

FOODLINK

U.S.

THE BI-MONTHLY NEWSLETTER FOR IMPORTERS OF U.S. FOODS

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NOT THE SAME OLD SHOW

Like the food industry itself, trade shows are facing major forces of change, but they remain a key link between buyer and seller.

For decades, big, exciting annual trade shows have been a fixture in the food industry. Conventions have been major factors in driving the food industry's growth in the United States as well as in other countries around the world, because they have been so successful at bringing product buyers and sellers together in one place to meet, socialize, and conduct business.

But major forces are changing the trade show business, as they are also changing the food industry itself—forces such as consolidation, competition from nontraditional players, and even the day-to-day demands on time and resources for the companies and individuals that make up the food chain. The future of trade shows depends on how well the organizations and managers behind them can adapt to these forces.

The annual Food Marketing Institute convention, known as the FMI Show, is the major trade event for the retail food industry in the United States, and has been for decades. As such, the challenges this leading supermarket trade event faces today, and the solutions its managers are pursuing, are



a good example of the state of the trade show industry at large.

In the mid-1990s, the business landscape was shifting. Supermarket operators started to buy their competitors, including some of the biggest players in the business, and over time, this consolidation of retailers has continued to reduce the pool of qualified buyers available to attend the FMI Show.

Consolidation had been changing the face of the manufacturing community as well, with similar effects on participation in the FMI Show. In 2000, for instance, the FMI Show lost 20 companies from its

ranks of exhibitors; these were companies that had occupied 40,000 square feet of space on the exhibit floor. The reason? These manufacturers were bought out by other existing FMI exhibitors, including big companies like Nabisco, Quaker, and Georgia-Pacific that were getting bigger.

The FMI Show management team decided it was time for a strategic review. The trade association hired a market research company to undertake a two-year study of the situation.

In late 2006, FMI announced a new show rotation and venue schedule starting

SAME OLD SHOW *continued*

2008. The FMI Show plus Markettechnics took place in Chicago in May 2007, and then moved to Las Vegas in May of 2008, to begin an alternating year rotation with a new Leadership Education Forum that will launch in Dallas May 2009. Details of the 2009 show are available at www.fmi.org.

In essence, the trade association is doing its best to adapt to a world where the relevance of trade conventions is in flux. FMI's senior vice president Brian Tully, explains it this way: "As we are in the midst of rapid change in the exposition industry and the retail food trade, this process is ongoing, and the changes have forced FMI staff to constantly look for ways to increase the value of our show."

What is happening with FMI is having a ripple effect on some other trade groups and their events. One of the two major produce industry shows in the U.S., the United Fresh Produce Association's Fresh Marketplace, which has been co-located with the FMI Show since 2004, chose to follow FMI to Las Vegas as well in 2008. United Fresh says it will launch its own expanded show in Las Vegas in April 2009, while FMI moves to Dallas for its FutureConnect leadership education event. To find out more about 2009's United Fresh show, go to www.unitedfresh.org.

The other leading produce show in the United States, the Fresh Summit International Convention & Exposition held by the Produce Marketing Association, took place at the Orange County Convention Center in California, in October 2008. Information on PMA's 2009 edition is available at www.pma.com.

The major organic food trade show in the U.S., All Things Organic Conference and Trade Show, will co-locate with two food events focusing on ethnic cuisines—Expo Comida Latina and All Asia Food—June 2009 at McCormick Place in Chicago. The synergy of these events will bring into focus

the two fastest-growing segments of food sales in North America: organic and ethnic food and beverages. To find out more about this show, visit www.organicexpo.com.

In the foodservice realm, the National Association for the Specialty Food Trade, Inc.'s (NASFT) two annual Fancy Food Shows have been the major attractions in the United States since 1955, drawing up to 24,000 attendees and showcasing more than 250,000 products.

The 34th Winter Fancy Food Show will be held January 18-20, 2009, at the Moscone Center in San Francisco and the Summer Fancy Food Show takes place June 28-30, 2009, at the Jacob K. Javits Center in New York City. More information is available at www.specialtyfood.com.

virtual trade events are being produced by food distributors such as Associated Grocers of Baton Rouge, Louisiana, Tree of Life, and C&S Wholesale Grocers, in partnership with specialty producers of online trade shows such as Chicago-based InXpo.

