



Specialty Food Trends Post-COVID

American-Hellenic Chamber of Commerce Association

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- Prior to joining the Specialty Food Association in 1987, Ron worked for 10 years as an editor with *Progressive Grocer Magazine*.
- Ron serves as the Specialty Food Association liaison with many associations and government organizations and has filled many roles over the years at the Association.
- Education:
 - M.S. in Journalism from Columbia University
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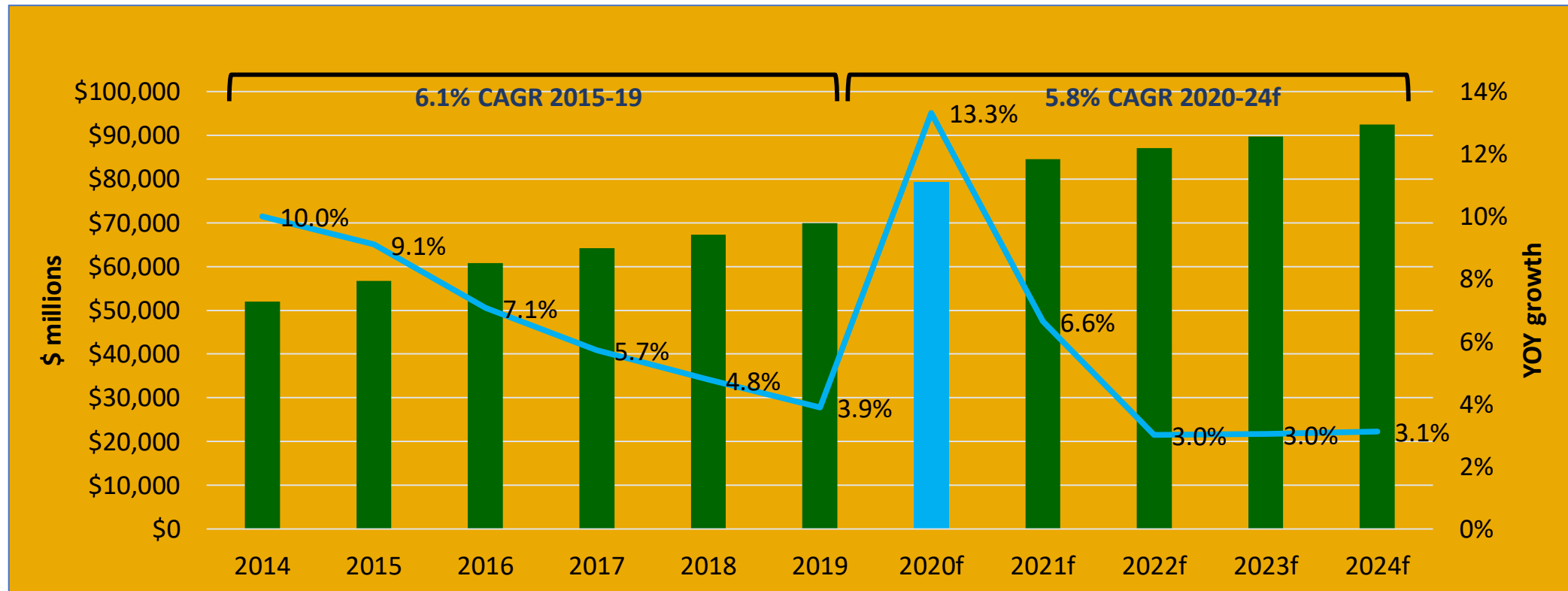
State of the Industry Highlights

- U.S. specialty food sales in 2019 topped \$158.7 billion
- 75% of sales are at retail; 22% through foodservice; 3% online
- Specialty food represents 20% of all food sales at retail
- Between 2017 and 2019, sales of specialty food at retail jumped by 8.9% while sales of all food increased by just 3%



