

FOCUS OF THE WEEK

ORGANIC vs. CONVENTIONAL. WHO IS BETTER? THIS IS NOT THE PROBLEM ...

According to the results of an analysis released by the French food agency AFSSA on the nutritional and sanitary quality, organic plant products contain more dry matter and minerals and more antioxidant polyphenols than conventional products. However, data on carbohydrate, protein and vitamin levels are insufficiently documented. In addition, organic animal products were seen to have more polyunsaturated fats.

This study comes some weeks after the opposite conclusion of a study released by the UK's Food Standards Agency (*FOODSline* n. 20, page 3).

The debate regarding nutritional levels of organic and non-organic food products is lasting for several years, but - in our opinion - it's a fruitless debate. The main reason why consumers buy organic is not the nutritional benefit, but it's the environment sustainability of these products, along with food safety coming from non pesticide use.

In this way the AFSSA study concluded that between 94 and 100% of organic food tested Worldwide does not contain any pesticide residues, and organic vegetables have about 50% less nitrates than conventional vegetables.

In our opinion what is needed from researches are analyses developed on a regular basis on the nutritional and sanitary quality of products after they are picked and handled in all stages of the supply chain, studying all possible logistics chains used to transport food from farms to stores, to verify how logistic chains influence each sample of food product. Independent studies made in Europe on this topic highlighted that much more has to be done to improve logistics chains to maintain the nutritional and sanitary quality of fresh produce, starting from the storage and transport practices. Have you ever thought about the pollution caught by uncovered products in the loading and unloading areas of producers, distribution centers, stores, etc? Or during the transport in improperly covered vehicles?

WISE WORDS: "The 'smart' shopping, the customer that really looks at price and value and quality, the deferral of purchases ... this is something that will be with us for a long, long time."

Mike Duke, Chief Executive of Walmart

NEWS IN FIGURES

- ✓ **74%** of people decide only on purchasing a product when they are already in the store, according to an analysis released by the German engineering company Kautex Maschinenbau. For this reason, packaging plays a key part in this decision: it must be able to attract the customer's attention within a matter of seconds, and this can only be achieved with an attractive and target-group specific design. In addition, according Kautex with the emerging new consuming trends, it is no longer sufficient for a package to merely preserve the contents and attract shoppers; consumers also expect it to protect the product against any kind of permeation.
- ✓ **+0.5%** is the increase in sales in the US food & beverage stores (+0.3% in the grocery stores) in Aug 09 vs. Jul 09 (source: US Commerce Depart).
- ✓ **just 4%** of Americans are getting their recommended 6 servings of grains a day, according to a survey released by Harris Interactive commissioned by the Grain Foods Foundation (GFF). The average daily grain consumption is 3.2 servings, although 98% of respondents said they consume at least one a day. So the GFF has launched an initiative to educate people about ways that they can get their 6 a day, as recommended by dietary guidelines. The organization has enlisted health expert Bob Harper, who appears on television's *The Biggest Loser*, for the campaign, which it has called "Daily 6". According to the survey, 53% of respondents love eating bread and 45% said they eat bread every day: so there is room to improve the grains eating behavior of Americans. Education and information are, as always, the first step to do to improve performances.
- ✓ **US\$6.3bn** should be the market value in the US of the functional foods at the end of 2009. These products sales continue to see year-over-year increases, rising 46% since 2004. In May 2009, 60% of American adults said they purchased both functional food and drinks in the past three months, up from 34% in 2006.

INDUSTRY & GOVERNMENT

CHINA MADE ANOTHER STEP INTO THE WESTERN WORLD ...

The Chinese Government in Zhangzhou, in Fujian province, tied up a deal with the on-line fresh produce trading platform eFresh.com.

The Government has signed a 2 year deal covering gold membership contracts for 200 producers, with the aim to maximize opportunities to raise awareness in potential buyers across the World for Chinese products.

"On eFresh.com producers from our region can have direct contact with buyers around the World," said Yao Quan Wang, mayor of Zhangzhou. "eFresh.com is the missing link between international buyers and our producers here."

Hans Robben, CEO at eFresh.com added that he had been impressed with the progress that China had made in terms of quality and certification.

After their problems the last few months and over the years, Chinese are preparing their "landing" in the Western world food market really carefully and step by step. Are we prepared for this latest challenge?

OPEN UP YOUR BORDERS!

G20 Governments have refrained from extensive use of restrictive trade and investment measures in recent months but have continued, in a limited way, to apply tariffs and non-tariff instruments that have hindered trade flows, the heads of the OECD, UNCTAD and the WTO indicated in a joint report at G20 leaders meeting.