Are traditional trade shows still worth the investment? Yes, they are, according to Exhibit Surveys in Red Bank, New Jersey. The organization polled attendees at more than 60 shows, and found that 34 percent of attendees, on average, are first-timers at any given show.

Furthermore, a record 39 percent of attendees surveyed reported that their purchase intentions were more favorable after visiting exhibits on the show floor.

On the downside, exhibitors are spending 19 percent more on the average cost per attendee to participate since 2006, underscoring the reality that costs are up for everything from booth-space rates to fuel surcharges.

While trade shows still provide the best face-to-face marketing, shifts in economics and demographics are having an impact. On the show floor, attendees are doing less browsing and more targeted product evaluation, and conducting multiple meetings in one day. There has been an increase in consolidation into buying teams, as well.

Another growing trend, and one that might be good for the future of trade shows, is experiential exhibiting, involving "soft-sell" consultants who engage visitors with product success stories and solutions. Research shows that buyers prefer this type of approach over hard selling techniques.

Finally, registration technology advances such as the use of smart cards and bar coding is saving attendees and sponsors time and effort. The other great advantage of this technology is better tracking of prospect data and traffic flow, allowing exhibitors to measure the quality as well as quantity of attendees and visitors to their booths. ★

Food around the world

In addition to the major American trade shows for the food industry, significant shows take place around the globe. Here is a sampling of them, as compiled by the United States Department of Agriculture:

FOOD MOSCOW. A four-day event held in September, it draws more than 1,300 exhibitors from over 50 countries. For more information, contact Sharon.Cook@usda.gov.

FINE FOOD AUSTRALIA is that continent's largest exhibition for the food and beverage industry, and is held each September in Melbourne. For more information, contact Sharon.Cook@usda.gov.

SIAL PARIS. A huge exposition in October, it attracts nearly 140,000 trade visitors and is one of the largest food shows in the world. For more information, contact Sharon.Cook@usda.gov.

FOOD & HOTEL CHINA. China is the largest food market in the world and this show is held early in December in Shanghai. For more information, contact Tobitha.Jones@usda.gov.

SIRHA. The leading international forum for the food service sector, this show will take place January 24-28, 2009, and is held biennially in Lyon, France. For more information, contact Sharon.Cook@usda.gov.

BIOFACH, the World Organic Trade Fair, will be held February 19-22, 2009 in Nuremberg, Germany. For more information, contact Sharon.Cook@usda.gov.

IFE LONDON. The biennial International Food & Drink Exhibition is the UK's largest and will be held March 15-18, 2009. For more information, contact Sharon.Cook@usda.gov.

Among the forces motivating these leading trade show events, and the organizations behind them, to innovate and otherwise change their structures is competition from an increasing number and variety of corporate and association events. These competing events range from golf outings, fund-raisers, and other networking opportunities, to incentive trips, and consumer-driven marketing activities. All of them take approaches that are different from traditional trade shows, but still deliver many of advantages of trade shows that typically require more of an investment of money and time.

In the food industry, online trade shows are becoming a factor as well. Web-based

INTRIGUING INGREDIENTS

As consumers have become more savvy about food—and as food prices have been rising—processors have had to get smarter about the ways they formulate their products.

The consuming public is concerned like never before about wellness. Indeed, this trend has risen to the point that today consumers' hunger for knowledge has deepened beyond questions over what foods to avoid. They now demand to know more about the ingredients that go into making foods, and how those ingredients affect healthfulness.

Datamonitor, a London-based trend research firm, has been tracking the trend. It reports that 65 percent of consumers who are trying to eat more healthily "are no longer focused solely on reducing food intake or on moderating their consumption of perceived 'dietary evils' such as fats, sugars, and salts."