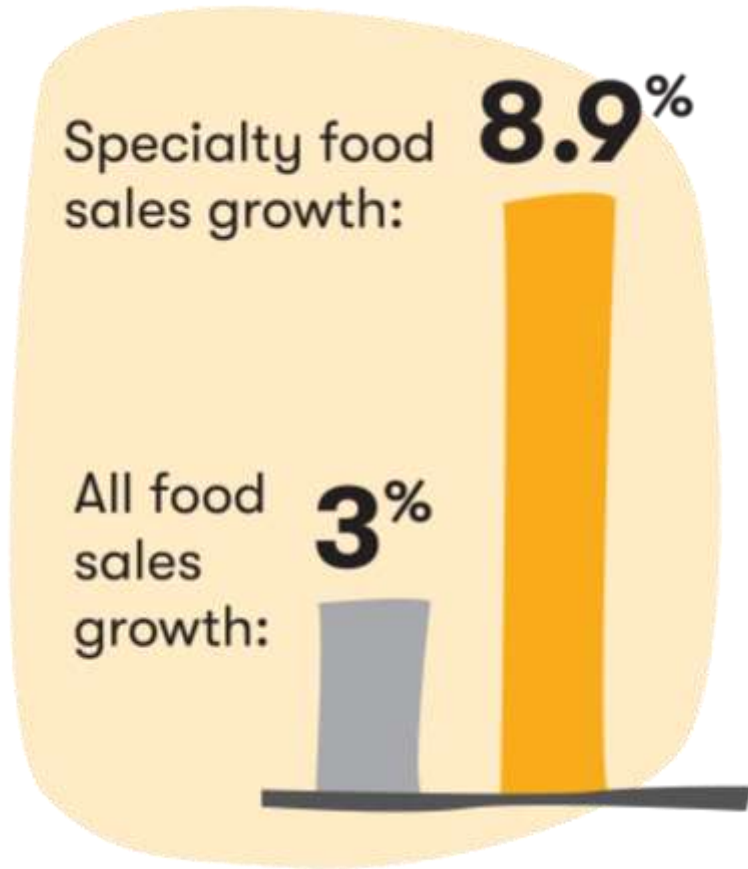
Where We Are & Where We're Headed

The maturing specialty retail market got a major lift in 2020, and we expect 2021 will also be higher than average, before the market normalizes. By 2024, tracked sales will top \$90 billion in retail.



The State of the Industry – Growth Rates

2017-2019 Brick-and-Mortar Retail Growth



- The specialty retail market has grown **3x faster** than all food/bev since 2017
- Refrigerated categories led in specialty growth (+11%)

The State of the Industry – Channel Sales

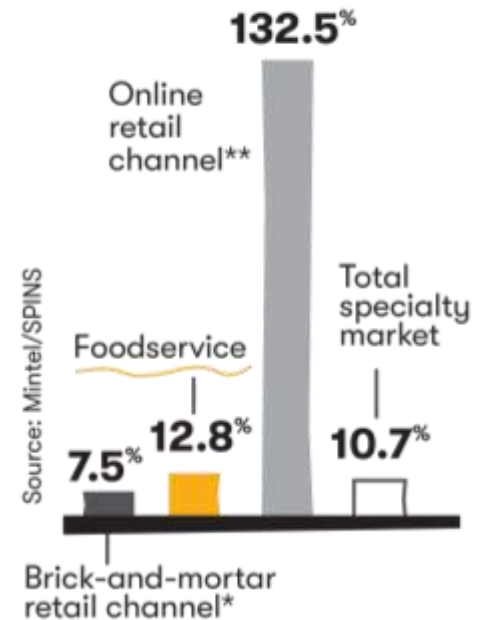
U.S. Sales of Specialty Food— Retail, Foodservice, and Online (millions)