It is urgent that Governments start planning a coordinated exit strategy that will eliminate these elements as soon as possible. This is what is needed in Global economy. Moves to sustain and help local businesses are important, but these have to be done avoiding dangerous protectionism actions. In our opinion, if you close your door (and mind) from something coming from abroad you are destined to receive the same treatment, and the game is over. Often new products, trends and ideas coming from abroad are able to help a business or an economy recover.

FOOD SAFETY & ENVIRONMENT

FROM THE US ANOTHER STEP TO PREVENT FOOD OUTBREAKS

It's BAX System MP Enrichment Media, a DuPont Qualicon system, approved by the AOAC Research Centre for ground beef, beef trim, spinach and lettuce to detect E.coli O157:H7 and salmonella. According to DuPont Qualicon, the main advantage of this system is that it's able to give faster results vs. its competitor. BAX System MP Enrichment Media is able to test certain types of meat and fresh produce in just 8 hours.

In our opinion this is not the only solution for the safety problems in the US food system, but BAX System MP Enrichment represents an important step in the prevention side to avoid outbreaks spreading.

ORGANIC BOOM IN THE US

Organic foods represent more than 3% of US food sales in 2008. Additionally, according to the Organic Trade Association, organic food sales grew at a much faster rate in 2008 than general US food sales, which grew by 4.9% during the year, or about 1/3 as much as organics. Organic is becoming a mainstream in the US. The USDA's Agricultural Marketing Service said: "Organic products have shifted from being a lifestyle choice for a small share of consumers to being consumed at least occasionally by a majority of Americans. Consumers prefer organically produced food because of their concerns regarding health, the environment, and animal welfare, and are willing to pay the price premiums established in the marketplace."

The organic boom in the US is witnessed by another USDA report released in June 2009: nearly 50% of US organic handlers find ingredients in short supply. In addition, certified organic acreage has doubled in the US since 1997, while organic food sales have quintupled over the same period, from \$3.6bn to \$21.1bn in 2008.

STARBUCKS GOES GREEN

Global Green USA's Coalition for Resource Recovery announced the launch of its recycling program at 7 Starbucks stores in Manhattan, New York. The pilot will test the collection and recycling of coffee cups when combined with old corrugated cardboard (OCC), the most extensively recycled material in the United States. The objective of this program is to develop a cost effective mechanism to close the loop on paper packaging, reducing greenhouse gases and assisting municipalities in reaching their solid waste diversion goals.

CHIQUITA INTRODUCES NEW ENERGY SAVING CONTAINERS

Chiquita Brands International has announced that it is adding 1,250 PrimeLINE container refrigeration units, from Carrier Transicold. These containers are with Quality and Energy Efficiency in Storage and Transport (QUEST) control software that enables further energy savings by cycling refrigeration on and off based on temperature and are designed for specific perishable items.

PrimeLINE units are similar to Carrier's EliteLINE units, which Chiquita also uses, simplifying things from a maintenance standpoint.

RETAIL, DISTRIBUTION & FOODSERVICE

SIZE MATTERS IN RETAILING

UK retailer Morrisons is thinking to roll out small stores after seeing a 50% jump in sales from former Co-operative and Somerfield outlets. Traditionally the retailer has steered clear of convenience stores, believing it needed space to focus on fresh fruit, fish, meat and bakery counters. However, after buying 38 outlets from the Co-op at the start of the year, Chief Executive Marc Bolland is warming to the idea of mini-supermarkets and thinks he can cram in far more fresh produce than rivals. Bolland believes that "there are more than 100 locations" where Morrisons would like to improve its reach and knows that granting permission for large sites is becoming more difficult.

The idea to switch from bigger to smaller stores is the new retail trend in several countries Worldwide, even in the US with Aldi that is increasing its presence in America opening new European style discounts. In the same way, the new concept developed by Tesco with Fresh & Easy Neighborhood Market and the investment of Walmart in Marketside are in this way: to give the opportunity to costumers to make grocery shopping an easier and faster way than traditional supermarket and superstores.

This new trend was anticipated more than one year ago by an analysis on retail systems in the US made by the Illinois based consultant company Willard Bishop: the winners in the future retail system would be those able to develop "neighborhood markets/stores". A prediction, in our opinion, that comes from the fact that today practical shopping is the real (not imaginary) new trend in the food business: buy what you need, in a rapid and easy way, avoiding wandering around hundred of aisles "hunting" for the desired item and, so, keep away from "impulse" purchases. This seems to us what an increasing number of consumers we meet with are looking for, especially in a recessionary economy. And to be able to satisfy these new needs from shoppers, food retailers have to invest in specialized stores, with a surface of not more than 10,000-15,000 square feet, based on fresh and ready-to-eat meals, fresh produce, high quality, well known brands/private labels, delicatessen, and every day favorites.

