



## **Food to the USA.**

### **Trends and opportunities**

#### **The market**

The US market with a population of over 280 million offers opportunities across a diverse range of food products. The market is heavily regulated and highly competitive, therefore quality and innovation are important features for new market entrants.

In 2004, food sales in the US topped US\$569 billion. Combined with beverages, the food and beverage category approaches the US\$900 billion mark. The US imports approximately 11 per cent of its food.

#### **Natural and organic food**

The ageing 'baby boomer' population's demand for nutritious, high-quality food has been the most important food trend in the US in the past decade. According to The Natural Marketing Institute's 2005 Organic Consumer Trends report, in 2004 the natural and organic food segment generated US\$10.9 billion in sales, up 18 per cent from 2003.

The term 'organic' has a particular meaning and can only be used if it complies with US regulations. The US Department of Agriculture provides detailed information on the [National Organic Program](#).

#### **Specialty food**

The specialty food segment has attracted growing consumer demand and retailer support as the demographics of the US population change. Formerly considered to be the food of the elite, gourmet foods are increasingly being chosen by mainstream consumers. In the past 10 years, specialty food sales have grown approximately seven per cent per annum. According to the NASFT's State of the Industry Report for 2004, "A burgeoning US\$22.8 billion dollars was spent on specialty foods at retail in the US in 2003, proving that American consumers are willing to pay top dollar for quality foods."

It is estimated that 55 per cent of all specialty foods sold are sold via supermarkets. Gourmet/specialty food stores sell 30 per cent, and the remaining 15 per cent is sold by delis, department stores, kitchenware stores, gift stores, warehouse clubs, discounters, mail order and the Internet.

#### **Ethnic food**

America is increasingly becoming more multicultural. Foods that were once confined to ethnic groups are quickly becoming mainstream favourites. At 37 million, the Hispanic population is now the country's largest ethnic group, and is expected to surge nearly 50 per cent by 2020. Unsurprisingly, Mexican and 'Nuevo Latino' foods are very popular. Salsa, for example, is now the largest-selling condiment in the US by dollar value. Other popular ethnic foods include Southeast Asian, Indian and Middle Eastern. Sales of ethnic foods are expected to increase 50 per cent over the next decade and generate more than US\$75 million in sales.

#### **Convenience food**

Americans work more hours than people from any other developed country. This busy, demanding lifestyle causes many Americans to increasingly turn to 'grab-and-go' and 'ready-to eat' items. Key trends are pre-packaged, value added, easy-to-prepare food with home-cooked/comfort appeal and a superior taste profile.

#### **Healthy food**

The demand for food and beverages that support healthy diets, weight loss and busy lifestyles are ever-expanding. In 2004, retail sales were estimated to be US\$16.2 billion, and are forecasted to reach US\$20 billion by 2007. In recent years, popular US diets have been The Atkins Diet and The South Beach Diet. However, like most fads, they are experiencing a consumer backlash – specifically against the restriction of carbohydrates and the increase in protein consumption. In response, more Americans are choosing to consume healthy, high quality food in moderate quantities.

#### **Crowded categories**

According to Jay Rosengarten, crowded food categories include: teas/coffee, salad dressing, pasta/sauces, olive oil/vinegar, crackers, beans/rice, couscous, cookies/candy and condiments/mustards.

### **Opportunities**

While brand recognition is extremely high within the specialty food category, Austrade believes there are opportunities for Australian producers of both branded and private-label packaged goods to export their goods to the US. Products such as soups, sauces and snack foods that consist of Australian native ingredients like spices or fruit are appealing to the market, as are products that telegraph their Australian-ness to consumers.

### **More information**

For further information please contact Austrade on 13 28 78 or email [info@austrade.gov.au](mailto:info@austrade.gov.au)

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