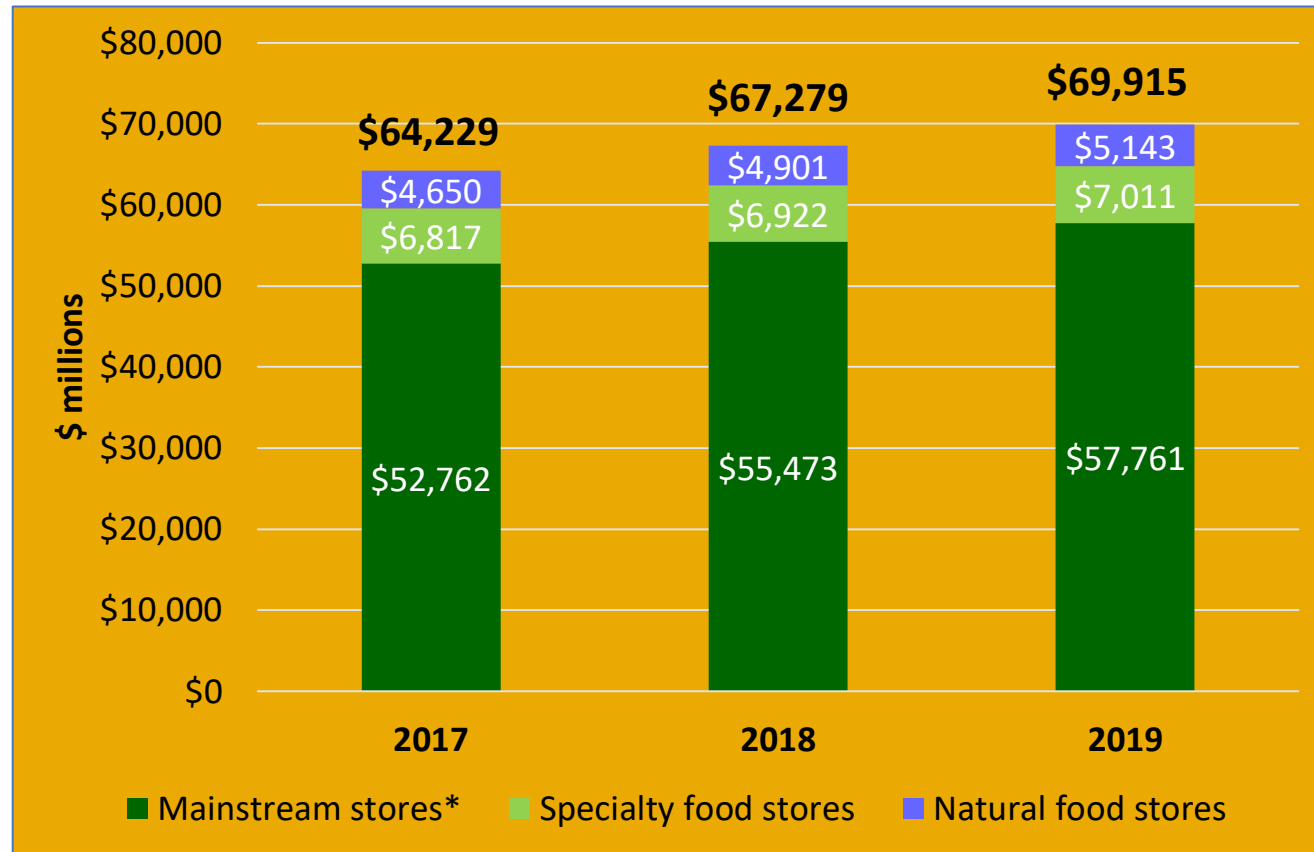
*Brick-and-mortar retail channel includes sales from natural, specialty, and MULO, as well as an estimate for specialty food perishables (PLU or random-weight specialty items sold in a supermarket's bakery, deli, meat, and seafood sections) sold in these outlets. In addition, these figures include estimated specialty food sales from Trader Joe's and WFM (including their private label sales).

