

## Understanding the Unique Features and Characteristics of Specialty Foods

March 5, 2010  
NW Specialty Food Safety Workshop



## What are Specialty Foods (SF)?

- ▶ No universal and standard definition
- ▶ Different definitions by different organizations
  - ✓ [The National Association for the Specialty Food Trade \(NASFT\)](#)
  - ✓ [National Grocers Association \(NGA\)](#)
- ▶ It is commonly accepted that SF are unique and high value food items made in small quantities from high quality ingredients that offer distinct features to targeted customers who pay a premium price for perceived benefits.



## From the National Association for the Specialty Food Trade (NASFT)

Specialty food products...shall mean: foods, beverages, or confections meant for human use that are of the highest grade, style and/or quality in their category. Their specialty nature derives from a combination of some or all of the following qualities: uniqueness, exotic origin, particular processing design, limited supply, unusual application or extraordinary packaging or channel of distribution...the common denominator of which is their unusually high quality.



## From the National Grocers Association (NGA)

In general, specialty foods can be put into several categories: ethnic foods, regional foods, imported foods and artisan foods. Some foods that may be called specialty in one store may in fact be a staple in another.



## Categories of Food May be Included as Specialty Foods

- ▶ [Gourmet foods](#)
- ▶ [Ethnic/regional foods](#)
- ▶ [Fancy foods](#)
- ▶ [Natural foods](#)
- ▶ Others?



## Gourmet Foods

- There is no hard-and-fast definition
- Characterized by high quality, accurate preparation, and artistic presentation. – *foodreference.com*
- Must be defined by complexity and nuance, not by rarity and expense. – *The Bibble (The magazine about specialty foods)*
- 1. One of discriminating palate; a connoisseur of fine food and drink. 2. Gourmet food is that which is of the highest quality, perfectly prepared and artfully presented. - *In The New Food Lover's Companion, by Sharon Tyler Herbst*



### Ethnic/Regional Foods

- A wide variety of foodstuffs, virtually any that can be identified in the public mind with a foreign source or an American minority group
- Prepared or consumed by members of an ethnic group as a manifestation of its ethnicity
- Food that members of an ethnic group consider their own and that others attribute to them
- Leading Ethnic Foods:  
Asian = 27%; Mexican = 15%; Italian = 11%



### Fancy Foods

- Often mixed up with gourmet food
- Food of particular excellence or highest grade



### Natural Foods

- FDA has not formally defined the term "natural"
- FDA discussed "natural" claims in the preamble to the 1993 rule establishing nutrient content claim regulations, defining "natural" as meaning "nothing artificial or synthetic (including all color additives regardless of source) has been included in, or has been added to, a food that would not normally be expected to be in the food." (Federal Register, Vol. 58, No. 3, Jan. 6, 1993)

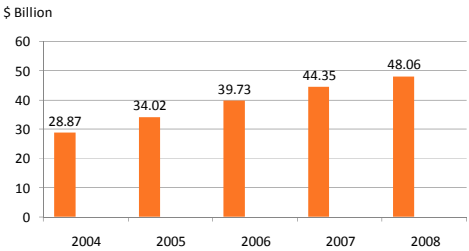


### Natural Foods - Labels

- FDA's policy
  - not to restrict the use of the term "natural" except for added color, synthetic substances, and flavors as provided in the Code of Federal Regulations
  - use of "natural" means that nothing artificial or synthetic (including all color additives regardless of source) has been added
- USDA's policy: *guided by the Food Safety and Inspection Service (FSIS)*
  - product does not contain any artificial flavor or flavoring, coloring ingredient, or chemical preservative (defined in 21 CFR 101.22), or any other artificial or synthetic ingredients
  - product and its ingredients are not more than minimally processed



### Total U.S. Specialty Food Retail Dollar Sales at Current Prices



Does not include sales through Wal-Mart  
Source: Mintel/SPINS/ACNielsen

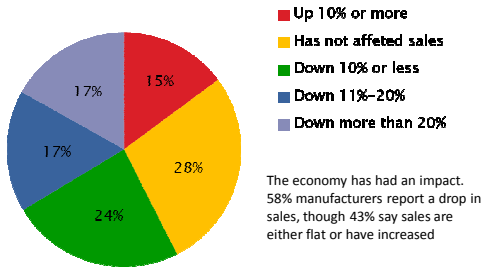
### Specialty Food Industry 2008

- SF accounted for 15.9% of all retail food sales in 2008, reaching \$48 billion in sales - up 8.4% over 2007.
- Three categories – baby food, yogurt and kefir, and refrigerated juices and functional beverages – all grew >50% in sales between 2006 and 2008.
- In 2008, 2,349 SF products were introduced versus 3,158 in 2007.
- 84% importers bring SF from Europe, 16% importers bring SF from Asia, and 16% importer bring SF from South America.