This means that functional foods, the foods that might provide a health benefit beyond basic nutrition, are becoming a key part of everyday life. They are fueling a movement toward "positive nutrition," with consumers seeking food and drinks that are nutrient-rich, have abundant natural ingredients, perhaps are organic, and most all, perform a definable function as a contributor to one's health. The so-called "super foods" (and beverages) rich in specific nutrients and phytochemicals, such as anti-oxi-

dants, are being promoted to improve overall health and/or prevent specific diseases.

Ingredients such as soy and omega oils continue to grow in desirability and popularity; indeed, increasing demand will drive up world soy protein production more than 7 percent by 1010, to nearly four million metric tons, according to Soyatech LLC, based in Bar Harbor, Maine.

Omega oils such as DHA and EPA have entered the food chain in dairy products, orange juice, cereals, bread, and soups. These ingredients promote heart health, immune function, vision, mental health, cognition, and even improved outcomes for high-risk pregnancies.

Gluten-free products have been extended to beverages. And probiotics, still primarily associated in consumers' minds with yogurt and yogurt beverages, are finding their way into other dairy items like cheese, and are jumping onto the ingredient lists of nutrition bars, breakfast foods, and even chocolate. The probiotic trend is so strong that Paris-based Group Danone posted nearly \$2 billion in worldwide sales for its Activa yogurt with probiotics last year, representing a 30 percent gain.

In the United States, food flavors and ingredi-

ent trends are combining in Americanized ethnic flavors, and in healthy but indulgent food products of many kinds.

The overall popularity of ethnic food has never been higher, according to the market report, "Food Flavors and Ingredient Outlook 2008," issued by Packaged Facts. The report notes that Indian food has been leading the increasing demand for ethnic food most recently, while 2007 saw the rising popularity of Mediterranean and Thai cuisines, along with more upscale Mexican fare. Also gaining increased popularity this year among consumers are dishes popular in Somalia and Ethiopia.

The desire for healthy foods is being balanced with a demand for indulgent products, and new developments are creating new possibilities, such as "healthy indulgence" and "sweet savory."

Food processors are also formulating their products to deliver increased shelf life. Traditional ways of ensuring shelf safety aren't acceptable for most new products any more, as the products themselves have changed, too. New consumer purchasing trends have demanded a look at new shelf-life technologies.

To increase shelf life of more unstable foods—foods such as low-sugar jam, low-salt condiments, low-oil salad dressings, prepared fresh produce, and deli meats—food manufacturers are taking steps to reduce bacterial load from the ingredients before they process them into the final food.

Microbes need a "friendly" environment to thrive, an environment which usually includes moisture. There are a number of new ingredients that can help regulate water activity in foods, such as trehalose, which reduces water activity to about the same level as sugar, a traditional way to control water activity, but which doesn't break down with acids. Polydextrose also offers bulking and water-activity reduction, and is often used with high-intensity sweeteners.

And antioxidants added to increase shelf life, may have health benefits, as well, say food science experts. ★

Rising food prices influence ingredient decisions

Food ingredient producers are being prompted to innovate more than ever, thanks to escalating food prices and changing consumers' palettes.

One of the challenges of late has been the rising cost of eggs, used in baked goods as well as many other foods. Companies like Advanced Food Systems of Somerset, New Jersey, for example, are producing egg-replacement ingredients that act as emulsifiers in the baking process. Using a blend of starches and gum to mimic an egg, the ingredient can replace up to 60 percent of the whole egg used in baked goods.

Sweeteners as ingredients are also under increasing price pressure, and coupled with the rising demand for sugar and corn, this is driving the demand for replacements that are just as sweet. Several companies are working on sweeteners based on the stevia plant, which is grown naturally, and is 300 to 500 times sweeter than sugar, but is a low-carbohydrate alternative, which can appeal to health-conscious consumers.

There's also a search for a vegetable-based protein for energy bars, protein drinks, and even protein pills because of the rising price of soy beans. Atlanta-based AHD is working to create a cranberry-based protein for drinks, energy bars, and animal foods, treats, and capsules. Already on the market as a soy alternative is Siendesta, a natural protein extract derived from white potatoes, and made by Kemin Industries of Des Moines, Iowa.