**Online retail channel is estimated by Mintel

% Growth by Channel

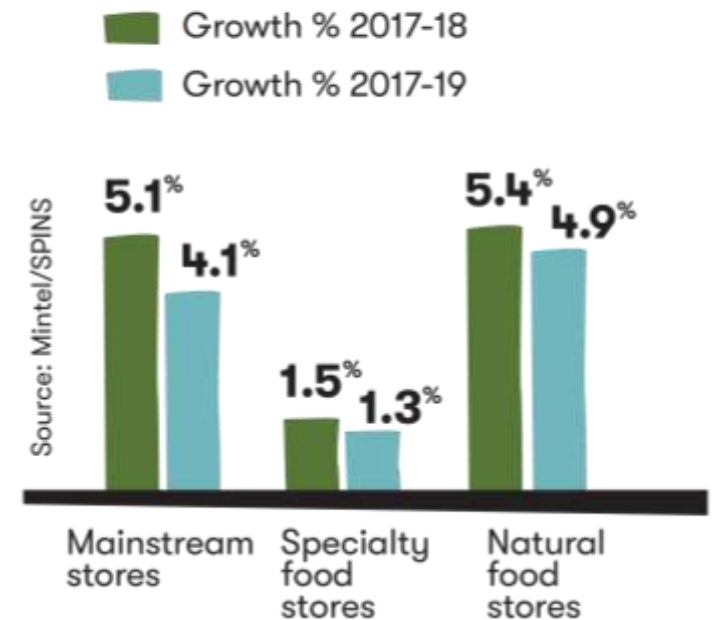


The State of the Industry – Brick-and-Mortar Retail



Tracked retail sales, excluding WFM, Trader Joe's, perishables, and private labels

% Change 2017-2019



The State of the Industry – Category Sales

Top 10 Categories in Retail Sales



- Cheese and Plant-based Cheese
- Meat, Poultry, Seafood (Frozen and Refrigerated)
- Chips, Pretzels, Snacks
- Coffee and Hot Cocoa (non-RTD)
- Bread and Baked Goods
- Chocolate and Other Confectionery
- Refrigerated Entrées
- Frozen Desserts
- Water
- Frozen Entrées (Lunch, Dinner)