Source: The State of the Specialty Food Industry 2009. NASFT.



### Effect of Economy on SF Sales, 2008



Source: Mintel/GMI Midwest

### Sales of Top 10 SF Categories in 2007

Category	Sale (\$billion)
Cheese & Cheese Alternatives	\$3.30
Condiments	\$2.48
Bread and Baked Goods	\$1.93
Chips, Pretzels & Snacks	\$1.72
Frozen and Refrigerated Entrees, Pizza & Convenience Foods	\$1.42
Frozen Desserts	\$1.25
Frozen and Refrigerated Meats, Poultry & Seafood	\$1.25
Cookies and Snack Bars	\$1.15
Coffee, Coffee Substitutes & Cocoa	\$1.01
Refrigerated Juices and Functional Beverages	\$0.96

Source: Mintel/National Association of the Specialty Food Trade

### Sales of Top 10 SF Categories in 2008

Category	Sales (\$ billion)
Cheese & Cheese Alternatives	\$3.41
Condiments	\$2.43
Entrees, Pizza & Convenience Foods	\$1.70
Meats, Poultry & Seafood	\$1.54
Chips, Pretzels & Snacks	\$1.39
Frozen Desserts	\$1.34
Bread and Baked Goods	\$1.10
Refrigerated Juices & Functional Beverages	\$1.06
Coffee, Coffee Substitutes & Cocoa	\$1.01
Shelf-Stable Sauces, Salsas & Dips	\$0.87

Source: Mintel/National Association of the Specialty Food Trade

### SF Product Introduction during 2006-2008

Category	% Change 06-08
Chocolate confectionery	77.0
Bakery	-8.7
Sauces and seasonings	-36.5
Non-alcoholic beverages	-30.4
Alcoholic beverages	75.4
Sugar and gum confectionery	70.3
Snacks	-5.8
Dairy	135.3
Desserts and ice cream	2.6
Sweet spreads	-14.8
Meals and meal centers	-22.2
Processed fish, meal and egg products	-41.3
Breakfast cereals	68.8
Fruit and vegetables	-73.2
Soup	-86.2

Source: Mintel/National Association of the Specialty Food Trade

Source: Mintel/Greenfield Online

2009 % Who Purchase Specialty Foods	
All	46
<b>Gender</b>	
Male	44
Female	47
<b>Age</b>	
18-24	57
25-34	49
35-44	48
45-54	38
55-64	43
65+	41
<b>Region</b>	
Northeast	43
Midwest	43
South	45
West	52

138 million American consumers are purchasing specialty food  
 most likely to buy specialty treats, meats and...  
 the top buyers of specialty beverages, with 73% purchasing these products  
 lead in specialty coffee... commonly mistaken for the...  
 the No. 1 purchasers of specialty oils  
 Consumers who live in the west are most likely to purchase specialty foods

Source: Mintel/Greenfield Online

### What Specialty Food Consumers Buy (2009)

	% Purchasing	Types of SF purchased	% Purchasing
Coffee	56	Pasta sauce	33
Cheese	50	Tea	33
Chocolate	50	Pasta	32
Olive oil/other specialty oils	50	Salsa	32
Cold beverages	49	Crackers/Crispbreads	31
Meats	47	Jam/jelly/preserves/honey, spreads, etc.	30
Bread	45	Cooking sauces	29
Cookies	36	Prepared, ready-to-eat foods	29
Salad dressing	35	Barbecue sauce	28
Salty snacks	35	Olives/pickles/relishes	28
Frozen foods/entrees	34	Spices/spice rubs	28
Condiments/mustards	33	Vinegar	21



