



Rabobank

Talking Points: Three Cheers for Trade Shows

It Is Great To Be Back to In-person Events

RaboResearch

Food & Agribusiness
far.rabobank.com

Nicholas Fereday

Executive Director
+1 347 215 4158

Contents

1) In Person, Finally!	1	4) Snackfest	2
2) I Hope You Brought Your Shades	2	5) Rear-view Mirror	3
3) Is That Keto Product... Plant-based?	2	Let's End With a Flourish	3

Summary

Last time around we provided an update on the larger food and snacking companies (read [Talking Points: Catching Up With Big Food Companies](#)). In this edition, we turn our attention more toward the smaller guys who laid out their wares in Anaheim, CA, last month at the Natural Products Expo West. Here are five takeaways:

- 1) In Person, Finally!
- 2) I Hope You Brought Your Shades
- 3) Is That Keto Product... Plant-based?
- 4) Snackfest
- 5) Rear-view Mirror

1) In Person, Finally!

First off, let's celebrate how great it was to finally get to go to an in-person mega trade show! What fun to catch up with old industry friends, make new contacts, and see – and, of course, sample (you cannot go to a trade show and not stuff your face) – all is that is innovative and exciting in the industry. Unsurprisingly, the numbers of attendees and exhibitors were down by about one-third from the pre-pandemic peak of 2019 to 'only' 57,000 new friends (and 2,700 booths, though not all food). Nevertheless, there was still something for everyone and then some, though we did miss the international delegates and some of the long-standing anchor companies such as Clif Bar & Co., KIND, and Hain Celestial Group, who were all no-shows.

This Californian cornucopia, sprawling across the hangar-like halls, operates on a number of levels. One gets to mingle with established companies who have been doing their thing for decades, such as canned tomato companies (just the right amount of processing for many attendees' palates) and deli meat companies that would not look out of place at one of the Specialty Food Association's Fancy Food Shows. These are all interspersed with a host of entrepreneurial startups, cooking up their passions into food and beverages over a broad range of food & beverage categories: from pickles to peanut butter, baby food to bacon, smoothies to sodas, snacks to well, even more kinds of snacks, and so on. How can one not be impressed by the pitches and hype one hears from founders about the awesomeness of their products? And by the claims ranging from the science-based to outrageous FDA-lite snake-oil-ology. It's all part and parcel of the fun of a trade show.

2) I Hope You Brought Your Shades

It wasn't just the Californian sun that made sunglasses obligatory. It may sound a little superficial (though [my packaging analyst colleagues would back me up here](#)), but surely the most noticeable innovation this year was the explosion of color. This year, the color and cheerfulness of the product packaging and branding had been dialed up to Technicolor. It was as if, during Covid, a near army of colorful copackers had emerged with a much broader palette of colors to offer their customers. Maybe the show got Disneyfied or perhaps it demonstrates the power of social media and the need to be more 'grammable to get consumer attention? There were too many examples to mention, but some personal stand-outs for me include Ka-Pop! Snacks popped chips, Craize crackers, Fly by Jing Sichuan condiments, Somos taco kits, and let's not forget the Minions-themed Hippeas snacks and the psychedelic boxes of Magic Spoon breakfast cereals.

3) Is That Keto Product... Plant-based?

Turns out, the organizers unwittingly nailed it when they said the event "proves the power of bringing like-minded people together." To me and my colleagues, it felt like everyone had the same two ideas: plant-based or keto or even plant-based keto. The Covid years will be remembered for incubating hundreds of plant-based F&A companies, which is especially great if you are craving fried chicken (or is that chikn or even Chik'n?). It was just so surprising to see how many plant-based offerings filled the aisles, touting ever obscurer plant proteins. It seems every food item imaginable now has a plant-based equivalent. We recognize the need to make these products appeal to mainstream America so, indeed, why not have vegan canned whipped cream or vegan gelatin-free marshmallows? After all, the market will decide their fate. Writing on LinkedIn, John Foraker, Co-founder and CEO of Once Upon a Farm, observed the unprecedented "absolute explosion" in plant-based meats, cautioning, "Even if the category grows beyond the most optimistic projections, it is hard to see how many of these products and brands are going to make it." And talking about those sales projections, it is worth remembering that, although the overall plant-based market grew by about 6% last year (alternatives to milk and dairy products still continue to do very well), the all-important alternative meat market was essentially flat, raising the prospect that the market may have peaked at a rounding error compared to animal protein. Taste, price, and strategy execution will have a big hand in the fate of these companies. And some of the products I tasted were, to this obligate carnivore's tastes, surprisingly good.

Similarly, being in California might also explain the number of keto bros who turned up at the show. Google Trends reports that searches in North America for 'keto' or 'ketogenic' peaked back in 2018-19, so maybe we were witnessing the second coming in Anaheim? After all, low-carb (high-fat) diets are not new. They can lead to dramatic short-term results and consumers will continue cycle through macronutrient diet trends. And even though beating up on sugar remains a competitive sport for many, like plant-based foods, it was still a real eye-opener just to see so much keto: keto snack bars, keto puddings, keto candy – 'the smartest way to keto' – and keto bread alternatives such as Carbonaut.