Source: Mintel/SPINS

Top 10 Categories with Highest Dollar Growth

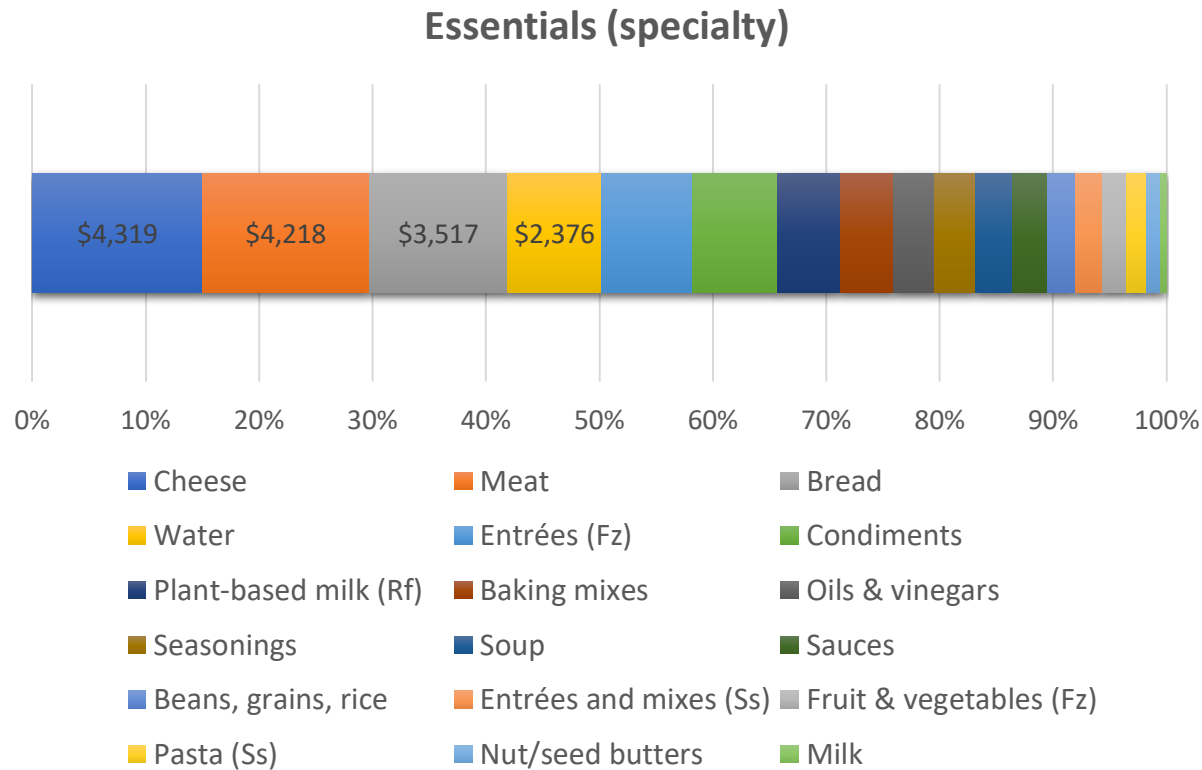


- Refrigerated Plant-based Meat Alternatives
- Shelf-stable Creams and Creamers
- Refrigerated Creams and Creamers
- Refrigerated RTD Tea and Coffee
- Frozen Breakfast Foods
- Frozen Juices and Beverages
- Water
- Jerky and Meat Snacks
- Rice Cakes
- Baby Food

Source: Mintel/SPINS

Essentials

Where We Are

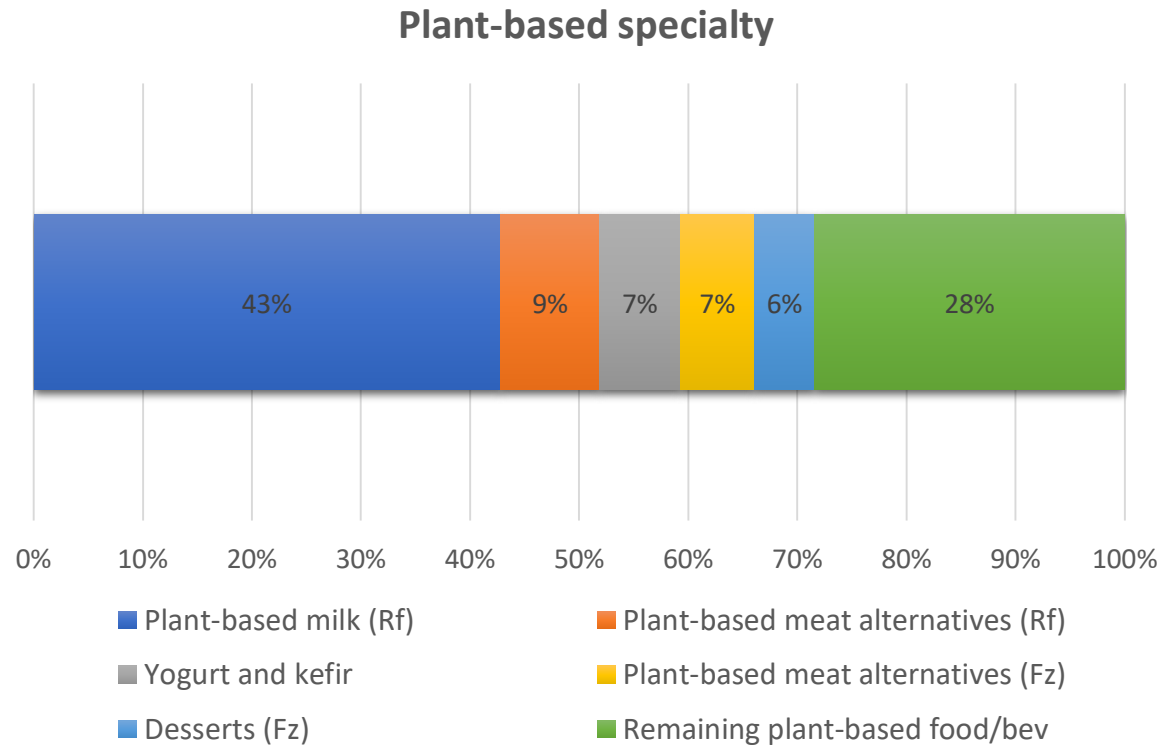


- \$28.8 billion in 2019 sales
- 41% of total B&M specialty market
- Growing slightly ahead of pace of total specialty market (+10%) since 2017
- The top 4 categories (cheese, meat, bread, and water) dominate with 50% of sales
- **COVID boost** > baking, entrées (Fz), entrées and mixes, oils/vinegars, sauces, seasonings, soup
- **COVID bust** > specialty items sometimes passed over for conventional at first, and then surged when shoppers couldn't find conv. brands



