



CHEESE, BAKERY AND SPECIALTY FOODS IN THE U.S. MARKETPLACE

ARN GRASHOFF



CONSIDERATIONS WHEN ENTERING THE US MARKET FOR CHEESE, BAKERY AND SPECIALTY PRODUCTS:

1. Is there already a “similar” product distributed in the U.S.?
 - What is your product’s differentiation?
2. Do you have an importer in place?
3. Do you have, and are you willing to supply, all the required U.S. Foreign Supplier Verification Program (FSVP) documentation?
4. Does your packaging work for the U.S. market?
 - Does the packaging tell the consumer what your product is and how to use it?
 - Do the packing colors work in the U.S. market?



CONSIDERATIONS WHEN ENTERING THE US MARKET FOR CHEESE, BAKERY AND SPECIALTY PRODUCTS:

5. Do your offerings work for the U.S. market?
 - Can U.S. consumers relate to the varieties/flavors you are offering?
6. Does your case pack and size work?
 - 6-8 packs are preferred
 - Large case pack sizes (12-48) are not acceptable
7. Do you have a marketing program and funds to support your products' success?
 - Ads, Demonstrations, Promotions
8. Who will provide support for your products in the U.S?
 - Brokers or some other sales agent?



MOST U.S. CONSUMERS PURCHASES THEIR CHEESE, BAKERY AND SPECIALTY FOODS AT ONE OF THE FOLLOWING:

- Independent Retail Supermarket (1-10 store locations)
- Retail Supermarket Chain (10-500+ store locations)
- Club (Warehouse) Stores
- Natural Food Stores
- Convenience Stores
- Specialty Shops / Specialty Bakeries



WHO ARE TODAY'S CHEESE, BAKERY AND SPECIALTY FOOD CONSUMERS IN THE U.S: LABEL READERS






















- Making choices based on attributes that:
 - they understand
 - align with their beliefs
- Making choices based on what they:
 - have been told by others
 - have seen in social media
- Making choices based on dietary restrictions



“Clean” Label = No Artificial Flavors, enhancers, colors...



ICON FOOD LABELING SYSTEM

	ALL-NATURAL		GRASS FED		NUT FREE
	ANIMAL WELFARE		KOSHER		ORGANIC / BIO
	CERTIFIED HUMANE		LACTOSE FREE		SOY FREE
	DAIRY FREE		LOCAL		SUGAR FREE
	EGG FREE		LOW SODIUM		TRANS FAT FREE
	FAIR TRADE CERTIFIED		NON-GMO		USDA ORGANIC
	GLUTEN FREE		NON-GMO VERIFIED		VEGAN



WHO ARE TODAY'S CHEESE, BAKERY AND SPECIALTY FOOD CONSUMERS IN THE U.S: MIDDLE INCOME - ALL AGE GROUPS

Households with an annual income of \$35K-\$99K account for 46% of Specialty Gourmet food purchases and dining experiences

- **Price** and **value** in the specialty food category matter to this consumer
- Middle income consumers tend to dine and entertain more in **groups**, for casual & ad-hock occasions, and in casual dining restaurants



WHO ARE TODAY'S CHEESE, BAKERY AND SPECIALTY FOOD CONSUMERS IN THE U.S: MEN

Male consumers in the U.S. make up 47% of Specialty Gourmet food purchase decisions

- Seek **easy** choices for **quick** decision making in product and dining selections
- Often shop with a list or electronic notes constructed by others
- The male consumer looks at Specialty Gourmet as a “treasure” or a “find” as with craft beer, wine and cigars



WHO ARE TODAY'S CHEESE, BAKERY AND SPECIALTY FOOD CONSUMERS IN THE U.S: MILLENNIALS

Millennials (18-35 years of age) are shopping and dining the Specialty Gourmet category at a higher rate than any other age group (48%)

- Millennials are looking for interesting items to satisfy their **globalized** palate
- Value is key for this group - this group feels empowered to eat well, but with limited income, seeks out **value** and **price**
- Food is a source of **entertainment** and **self-expression**



Millennials 18-35 Years of Age

THREE MAIN FORMATS U.S. RETAILERS OFFER SPECIALTY CHEESE:

1. Full cut-and-wrap program

All cheese is cut and hand wrapped on-site

- Very labor intensive
- High degree of expertise and product knowledge
- Use of descriptor cards
- Higher-end supermarkets



THREE MAIN FORMATS U.S. RETAILERS OFFER SPECIALTY CHEESE:

2. Combination of fresh-cut product and pre-cut product
 - Give customer fresh-cut perception and options
 - Not as labor intensive as a full cut-and-wrap-program
 - Intermediate expertise and product knowledge
 - Mid-range supermarkets



THREE MAIN FORMATS U.S. RETAILERS OFFER SPECIALTY CHEESE:

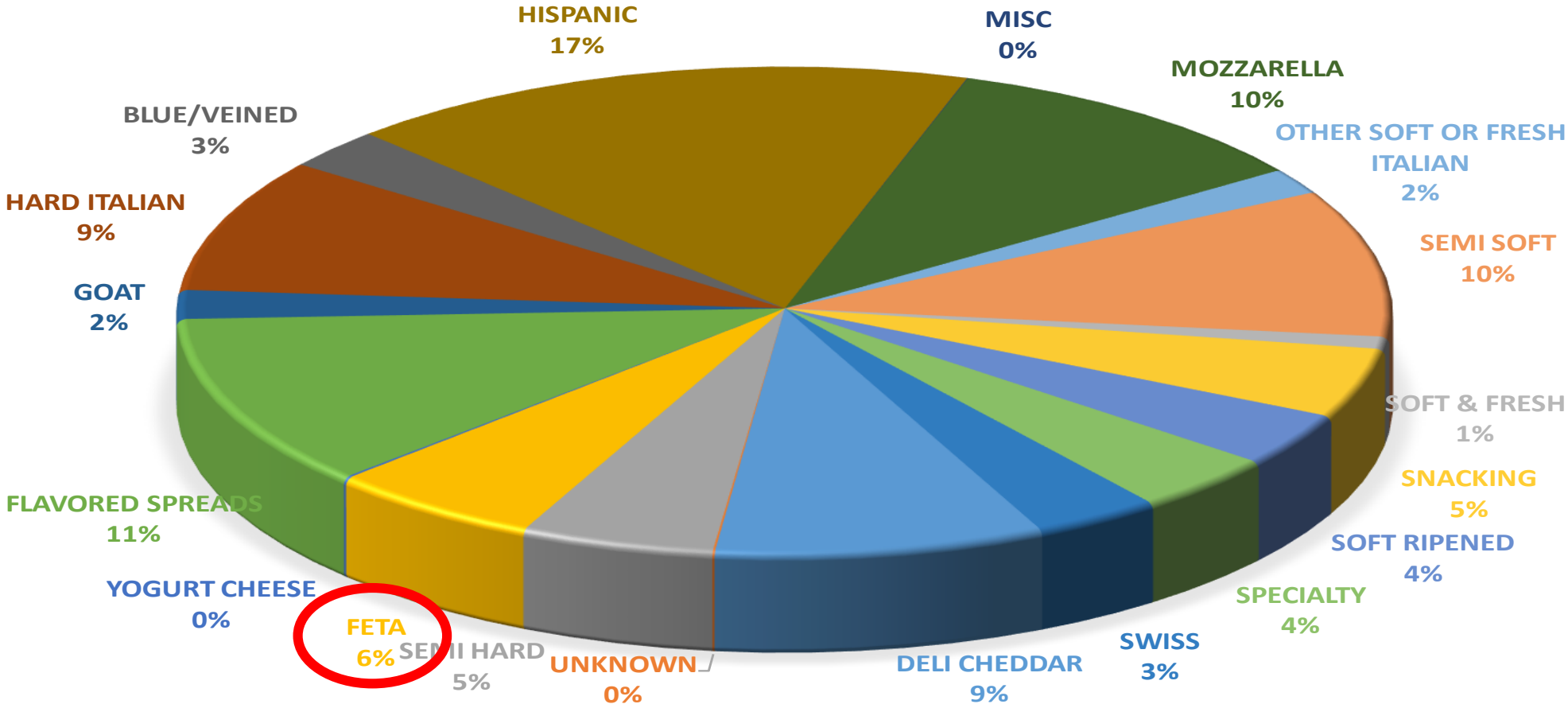
3. Pre-packed cheese program

Only cheese that is pre-cut and wrapped and typically exact weight are in the program

- Least amount of labor required
- Minimal product knowledge and expertise required
- Easy to merchandise
- Mass supermarkets



PERCENTAGES OF CHEESE SOLD IN U.S.



*Nielsen Perishables Group is the leading resource for category development tools and applications for the five fresh departments. Data includes retail consumer sales data for key Food, Club and Mass/Supercenter store chains in the U.S., with more than \$2 million annual ACV sales per store



WHAT ARE DRIVING SOME OF THE CHEESE, BAKERY AND SPECIALTY FOOD TRENDS IN THE U.S.?

- Bold Flavors in Cheese
 - Sriracha, Jalapeno, “Fiery”
 - Extra Aged
 - Smoked
- World Cuisine
 - Celebrate & discover the diverse global flavors
- Snack time is the new mealtime
 - Replacing traditional meals with snacking small plate menus at dining establishments
- Indulgent bites in Bakery Products
 - Willingness to sacrifice portion size for superior ingredients
 - Controlling caloric intake
 - “Rewards”



GROWTH AND TRIAL IN THE “MINI” OFFERINGS



BAKERY DEPARTMENT SALES IN THE U.S

50% of all Bakery Sales in the U.S is a Dessert
Cookies, Cakes, Pies, Dessert Bars.....

30% of all Bakery Sales in the U.S. is a Bread or Roll
Fresh Breads, Croissant, Rolls, Buns....

20% of all Bakery Sales in the U.S. is a Breakfast
Muffins, Doughnuts, Bagels.....



3 TYPES OF SUPERMARKET BAKERIES IN THE U.S.

1. Scratch Bakeries:

- 80% of all items for sale are made in-store
- Very high labor and shrink (spoils)
- High-end supermarkets



3 TYPES OF SUPERMARKET BAKERIES IN THE U.S.

2. Par-Baked Bakeries:

- Will finish baking products that have minimum baking time remaining
- Quality products which offer the perception it was completely made in-store
- Allows the store to offer a wide assortment of products without the labor expenses
- Stores will often put or want the option to put their own brand/label on the product
- Mass supermarkets



3 TYPES OF SUPERMARKET BAKERIES IN THE U.S.

3. Thaw and Sell bakeries

- Only sell products that
 - ship in frozen and are thawed to serve
 - are ambient (dry) through distribution
- Minimal labor and product loss for retailer
- Convenience stores



SUPPORTING YOUR CHEESE, BAKERY AND SPECIALTY FOOD ITEMS IN THE U.S. MARKET PLACE

- Demonstrations
- Promotions
- Recipe development
- Getting your first order is not success



DON'T UNDERESTIMATE THE POWER OF YOUR PRODUCT'S STORY

Make sure your product carries your “story”

- The history and tradition of the item (i.e., how it is used)
- The production process and unique techniques
- The family, the founders



Thank You

