

BITS, BITES & BYTES

Trends in the Specialty Food Market

Specialty Food & the Millennials

- Millennials (ages 22-39) is now the largest generation at 75.4 million and 78% of them are consumers of specialty food.
- Spending power: \$54/week (\$2,800 per year).
- Their top specialty food purchased: chocolate, coffee, ice cream and frozen desserts, & pasta & pizza sauces.
- Top reasons they buy: prepping meals at home, treat self, on-the-go snacking, special occasion.
- Top outlets to buy: supermarkets, natural food stores, & mass merchandisers.
- Specialty food is social and mobile: use of social media to talk & learn about food; 90% of them use phones to find restaurants, recipes, coupons, etc.
- They are likely to pay attention to ads on mobile than on TV and print.

Source: specialtyfood.com/consumer2016



There is no doubt that specialty food has become so popular in recent years that the industry experienced a major growth spurt with sales of \$127 billion in 2016 from \$88.3 billion a couple of years back. This industry niche is also at the forefront of showcasing some of the biggest trends in the food industry.

At the 2018 Winter Fancy Food Show in San Francisco, some of the next big products expected to hit the shelves were:

- "Soda Alternatives" - Flavored water, marketed as alternative to sugar-laden drinks beverages.
- "New Sauerkraut" blends such as pickled vegetables and flavor mixes, (e.g., pickled cauliflower or jalapeño probiotic slaw
- Spices and mixes packaged in small containers.
- "Drinking vinegar" such as the new apple cider vinegar being marketed for its probiotic and digestive benefits.
- "Ice cream beyond vanilla" - incorporating vegetables, spices, cheeses in ice cream

The Philippines, with its diverse agriculture-based processed products offered some of its best and new products at the show. Among the best sellers were: tuna, dried fruits, and tapioca flour (though this product was not physically showcased in the pavilion). Products that showed potential market opportunities based on inquiries received from visitors of the pavilion were: Subic



Meet Pili Nut - PHNative Supernut

- Endemic to the Philippines, mostly found in the Bicol Region of the Luzon Island.
- The de-shelling of the Pili Nut follows the centuries old process of "pagtilad" (de-shelling using a bolo and a wooden board) with precision, speed and strength unrivaled even by modern-day machines.
- The Pili Nut is packed with impressive nutritional content - high in potassium, phosphorus and calcium.
- The Kernel and the pulp are excellent sources of oil used for cooking or, when scented, in massage therapy
- Subic Superfood Inc.'s Mount Mayon Pili Nuts was featured at the 2018 WFFS Philippine pavilion. This Pili Nut brand was the only gourmet product that was featured by France's Michelin chefs at the recent annual "Meilleurs Ouvriers de France (MOF) Cote d'Azur 2017' Gala Dinner for 200 VIP guests at Nice's Negresco Palace. The MOF awards were created in France in 1924 to honor traditional craftsmen and recognize work which approaches perfection.

Source: CITEM's various promotional collaterals on Pili Nut.

Superfood Inc.'s Pili Nut, Magical Blend's Guyabano products, mango flour, and even products not on display but the Philippines have been known to produce such as dried mushroom, ginger turmeric, frozen yam, and moringa.

Healthier ingredients in snacks have also been the focus of startup companies like Square Organics, a company based in Oakland, CA, to cater to specialty food enthusiasts. Their organic protein bars and popcorns are gluten free, plant-based, soy-free and non-GMO verified. They were also an early adopter of coconut nectar for their snack bars. Sourced from the Philippines, the company considered coconut nectar as one of the most sustainable sweeteners on the market.

Another take on specialty food are meal kit delivery services. Companies such as Home Chef, Sun Basket, Hello Fresh, Plated, Blue Apron, Martha & Marly Spoon, Green Blender, Balance, and Freshly are disrupting the food industry as it addresses the move towards greater convenience in getting fresh food for the consumers.

The meal kit industry is worth over \$1.5 billion and is made mostly of younger consumers who embrace food retail that leans toward the natural foods channel. The most important consumer niches will likely include: Organic, Veggie-centric, Paleo, Specialty Diets, Farm-to-Table home meal prep.

Partnerships with meal kit companies has started to be a key strategy for food manufacturers. A California-based manufacturer focused on producing organic, premium lines of tortilla products for the more health conscious customers, for example, has partnered with Sun Basket and grocery chain outlets for their own private label products.

Startups and companies who experienced growth in the specialty market have provided insights on their success: focus on what you are good at; take action in a timely manner; hire people who know things that you don't; stay true to your band and what you believe in; and take time on strategy and don't be bogged down with day-to-day operations.

Source: SF Business Times, various publications on food and packaged facts

PTIC-SF is the foreign service arm of the Department of Trade and Industry in the US Western Region represented by TSO Celynn Layug, Ms. Rosalie Say, and Ms. Mylene Juan. It works to advance the country's trade and investment interests by relations among foreign and local investors and businesses providing credible information and nurturing