

HOW TO PUT YOUR BEST... FOOD FORWARD

Tools and trends to help you grow your business



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Dine Well- Organic Meals Delivered in 15 Minutes!



Ron Tanner – Vice President, Philanthropy, Government & Industry Relations for the Specialty Food Association, owner of the Fancy Food Shows®, and the publisher of *Specialty Food Magazine*. Ron has worked for the Specialty Food Association, and its 3,200+ members, since 1987. Prior to joining the Specialty Food Association, Ron worked for 10 years as an editor with *Progressive Grocer Magazine*.

The Specialty Food Association presents 40 educational programs each year. Ron has appeared on The Today Show, CNN and Food Network, and has been quoted in *Newsweek*, *The New York Times*, and *Parade Magazine*. He has an M.S. in Journalism from Columbia University in New York City, and a B.A. in English and Communications Studies from Oberlin College, Oberlin, Ohio. Ron lives in Brooklyn, N.Y.

Trends in Specialty Foods

ICNC

November 12, 2015



Introduction: Trends in Specialty Foods

- Ron Tanner
 - Vice President, Philanthropy, Government & industry Relations, Specialty Food

ABOUT THE SPECIALTY FOOD ASSOCIATION

WHO WE ARE

The **Specialty Food Association** is a thriving community of food artisans, purveyors, importers and entrepreneurs who bring craft, care and joy to the distinctive foods they sell. Established in 1952 in New York, the not-for-profit trade association provides its 3,000+ members in the U.S. and abroad the tools, knowledge and connections to champion and nurture their companies in an always-evolving marketplace. The Association (formerly the National Association for the Specialty Food Trade, Inc.) owns and produces the Winter and Summer **Fancy Food Shows**, and presents the **sofi Awards** honoring excellence in specialty food.



The State of the Specialty Food Industry

Study Highlights

- Total specialty food industry sales in 2014 topped \$109 billion
- 78% of sales are at retail; 22% through foodservice
- Between 2012 and 2014, sales of specialty food jumped by 21.4% whereas sales of all food rose by just 2.2%
- Specialty food represents 14.9% of all food sales at retail

Study Highlights

- Cheese and cheese alternatives are the biggest category, at nearly \$4 billion
- Among the fastest growing categories are Refrigerated Pasta (+78%), Eggs (+76%) and Functional Beverages (+48%)
- Mainstream supermarkets account for more than 80% of sales, but their share is slipping while sales at natural food stores are booming, up 27.7% between 2012 and 2014

Study Highlights

- Manufacturers and retailers agree that in sourcing natural/ethical products, all natural and non-GMO items account for the largest share of sales. Sustainable, eco-friendly and organic are of strong second-tier importance, followed by fair trade.
- Again in 2014, at the top of the list for future product innovation are gluten free items, followed closely by convenience items. Indulgent products and healthier products rank close together, at third and fourth.

Market recap: \$109.6 billion in 2014

TOTAL U.S. SALES

OF SPECIALTY FOOD

	2014 \$ Million
Retail Channels*	85,483
Foodservice	24,111
Total	109,594

Total sales of specialty foods
in the U.S. grew

21.8%

between 2012 and 2014.



Largest Segments

Product Category	2012 \$ Million	2014 \$ Million	% Change 2012-2014
Cheese and Cheese Alternatives	3,434	3,708	8.0
Coffee, Coffee Substitutes and Cocoa	2,860	3,476	21.5
Frozen and Refrigerated Meat, Poultry and Seafood	2,515	3,189	26.8
Chips, Pretzels and Snacks	2,499	3,122	24.6
Bread and Baked Goods	2,015	2,351	16.7

Does not include private label sales, random weight (PLU) items, or sales through Trader Joe's or Whole Foods Market

Source: Mintel/SPINS/IRI

Fastest Growing Segments

Product Category	2012 \$ Million	2014 \$ Million	% Change 2012-2014
Refrigerated Pasta	74	133	78.0
Eggs	17	31	76.3
Refrigerated Pasta and Pizza Sauces	18	29	61.0
Shelf-Stable Functional Beverages	285	422	48.2
Nut and Seed Butters	203	297	46.6

Does not include private label sales, random weight (PLU) items, or sales through Trader Joe's or Whole Foods Market

Source: Mintel/SPINS/IRI

Specialty Food Innovation Plans

SPECIALTY FOOD INNOVATION PLANS FOR 2014

I plan to develop specialty food that is also...	%
Gluten-free	43
Convenient/Easy to Prepare	38
Indulgent	32
Less Indulgent and More Healthful	26
Functional	26
Portable	20
Allergen-free	18
Other	19 ^{ns}