They become true neighborhood markets able to provide just the products needed by their customers and a faster/easier shopping experience: stores designed with the quick grocery trip in mind.



UK RETAILERS IN "FAULT"

According to a recent survey released by the UK Government's Food Standards Agency, one in three outlets run by Britain's biggest chains does not qualify for the best "five star" score under a new regime of cleanliness ratings.

Although UK retailers are today among the most innovative in terms of new policies to get over the financial crisis, and they are among the most "attentive" in terms of food safety, they are not giving stores the hygiene priority it deserves, and this may well reduce their image in customers feelings and disarm their innovative efforts.

In this economy we cannot omit any aspect of our businesses, even if we are the leader in terms of a particular aspect of the competition.

CONSUMERS

A NEW CONSUMER IS EMERGING

According to the analysis released by the international consultancy firm Organic Services, 1/3 of consumers in the Western World today can be described as LOHAS (Lifestyle of health and sustainability). LOHAS are consumers who value health, the environment, social justice, personal development and sustainable living: act responsible and holistic, but still enjoy life.

It is expected that in 2015, this consumer group will dominate the global consumption markets.

Is the food industry ready to serve these influential consumers? In our opinion, except for Northern Europe food companies a great deal has to be done to match this new trend. Right now, the "green" move is more public relations verbiage than real-time action in the greater part of the World.



PRODUCTS & TRADE

FROZEN FOODS ARE BETTER!

According to the scientists at the Centre for Food Innovation at Sheffield Hallam University (UK), it is time to trash the common belief that frozen means inferior. In fact, they made an in depth analysis that shows, for example, that some 77% of vitamin C in a green bean is lost after seven days of storage. In addition, there is evidence that cooked frozen green peas contain higher levels of beta-carotene than cooked fresh peas.

Director-General of the British Frozen Food Federation, Brian Young, said: "Fast and organized methods of harvest-to-freeze have evolved which minimize loss of nutrients. In contrast, 'fresh' food can spend up to a month in the chain of producers, wholesalers and retailers before they reach customers. During this time we know that product deterioration takes place - to the extent that they can have lower nutritional value than frozen equivalents."

To regain their centrality in the food system fresh foods need to update their supply chain, starting from a faster logistics chain able to bring the product from farm to shelves in the shortest time possible.

Read more in the n. 30 of FOODSline (page 4).



TATE & LYLE ROLLS OUT OPTIMIZE® PLATFORM: SAME QUALITY LESS COST

Tate & Lyle - the world-leading manufacturer based in UK - will roll out across Europe its innovative service to help manufacturers create more cost effective recipes for their products. The company's OPTIMIZE® platform is aimed at improving manufacturers existing brands as well as their future ones, by developing formulas that cost less but taste just as good. Although consumers are becoming increasingly price conscious, Tate & Lyle's latest consumer research has shown that they continue to expect the same quality of product.

In this way, Tate & Lyle has developed a range of sweetening and texturizing solutions which allow manufacturers to meet the public's heightened expectations.

Caroline Sanders, Marketing Director Food & Industrial Ingredients of Tate & Lyle said, "In response to the global economic slowdown, consumers have clearly become more conscious about what they buy. Our OPTIMIZE® concepts meet that need."

Tate & Lyle's US\$5.8 million Health & Wellness Innovation Centre in Lille, France, has specifically been designed to include several state-of-the-art pilot application areas where clients can perfect ingredients solutions across a range of areas and this is at the centre of the OPTIMIZE® service.

FROM THE CONSUMERS' PERSPECTIVE

LOCAL FOOD? YES, BUT FOR A CHEAPER PRICE!

According to an analysis released by the UK market research company Adsearch, 65% of shoppers want to buy local food but think they should be paying less for it than for a non-local one. When consumers were asked how much they would be prepared to pay for US\$100 of regular products if they had been produced in their locality, the average answer was US\$97. A small group of costumers would pay 10-15% more for local foods.

These results are understandable since for shoppers local involves fewer food miles and tend to be relatively unprocessed foods.

In our opinion, local is an emerging trend in the food marketing, yet the "idea" is still "vague". First of all because operators and consumers are still waiting for a legal definition of "local food" (there is confusion over what constitutes a local or regional product). In addition, consumers are not yet prepared in terms of purchase behavior when they have to decide whether to buy a local or a non-local item.

So, before any marketing campaign to increase local food sales, the food industry has to transfer the "local conceits" to the shoppers, starting from a common definition and much better education. Since authorities and institutions are often behind the times, the industry needs to not wait for Government (who they often say they mistrust) and act as soon as possible, reaching a broader agreement in what exactly local means on the 21st Century.

In the meantime, the US Department of Agriculture is launching a campaign to encourage schools, hospitals, jails and other institutions to buy food from local producers.