Calendar of Events

JANUARY

11-14: National Retail Federation Convention & Expo
Jacob K. Javits Convention Center
New York, New York
www.nrf.com

***18-20: National Association for the Specialty Food Trade (NASFT) Winter Fancy Food Show**
Moscone Center
San Francisco, California
www.fancyfoodshows.com

FEBRUARY

4-6: Fruit Logistica
Messe Berlin GmbH
Berlin, Germany
www.fruitlogistica.com

***12-14: Global Pet Expo**
Orange County Convention Center
Orlando, Florida
www.globalpetexpo.org

***23-26: Gulfood 2009 Food, Hotel, and Equipment Exhibition and Salon Culinaire**
Dubai International Convention and Exhibition Center
Dubai, United Arab Emirates
www.gulfood.com

MARCH

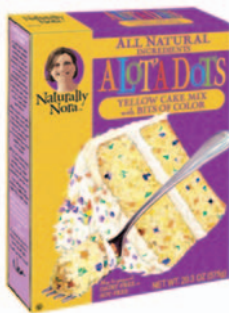
***3-6: Foodex Japan**
Makuhari Messe
Tokyo, Japan
www2.jma.or.jp/foodex/en/index.html

25-27: Food Ingredients China
Everbright Convention and International Exhibition Centre
Shanghai, China
www.chinafoodadditives.com/d_e.htm

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

FEATURED PRODUCTS

Let Kids Eat Cake



Nora Schultz is letting consumers have their cake and eat it too—and without preservatives and other non-natural ingredients. Her Naturally Nora all-natural line of five cake mixes and four frostings, does not contain any artificial flavors, colors, preservatives, oils, soy, or dairy products. Schultz is the President and co-founder of Naturally Nora, Inc., based in Princeton, New Jersey. She says her products meet the desire of all parents to serve wholesome, easy-to-prepare desserts. Ingredients in her products include unbleached, unbromated wheat flour, and non-alkalized cocoa. The cake mixes and frostings are certified kosher. For more information, visit www.naturallynora.com, or contact Steven Schultz at 1-609-688-9988, or info@naturallynora.com.

Antioxidant Power

Graceland Fruit of Frankfort, Michigan is packing the antioxidant power into several varieties of dried and frozen blueberries, cranberries, cherries, and strawberries. Infused dried blueberry varieties



include cultivated, wild, juice-infused, and organic berries. The products can be used to punch up the flavor and nutrition of baked goods, trail mixes, yogurt, ice cream, rice dishes, muffins, and cookie dough. The United States Department of Agriculture says that blueberries contain one of the highest antioxidant levels of all fruits. Antioxidants are believed to protect the body against damage from free radicals and diseases associated with aging. To learn more, visit www.gracelandfruit.com or contact Heidi Farkas at 1-231-352-7181, or hfarkas@gracelandfruit.com.

A Cocktail Party Jam

Gurnee, Illinois-based Reid Foods Inc. is bringing jam to cocktail and dinner parties. Offered under Reid's Maria's Style label, the preservative-free products combine traditional fresh fruit jam flavors with jalapenos. Made with all-



natural ingredients, the gourmet jams can be spread on toast and bagels at breakfast. They can also be served as hors d'oeuvres over cream cheese, or used to baste meat. Flavors include Sweet Pepper & Jalapeno, Strawberry Jalapeno, Pineapple Mandarin Jalapeno, and Cranberry Jalapeno. For more information, log onto www.reidfoods.com or contact Maria Reid at 1-847-625-7912, or reidfoods@yahoo.com.

The Lesser Evils of Snacking

LesserEvil has made its good-for-you snacks even healthier. The Tuckahoe, New York-based company has reduced the sodium and calorie contents of its best selling snacks. The ClassicKettle and Black&White flavors of its Kettle Corn line now have about 20 percent less sodium (230 mg and 180 mg, respectively), for example. They also contain 10 percent fewer calories (now 110 calories) than the original recipe. The SeaSalt and SourCream&Onion flavors in the Krinkle Stick assortment have about 15 percent less sodium (230 mg and 190 mg, respectively). LesserEvil says all the improved snacks still have the same great flavor and crunch. To find out more, visit lesserevil.com, or contact Kyser Thompson at 1-914-779-3000, or kyser@lesserevil.com.