Multiple answers accepted

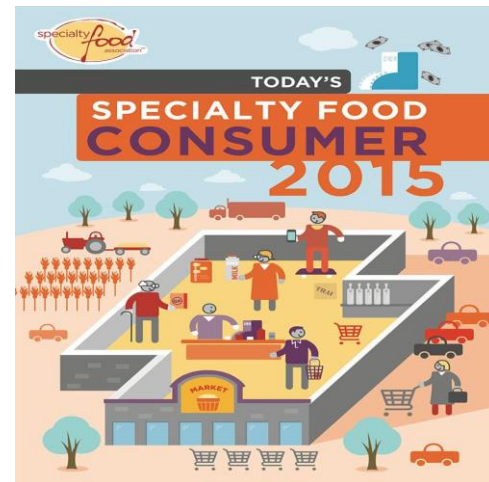
Source: Mintel

Today's Specialty Food Consumer 2015



Today's Specialty Food Consumer Report

- Published each Fall with groundbreaking research from
 - Specialty Food Association
 - Mintel International Group
- Summary Format
 - Highlights published in *Specialty Food Magazine*



Key Demographics



- Millennials are core consumers, but their needs are changing.
- For first time, men slightly more likely than women to buy specialty foods.
- Affluent, but opportunities with lower-income consumers.

What Specialty Food Consumers Buy



Perennial favorites: Cheese and Chocolate

More sweets this year

Rounding out top 10:

- Oils and vinegars
- Tea
- Pasta
- Yogurt and kefir
- Meat, poultry, and seafood

What Specialty Food Consumers Buy

tea **Biggest growth since 2014:**
s, and dried fruit and vegetables

pizza sauces

Where They Shop



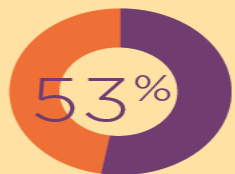
How Much They Spend

32% Specialty food consumers spend 32 percent of their food dollars on specialty foods and beverages.



In 2015, specialty food consumers spent a mean of \$113 per week on food cooked at home and a mean of \$80 per week in restaurants. These numbers have increased significantly from more conservative growth in the previous three years.

Online Shopping and Delivery



of consumers purchase
specialty food **online**

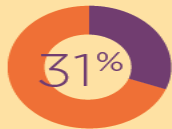
THE TOP
3
MOST PURCHASED
CATEGORIES ONLINE