Plant-Based

Where We Are

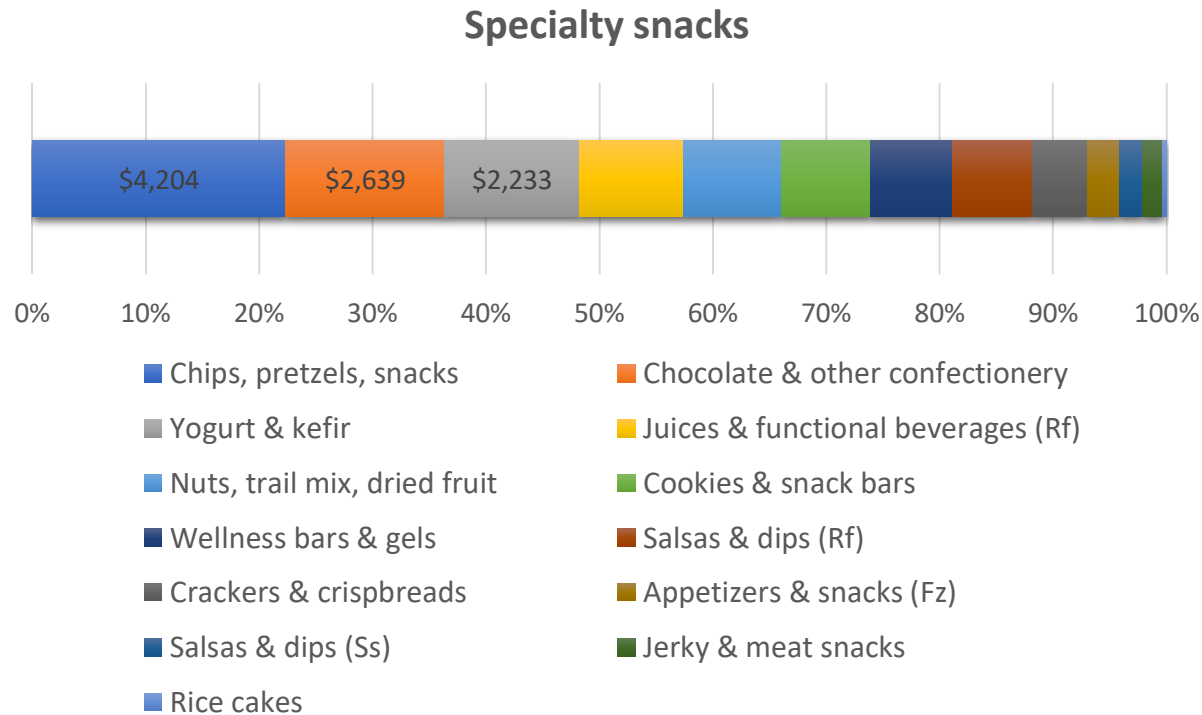


Source: Mintel/SPINS

- \$5 billion in 2019 sales
- 7% of total B&M specialty market
- Growing 3x the pace of total specialty market (+27%) since 2017
- Plant-based milk (Rf) dominates
- Nearly 80% of all sales in chilled categories, and are growing fastest
- **COVID boost** > most key categories (P/B milk, other dairy, meat). Shelf-stable items
- **COVID bust** > specialty didn't grow any faster than conventional (P/B milk)