### Where Specialty Food Consumers Shop (2009)

Location	% Specialty Food Consumers
<b>Supermarket</b>	82
Specialty food store	40
Mass merchandiser (such as Wal-Mart or Target)	33
Coffeehouse (such as Starbucks)	29
Farmer's market	29
Deli	26
Bakery	24
Fast casual restaurant	23
Quick service restaurant (such as McDonald's, Subway)	20
Natural food store	20
Wine or liquor store	12
Convenience store	10
Gift store	5
Home store (such as Bed, Bath & Beyond)	4
None of the above	4

Source: Mintel/Greenfield Online

### Why Consumers Purchase Specialty Foods

<b>Taste</b>	77%
<b>Quality</b>	50%
Recommendation from a friend or relative	38%
Impulse purchase	38%
Television, Food Network, etc.	30%
Discovered food during travel	22%
Dietary or health-related	20%
Convenience	20%
Magazine articles	18%
Recommendation from a health or medical professional	6%
Other	5%

Base: 684 adults aged 18 and older with internet access who purchase specialty foods  
Source: Mintel/Greenfield online

### Trends in Specialty Foods

- ▶ **Convenience**
  - Because “young gourmets” frequently have limited cooking skills and older gourmets limited time, gourmet frozen/refrigerated entrees, pizzas, and convenience foods are turning in torrid sales.
  - Dessert mixes are another fast-growing gourmet convenience category.
  - Other products just make preparation easier.

• Sloan A.E. 2008. Prime Time for Fancy Foods. Food Technology, 62(7), 26-36.  
 • Shoukas D. 2010. Food Trends. Specialty Food Magazine, Jan/Feb, 107.  
 • Tanner R. Today's Specialty Food Consumer 2008, 2009. The National Association of the Specialty Food Trade.

### Trends in Specialty Foods (Cont.)

- ▶ **Health**
  - Lighter and lower-fat versions of high - end products represent an important trend that is just beginning in specialty foods.
  - Between 2005 and 2009, 2,861 new food and beverage products claimed to promote digestive health, followed by 1,089 products claimed to promote cardiovascular health.

### Trends in Specialty Foods (Cont.)

- ▶ **Clean label trend still rising**
  - To have fewer additives or ingredients in food products.
  - Mintel found there are decreases in the average number of ingredients in 19 product categories, including dairy products, processed meats and even pet foods.
- ▶ **Locally sourced foods**
  - In the past, specialty items were almost always imported, but today the trend is toward quality products produced in the United States.
  - Locally sourced is the most important factor in specialty food purchases.

### Trends in Specialty Foods (Cont.)

- ▶ **New food traditions, brought by new Americans and by increased travel at home and abroad**
  - Watch for growing interest in African foods, Latin American flavors, and homage to American regional cuisines
- ▶ **Experimentation and experience in the kitchen**
  - Consumers are cooking at home more and looking for ingredients to “bring restaurant experiences” to their own kitchens.
  - 78% of SF consumers like to experiment with new recipes.

### Immigrants Bring New Food Traditions

- As immigrants with different food traditions come to the U.S., they share their ingredients, recipes, and ideas.
- Immigration from Hispanic countries bring these food traditions to the U.S. Mexico, Cuba, Colombia, the Dominican Republic, and El Salvador are among the top ten countries from which immigrants arrived in 2006.
- Similarly, increased immigration from Asia contributes to a greater awareness of food traditions from that part of the world.



Tanner R. 2009. Today's Specialty Food Consumer 2008. The National Association of the Specialty Food Trade.

### Travel Expands Our Food Horizons

- Specialty food consumers travel.
  - 60% of SF consumers travel domestically at least twice a year;
  - 22% travel internationally at least once a year;
  - 28% have gone on an "adventure-travel" or exotic vacation in the past 3 years.
- Travelers are likely to experiment with authentic foods and then want to bring these food traditions home with them.
- They are also likely to frequent specialty stores or other venues where they can buy ingredients to try to replicate the experiences they had abroad.



Tanner R. Today's Specialty Food Consumer 2008, 2009. The National Association of the Specialty Food Trade.

Products that are of high quality have always fared well in the marketplace, and so will specialty foods.



### References

- The State of the Specialty Food Industry 2009, by Mintel International and SPINS.
- Today's Specialty Food Consumer, 2009, by Mintel and Greenfield Online.
- The National Association of the Specialty Food Trade. [www.specialtyfood.com](http://www.specialtyfood.com)
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### Acknowledgements

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