CHOCOLATE

COFFEE, COFFEE
SUBSTITUTES,
AND COCOA

TEA

Using or seeking **online delivery service:**



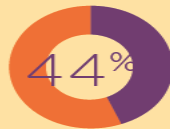
of consumers



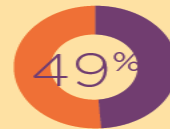
of men



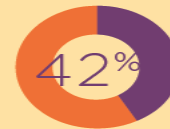
of women



Ages 25-44

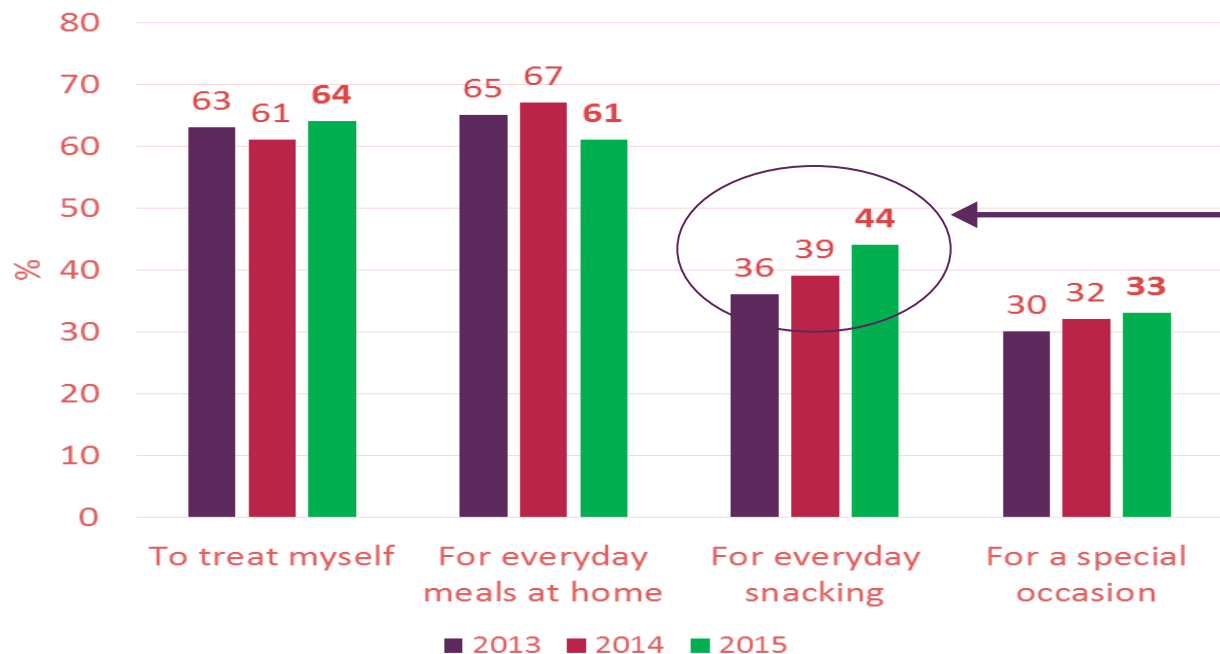


of Hispanics



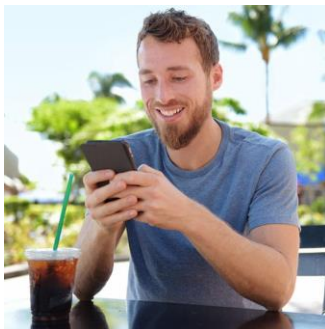
Pacific region residents

The why behind the buy



Snacking increasingly drives usage in this market, meaning innovation here makes great sense.

By Generation: Millennials

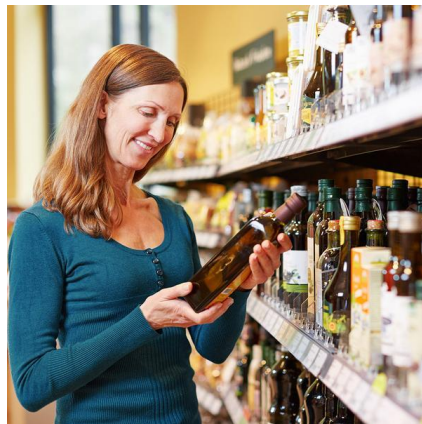
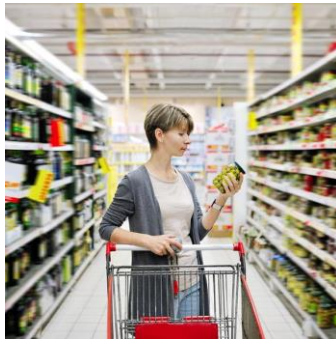


MILLENNIALS

- Buy eco-friendly, artisanal, and gluten-free foods
- Most aware of the term *specialty food*
- Use specialty foods most to bring to the office, have on hand for unexpected guests, give as a gift
- Purchasing drivers: need something special when entertaining; eat more natural and healthy foods; dietary or health concerns
- Enjoy planning parties for friends and family
- Believe GMOs should never be used in food and beverages
- Spend the most per week in restaurants



By Generation: Gen Xers



GENERATION X

Use specialty foods most for everyday snacking and for special occasions

Purchasing drivers: quality ingredients listed on packaging; recommendation from a friend or relative; impulse purchase; environmentally friendly

Most likely to shop at farmers markets

Shop for all-natural and ethical foods

Buy coffee online

Spend the most per week on cooking or preparing food at home

Most likely to read nutritional labels



By Generation: Baby Boomers



BABY BOOMERS

Use specialty foods for everyday meals at home

Purchasing drivers: like to try new things; eat more natural and healthy ingredients; looking for exciting new experiences; convenience; recommendation from a friend or relative; impulse purchase

Consider themselves knowledgeable about food

Shop for locally sourced, non-GMO, and fair trade foods

Believe GMOs are OK to use but only if disclosed on label

Least likely group to shop for food online

Most likely to prepare meals from scratch



Future

- The aging US population may lead to long-term flattening in the specialty food industry's growth.
- Online sales will make gains driven by Millennials and \$100K+ HHs. Order size and category breadth to rise.
- Expect more value-positioned product development.
- Millennials will drive this market forward.

Future

- The next generation (iGen/Gen Z) will expect natural, organic, ethical, local, non-GMO food as a matter of course.
- Company and brand values matter as much as the food itself to SFCs.
- Social media to play increasingly influential role for consumers wishing to gauge/comment on brand efficacy.

