat, and sugar beets.
- Nebraska produces one of every five steaks and hamburgers produced in the U.S. With over 20,000 beef cow operations, the state produces more beef per square mile than any other state.
- Emphasis has been placed on the development of specialty, organic, and identity-preserved crops to seek niche marketing opportunities to meet market demands.
- Nebraska producers are venturing into specialty markets, which include grapes, buffalo, elk, orchard fruits, ostrich, tomatoes, and fish.
- The value-added food industry is comprised of nearly 400 food companies offering thousands of items in retail and food service formats.
- In 2014 Nebraska exported over \$2.7 billion of processed foods, the top markets including Japan, Mexico, Canada, South Korea, China and Hong Kong.

2014 TOP AGRICULTURAL EXPORTS:

Beef, Boneless Fresh & Chilled	\$532.2 million
Soybeans for Oilstock or Consumption	\$523.9 million
Beef, Boneless Frozen	\$433 million
Pork Meat, Frozen	\$225 million
Corn, Other Than Seed Corn	\$194.6 million
Beef Cuts, Bone In, Frozen	\$136 million
Animal Feed Preparations	\$124.8 million
Pork Meat, Fresh & Chilled	\$116.9 million
Distiller's Grains	\$102.2 million
Fructose & Syrups	\$67.7 million
Beans, Dried & Shelled	\$51.3 million



STATE SPOTLIGHT

Delaware

- Agriculture remains Delaware's largest single land use, with close to 2500 farms using 41% of Delaware's land (or 508,652 acres) in farming.
- Delaware farmers are among the most productive and efficient in the nation, remaining first in the nation in the value of agricultural products sold per acre, according to U.S. Census of Agriculture.
- Among manufacturing activities, food processing ranks second in Delaware, with the poultry industry the most prominent activity, in addition to baked goods, fish products and fruit juices.
- Corn, soybeans, hay and potatoes are the most important crops in the state.
- Delaware also grows a great variety of fruits and vegetables, including apples and peas and is a U.S. pioneer in the food-canning industry.
- Greenhouse and nursery products (flowers, ornamental shrubs, young plants) now rank in the top 5 agricultural commodities in the state.
- In 2014 Delaware exported \$42.9 million in processed food products, the top destinations including Canada, Chile, Honduras, Japan and Bermuda.

2014 TOP AGRICULTURAL EXPORTS:

Bananas, Fresh or Dried	\$146.5 million
Chicken Cuts & Edible Offal, Frozen	\$75.6 million
Pineapples, Fresh or Dried	\$15.9 million
Orange Juice, Frozen	\$9.4 million
Miscellaneous Food Preparations	\$8.8 million
Grapes, Fresh	\$6.7 million
Prepared/Preserved Chicken Meat	\$6.5 million
Sauces, Dressings & Condiments	\$6.3 million
Plantains, Fresh or Dried	\$4.8 million
Baked Goods & Snack Foods	\$4.4 million
Apple Juice	\$3 million
Milk Articles & Malt Extract	\$2.1 million

NEWS BRIEFS

New technology caters to on-demand consumers.

GrubHub introduced an Apple TV app to make ordering food while watching TV easier. The application is simpler than its mobile and desktop apps, relying more on browsing than text searches, reported Chicago Tribune. Meanwhile, Amazon rolled out e-commerce functionality for the Fire TV, allowing users to buy products directly from ads on the home screen. Amazon is also developing its own shopping channel, with the ability to purchase products directly from the screen.

More predictions for 2016: A further shift to the tech-driven food delivery economy will be a major theme in 2016, according to Baum + Whiteman's annual forecast. Consumers will have more opportunities than ever to shop for all kinds of food without ever leaving their home or office. Cleaner and healthier menus, vegetable-forward cuisine ("root to stem" dining), poke bowls (Hawaiian raw fish dish), no-tipping policies, retail-store dining and protein-packed snacks with savory flavor profiles are also among the major trends. Some buzzwords for 2016: Philippine cuisine, kombucha going mainstream, burnt vegetables, everything bagel seasoning mix, globalized ramen, bone broth, adding seaweed to popcorn and war on food waste.

Veggies take center stage.

Vegetables, already a notable menu trend, will become increasingly popular this year. Amid the many culinary predictions, chefs and industry consultants across the U.S. are in agreement with this one, according to *Nation's Restaurant News*. San Francisco-based Andrew Freeman & Co. declares vegetables "the hero of the year" in its 2016 Trends Report. Vegetables have moved from simple side dishes to center of the plate, noted the restaurant and hospitality consulting firm. "People want less animal protein and are requesting that veggies are ramped up to their fullest creative potential, added Freeman & Co. Millennials are especially fond of this trend as there is an environmentally-responsible edge to it, besides a healthy profile.

Sustainability outlook is strong. Drought, food waste concerns and the effects of natural phenomena are playing a greater role in how consumers look at what they eat and drink, which will, in turn, increase their influence on preparation and production. Mintel predicts that 2016 will be the year that sustainability claims stop being good for the bottom line and become a necessary part of new product launches.

Flavor forecast for 2016. Underexplored Southeast Asian

fare (Malaysian and Filipino) and heat with a tangy profile will be among this year's tantalizing trends, according to McCormick's Flavor Forecast. Americans' taste buds will be perked up with pinoy barbecue, a popular Filipino street food and Malaysia's rendang curry. The next wave of the hot craze is the addition of tangy accents such as lime, rice vinegar, tamarind, cranberry and Meyer lemon. Sambal sauce, a spicy Southeast Asian sauce made with chilies, rice vinegar and garlic, is part of this evolving trend. Alternate proteins (pigeon peas, cranberry beans and black beluga lentils) paired with delicious ingredients, as well as the rediscovery of ancient herbs (thyme, peppermint, lavender, parsley and rosemary) are also included in the latest forecast.

Retail dietitians are on the rise!

Some 85% of supermarkets now have a corporate dietitian on staff, and 33% have a registered dietitian in the store, according to the Food Marketing Institute. Registered dietitians are helping shoppers with their search for healthier options, providing one-on-one counseling, guided supermarket tours, nutrition classes, cooking demonstrations, as well as creating food lists for individuals with specific health concerns, such as diabetes or hypertension.



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