4) Snackfest

From Big Food to garage startups, everyone loves to play in the snacking market. It is always great to see new takes on old favorites such as Uglier Kettle Chips making use of unloved potatoes that would otherwise go to waste for being the wrong size, color, shape, etc. In fact, the self-styled 'upcycled food movement' was well represented at the show and is now big enough to boast its own association, the Upcycled Food Association, with members such as ReGrained, Renewal Mill, and Agua Bonita. As we have come to expect, the better-for-you snacks still dominate the show as they try to emulate the success of companies like Annie's Homegrown. They are not necessarily claiming to be a health food company, but are trying to provide better-tasting, less-processed alternatives to traditional snacks, with an ingredient list less dependent upon corn and soy

derivatives. Expo favorites that always deliver include Dang Foods, Eat the Change, Hippeas, RIND, Quinn, Snacklins, and Vegan Rob's. Full marks, too, for some of the Big Food offerings such as Mondelez's Dirt Kitchen, a product of their intrapreneurial program.

5) Rear-view Mirror

I have had the pleasure of visiting this show many times now and, in the past, it has rightly lived up to the organizer's boast that it remains one, if not *the*, premier show for spotting trends and the 'newest innovations.' This year, however, a lot of entries felt rather old hat and derivative. More a look in the rear-view mirror, rather than a glimpse of the future. Of course, it is perfectly feasible that plant-based and keto are the "lasting ways the pandemic changed consumer behavior," but it was a bit of a surprise to me. I guess I was expecting more solutions to the issues we face in our changing lives. Recall how one reader wrote in for the end-of-year survey to celebrate the ingenuity and adaptability seen in American kitchens during the pandemic with "investment in kitchen tools and appliances. New ways of cooking. New ways of ordering. New ways of finding inspiration. New ways of food shopping. New eating occasions." The Great Recession in 2008/09 was considered an accelerator for many food and beverage startups. In a similar light, coming into this show I was expecting to see a lot more innovation (in its broadest definition) and 'solutions' that arose out of the pandemic. Yes, there were some immunity-boosting functional beverages such as Remedy Organics (and Flourish flour – see below), some in-your-face indulgence such as Belgian Boys, and a soupçon of meal solutions such as A Dozen Cousins (and a lot of frozen pizza), but I guess I was expecting more. Similarly, following the Black Lives Matter protests of 2020 and 2021, the largest civil protests in US history, I was expecting to see more diversity, but there is some data to imply that the number of people of color in CEO or other leadership positions in startups has declined compared to pre-pandemic levels.

Let's End With a Flourish

On a personal note, the most memorable encounter for me was with Bay State Milling and their new Flourish all-purpose flour. Yes, on the face of it that does sound rather dull and generic, but hear me out. These East Coast millers have commercialized a non-GMO, US-grown proprietary wheat variety that is naturally high in fiber. It's going head-to-head with refined all-purpose flour for home bakers, while also being an option for all those innovative better-for-you snack companies mentioned above. Like many consumers around the globe, Americans do not consume enough fiber. This product packs five times as much as regular flour, so the incremental change of substituting this for regular flour could be huge for health outcomes. I come to the show for stories like this.

Imprint

RaboResearch

Food & Agribusiness

far.rabobank.com

Nicholas Fereday

Executive Director

Nicholas.Fereday@rabobank.com

+1 347 215 4158

© 2022 – All rights reserved

This document is meant exclusively for you and does not carry any right of publication or disclosure other than to Coöperatieve Rabobank U.A. ("Rabobank"), registered in Amsterdam. Neither this document nor any of its contents may be distributed, reproduced, or used for any other purpose without the prior written consent of Rabobank. The information in this document reflects prevailing market conditions and our judgement as of this date, all of which may be subject to change. This document is based on public information. The information and opinions contained in this document have been compiled or derived from sources believed to be reliable; however, Rabobank does not guarantee the correctness or completeness of this document, and does not accept any liability in this respect. The information and opinions contained in this document are indicative and for discussion purposes only. No rights may be derived from any potential offers, transactions, commercial ideas, et cetera contained in this document. This document does not constitute an offer, invitation, or recommendation. This document shall not form the basis of, or cannot be relied upon in connection with, any contract or commitment whatsoever. The information in this document is not intended, and may not be understood, as an advice (including, without limitation, an advice within the meaning of article 1:1 and article 4:23 of the Dutch Financial Supervision Act). This document is governed by Dutch law. The competent court in Amsterdam, the Netherlands has exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, this document and/or any discussions or negotiations based on it. This report has been published in line with Rabobank's long-term commitment to international food and agribusiness. It is one of a series of publications undertaken by the global department of RaboResearch Food & Agribusiness.