Specialty Food Trends

The Latest Specialty Food Trends

From Winter Fancy Food Show

- Cheese Twists
- Breakfast Served All Day
- Time for Turmeric
- Cruciferous Crusade
- Vanilla Bean-anza

From Summer Fancy Food Show

- Spread the Cookie Love
- Smoked Signals
- Bourbon Boosted
- Chew on This
- Modern Matcha

Cheese Twists

Trendspotted
Winter



- Yancey's Fancy – Grilled Bacon Cheeseburger Artisan Cheese
- Sonoma Creamery – Mr. Cheese O's
- Angie's Boomchickapop – Caramel & Cheddar Mix
- Silva Regal Spanish Food – Manchego-Style Cheese Flavored Olive Oil

Breakfast Served All Day

Trendspotted
Winter

- Chuaao Chocolatier – Strawberry Waffle Wild Milk Chocolate
- Uncle Andy's Jerky – Bandito Loco Spicy Coffee Beef Jerky
- The Republic of Tea – Cinnamon Toast HiCaf Tea
- Dang Foods – Savory Bacon Coconut Chips



Time for Turmeric

- Rishi Tea – Turmeric Ginger Tea
- HealthVerve – Turmeric Rice
- Bruce Cost Ginger Ale – Passion Fruit Ginger Ale with Turmeric
- Navitas Naturals – Turmeric Tamari Almonds



Trendspotted
Winter



Cruciferous Crusade

Trendspotted
Winter

- Creative Snacks – Broccoli Chips



- Alive & Radiant – Arugula Cabbage Veggie Krunch



- Genuine Grub – Spicy Pickled Cabbage

- Wonderfully Raw Gourmet –

Tamarind Almond Crunch Brussel Bytes



Vanilla Bean-anza

- [Heber Valley Artisan Cheese](#) – Vanilla Bean Cheddar Cheese
- [Choctal](#) – Single-Origin Vanilla Ice Creams
- [Dancing Deer Baking Co.](#) – Pure Vanilla Bean Shortbread
- [Milkboy Swiss Chocolate](#) – White Chocolate with Bourbon Vanilla
- [Drink Daily Greens](#) – Enlighten Hemp Milk with Blue-Green Algae and Vanilla



Trendspotted
Winter



Spread the Cookie Love

Trendspotted
Summer

- Dave's Gourmet -- Oatmeal Cookie Butter
- Gooley on the Inside -- Fluffernana Cookie Butter
- Amoretti -- Graham Cracker Natural Cookie Spread



Smoked Signals

Trendspotted
Summer

- Quin Smoked Cola Gum Drops
- Rick's Picks – Smokra
- Hot Cakes Molten Chocolate Cakery – Smoked Chocolate Chips



Bourbon Boosted

Trendspotted
Summer

- [Batch](#) – Brown Sugar Bourbon & Pecan Ice Cream
- [Brooklyn Brine Co.](#) – Spicy Maple Bourbon Pickle
- [Bourbon Barrel Foods](#) – Bourbon Smoked Sugar



Chew on This

Trendspotted
Summer

- SlantShack Jerky – Bronx Brewery Pale Ale Jerky
- Ocean Beauty Seafoods – Wild Salmon Jerky
- Field Trip Jerky – Crushed Chilies No. 19 Turkey Jerky



Modern Matcha

Trendspotted
Summer

- The Republic of Tea – Matcha
- Teapigs – Organic Matcha
- Ito En – Matcha Love ready-to-drink tea



Thank you!

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HOW TO TAP INTO TRENDS

For every trend there is a counter trend...

PIVOTING

White Castle Slider
170 Calories



McDonald's Cheeseburger
300 Calories



Avg. customer orders 4 sliders

PIVOTING

- Serving size shift: Tapas and Food Halls
- Do smaller bites mean better sales?
- Consumers viewing snacks as mini-meals



ALTERNATIVES



- Are alternatives more popular than innovations?
- Adopting vs. adapting
- The 10% rule

TRENDS & ANTI TRENDS

Energizing Eats



Soothing Solutions



TRENDS & ANTI-TRENDS



go grain-free

cooking for ancestral & healing diets



TRENDS & ANTI-TRENDS



GREENS

- A change in color perceptions
- 28% of consumers fear green juice and 32% say they like green juice the least
- 89% of US adults believe whole fruits and vegetables are healthier
- 68% say juice is more convenient and would prefer to have fruits & Veg in juice rather than eat them whole



GREENS

- According to WSJ carrying a bottle of vegetables has become a status symbol
- Green associated with health, tranquility, power, and nature
- Encourages a balance leading to decisiveness