Snacks



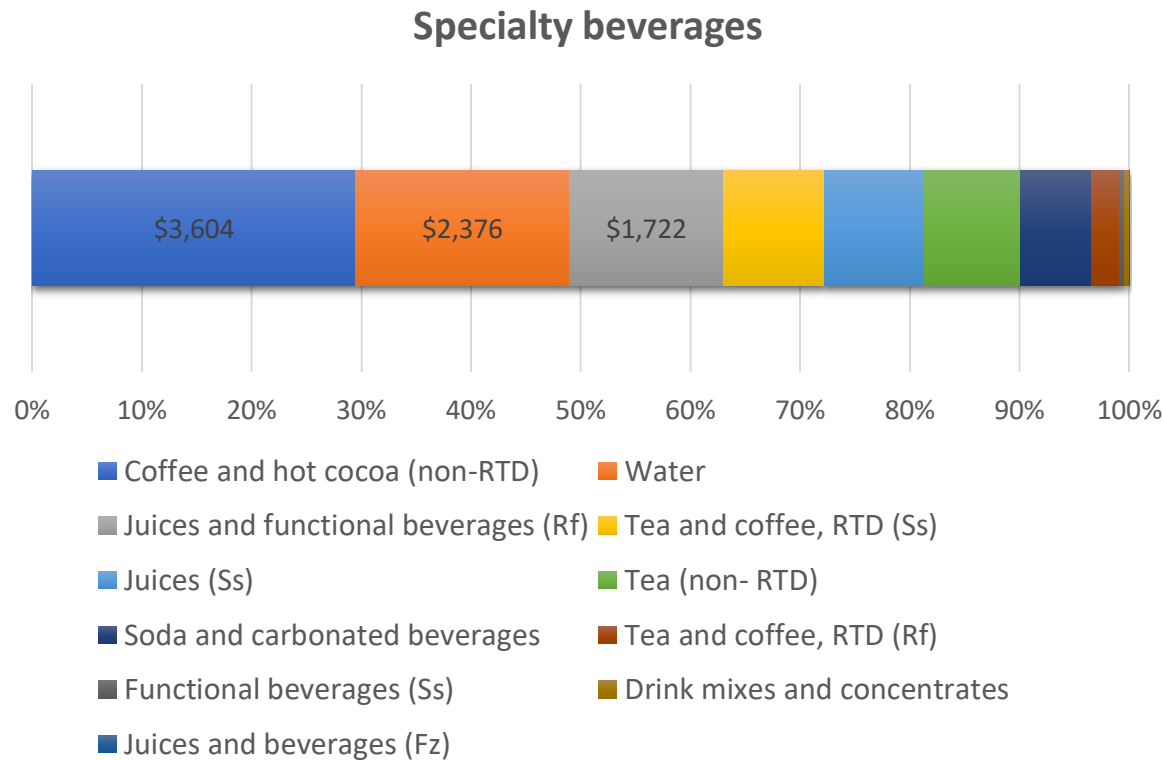
Source: Mintel/SPINS | Sales figures in millions

Where We Are

- **\$18.8 billion in 2019 sales**
- **27% of total B&M specialty market**
- **Growing slower than total specialty market since 2017**
- Chips, chocolate, and yogurt account for nearly half of all snack sales
- Specialty snacks are extremely popular, accounting for as much as 65% of all sales (incl. conv.) in given categories
- **COVID boost** > specialty snacks often grew faster than conventional
- **COVID bust** > most snacks (especially sweets) were passed over in March/April



Beverages



Source: Mintel/SPINS | Sales figures in millions

Where We Are

- \$12.2 billion in 2019 sales
- 17.5% of total B&M specialty market
- Growing at pace of total specialty market (+9%) since 2017
- Coffee, water, and fresh juices dominate with more than 60% of all beverage sales
- **COVID boost** > coffee (non-RTD), water
- **COVID bust** > grab-and-go items like juices (Rf), coffee (RTD)



Wrap-up

- **Expect some more of the same:**
 - The pandemic economy will be in full force through 2020, and will *slowly* start to wane early next year
 - The growth rate for sales of food at home in 2021 will be roughly twice what it would have been without the pandemic
- **Specialty essentials** will be the main beneficiary of the continued somewhat-sheltering-at-home trend; a diverse range of innovation will keep consumers engaged
- **Plant-based specialty** has a lot of runway left in breadth/depth of product offerings, and will continue in a secular high-growth phase
- **Specialty snacks** already had its growth phase; the near future will be below-trend, driven by big categories (chips and chocolate); grab-and-go items will rebound some
- **Specialty beverages** are pacing growth of overall specialty market; RTD will rebound slowly as people return to former routines