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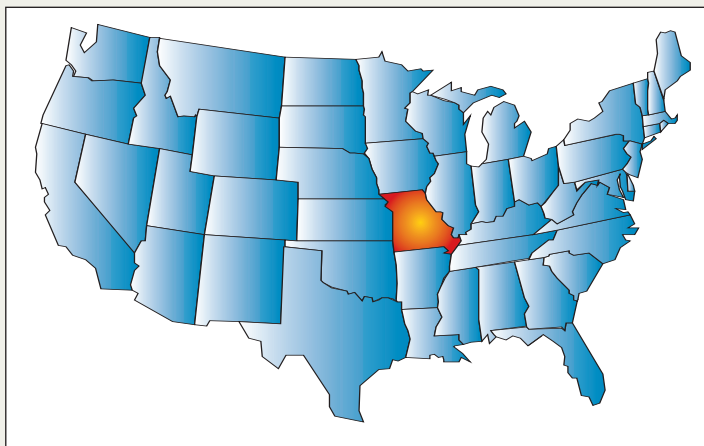
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STATE SPOTLIGHT: Missouri



✓ Missouri has the second highest number of farms of all U.S. states—105,000.

✓ Missouri produces distinctive wines, including uncommon varieties such as Cynthiana/Norton, vignerles, seyval, and chambourcin.

✓ The first farms in the state were established by French settlers around 1725.

✓ Missouri's top agricultural exports in 2005 were soybeans and products, feed grains and products, wheat and products, cotton, and rice.

✓ Missouri farms occupy 68 percent of the state's surface area.

✓ Missouri has 450 primary and 700 secondary wood product manufacturing facilities, plus another

1,450 wood product-related firms statewide.

TOP AGRICULTURAL EXPORTS:

OIL SEEDS
Total value: \$159.94 million

CEREALS
Total value: \$157.97 million

PREPARED FOODS
Total value: \$146.4 million

WOOD
Total value: \$109.4 million

MEAT AND PREPARED MEAT
Total value: \$104.2 million

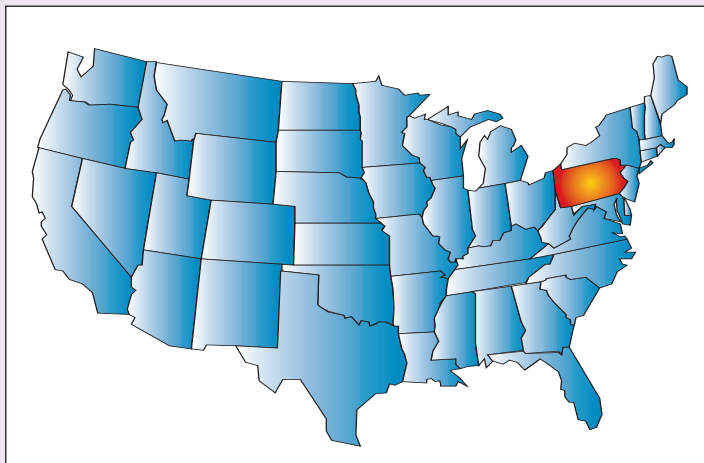
ANIMAL FEEDS
Total value: \$94.2 million

CEREAL & MILK PRODUCTS
Total value: \$38.58 million

MILLING PRODUCTS
Total value: \$37.5 million

BEVERAGES
Total value: \$29.09 million

STATE SPOTLIGHT: Pennsylvania



✓ Pennsylvania has more than 59,000 farms, occupying 7.8 million acres.

✓ The state's diverse farming community has in turn led to a multi-faceted food and beverage manufacturing sector, the United State's fourth largest, with annual production valued at \$31 billion.

✓ Pennsylvania ranks first in the nation in snack food and confec-

tionery manufacturing. It also ranks second in egg, ice cream, yogurt, meat, and pet food processing.

✓ The state each year exports \$2.4 billion worth of food, fish, agricultural, and forest products.

✓ Food and beverage exports topped \$1 billion over the past 12 months for Pennsylvania, with Canada, Mexico, South

Korea, China, and the Philippines as its top five markets.

TOP AGRICULTURAL EXPORTS:

COCOA & COCOA PREPARATIONS
Total value: \$304.4 million

MISC. EDIBLE PREPARATIONS
Total value: \$169.17 million

PREPARATIONS OF CEREAL, FLOUR, MILK, BAKERS WARES
Total Value \$151.84 million

DAIRY PRODUCTS, EGGS, HONEY
Total value: \$104.79 million

FRUITS & NUTS
Total value: \$89.41 million

SUGARS & SUGAR CONFECTIONERY
Total value: \$38.48 million

MEAT AND EDIBLE MEAT OFFAL
Total value: \$28.97 million

PREPARATIONS OF MEAT, FISH
Total value: \$28.16 million

BEVERAGES, SPIRITS
Total value: \$27.22 million

PREPARATIONS OF FRUITS & VEGETABLES
Total value: \$25.98 million

NEWS BRIEFS

Eastern Europe holds great potential as a growth market for discount supermarket operators, according to the results of the Evolution of Discount Retailing Report from London-based IGD. Eastern Europe currently represents 17.6% of the European grocery market. By 2012, its share should hit 19.5%, according to the retail market analysis firm. Among developed countries, in contrast, **Germany** commands 38% of the market. **Russia** is expected to lead the charge in Eastern Europe. **Poland, Czechoslovakia, and Hungary** are also growing. Growth for the sector, says IGD, is being fueled by rising Eastern European consumer demand and acceptance of supermarkets, poorer economic conditions, and the smart moves being made by retail companies targeting Eastern Europe.

Pizza Hut has joined the many

consumer products and service companies that have embraced the online social networking phenomenon to help promote their brands, or even to directly sell their products. A new Web-based application, Pizza Hut Interface, allows registered Facebook users to order online from the full Pizza Hut menu, without leaving the Facebook Website. The Interface even remembers people's favorites, for quick re-orders. Customers can place their orders via computer desktop, mobile Web, or text message. A newly designed Pizza Hut Facebook page lets users add Pizza Hut to their collection of favorites. Pizza Hut is giving away \$50 gift cards every week via a Facebook drawing. The promotion runs through December 31. **Dallas, Texas**-based Pizza Hut operates 6,200 U.S. restaurants.

People around the globe are

drinking more milk. In 2002, worldwide annual consumption was 214 billion liters. In 2007, the number hit 242 billion liters, an increase of 13%, reports food and milk consultancy Zenith International. Asia experienced the most growth. Still, **Australians** are among the world's biggest milk drinkers. Consumption in Asia/Australia went from 18.3 liters per person in 2002 to 22.9 liters in 2007. Per capita consumption of milk in Australia was 103.6 liters during 2006/2007, reports Dairy Manufacturers and Dairy Australia. Flavored milk accounted for 4.7% of global milk volume in 2007, reports Zenith. It grew the fastest in the **Middle East**.

Austin, Texas-based Whole Foods wants to bring the community environment of its stores online. Launched this past summer, its revamped Web site offers stories

about the retailer's unique vendors and features videos and audio podcasts of cooking demos. It carries recipes and information on new products along with food safety alerts. Recipes can be searched by special diet, dish type, or main ingredients. Consumers can create and comment on recipes and other topics via blogs. They can also access their local store's Web pages to learn about specials and community events.

Nuclear scientists from the National Centre for Scientific Research (CNSR) in **France** have created a tool that detects fraudulent vintage wines by examining the glass of their bottles. The tool was created for the **London**-based Antique Wine Company (a seller of rare wines). Ion beams are aimed at a bottle to help determine how old the bottle is and where it originated. Results are put into a CNSR database containing information on the glass characteristics of 80 bottles of red Bordeaux from the 19th century through today. The complexity and evolution of the glass making process, coupled with the diversity of glass-making centers, gives each bottle a characteristic signature.

MISSION STATEMENT

The U.S. Foodlink Web site, newsletter, and e-mail bulletin are all 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. Through a partnership with Progressive Grocer/Nielsen, U.S. Foodlink was created to provide readers credible data and information in an easy-to-read format.

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