



NEW Food Concepts and Ingredients.

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See us at
IFT Chicago
Supplier's Night,
November 8, 2006!

How To SUCCEED IN ORGANICS

Be ready for organic foods, they're here to stay. Though many food manufacturers believe it's a short-term trend or fad, all the indicators point to the opposite.

All we have to do is look at the foods that are driving overall growth in volume and margins—healthier foods, nutraceutical foods, specialty ethnic foods, ready-to-eat or ready-to-prepare foods and their components—all of these fit very well into the profitable “better for you” category that includes organic foods.

According to the Organic Trade Association, organic foods grew 16.2% in 2005 versus about 5% industry growth, and accounted for \$13.8 billion in sales. The organic share of the retail food market is currently at 2.5%, with growth rates of 55.4% in meat, 24.2% in condiments and 23.5% in the dairy category. There are lots of opportunities for manufacturers who may seek better growth in a low-growth industry. This phenomenon also extends to food service and even



institutional markets. *USA Today* recently reported that about 50% of the 15 million U.S. college students eat organic foods, due to a perception of “better for you” food and the politics of sustainability.

Now Wal-Mart's entry into the organic market is sending many manufacturers scrambling to supply Wal-Mart with organic foods.

How can you better prepare to take advantage of these opportunities? Planning and communication are the keys to success.

First, a free flow of communication between marketing, sales, purchasing, product development and quality assurance will hasten the development process and

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Product Spotlight

EXCITING NEW INGREDIENTS CREATE NEW OPPORTUNITIES FOR INNOVATIVE PRODUCTS.

› CH40 (low TFA) Toppings



Chaucer Foods is launching a new line of low TFA toppings that work well in a variety of applications (ready meal toppings, crunchy crusting, intermediate batter systems, non-fried coating systems, microwavable coatings, and stuffings). These toppings resist moisture uptake in chilled and frozen storage. They retain crispiness longer than conventional toppings. They give a fried/ cooked appearance to products without the need for frying and are available in a range of flavors from savory (natural, zesty parmesan, lime chili, Mediterranean, Italian, onion & garlic, ranch) to sweet (cinnamon). Custom flavors can also be accommodated.

Chaucer Foods

› Springthyme – Infused Flavors

Accurate Ingredients is pleased to represent a new line of infused flavors from SpringThyme, a UK based company. The infused flavors are made from only fresh herbs, spices and fruits to deliver a pure and natural flavor without any processing aids or preservatives. They deliver the exact flavor with a full and pleasing aroma.

The flavors are available in a variety of oils (olive, canola, sunflower) and are great for salad dressings, marinades, sauces, flavored mayos, prepared foods, salads, seafood and even poultry injections. They are extremely stable to high heat as well. SpringThyme offers a wide range of flavors such as fresh basil, fresh garlic, lemon, lime, orange, fresh roasted red pepper, porcini mushroom, and Thai 7 spice. They also offer a selection of organic products.



SPRINGTHYME
THE WORLD'S LEADING PRODUCER OF INFUSED OILS

› New Salt Substitute Tastes Exactly Like Salt

WIXON INC. In response to demand from the food industry, health professionals and consumers for a reduced-sodium product that does not sacrifice taste, Wixon has introduced the new salt substitute called KCLean Salt. KCLean Salt not only cuts the sodium content of regular table salt in half, but it also matches salt's taste and retains its texture, functionality, and mouthfeel.

KCLEAN is a unique combination of potassium chloride, sodium chloride, and a natural proprietary flavor blend from Wixon's Mag-nifique Flavor Technologies line. This special blend eliminates the typical metallic flavor or aftertaste associated with potassium chloride and gives KCLean Salt its distinctive table salt flavor. KCLean Salt does not break down or alter its flavor in cooking, freezing or shelf-life applications.

Market Trends

In each issue of What's New, we will offer our analysis of changes in ingredient markets to help you in your planning.

This issue features our overview of honey, gums, garlic and onion.



HONEY, GUMS, GARLIC & ONION

The honey market will continue to see rising prices. The domestic spring crop was very low in supply due to competition for pollinating bees with the west coast almond growers. In addition to the short U.S. crop, the Chinese material, which represents 40% of the world supply, will continue to rise in price due to higher duties. Honey does continue to represent an excellent value as a sweetener. It has the ability to offer both functional and nutritional benefits to a wide array of “better for you” foods that are in high demand with today’s health conscience consumer.

The gum market is as follows:

- **GUAR GUM** – Pricing is still fluctuating with a greater demand for fiber applications. *\$.75 to \$1.00 per pound range.*
- **LOCUST BEAN GUM (LBG)** – There has been some moderation in prices but prices will remain firm. There has been some frost damage to crops in Portugal and Spain. Both kibblers and manufacturers have been holding back inventories which has kept prices in the *\$.80 per pound range.*
- **GUM ARABIC** has seen pricing decline due to better crop yields. Demand has remained strong for both Senegal and Seyal. There has been a greater usage for this gum as a fiber source as well. Pricing remains in the *\$.380 to \$.400 per pound range.*
- **CARRAGEENAN** – Prices continue to climb as demand from abroad increases. Due to rebel warfare in the Philippines, supplies have decreased from this source. Prices have a wide range from *\$.550 to \$12.00 per pound.*
- **XANTHAN GUM** – Pricing has dropped due to increased supply from China as well as quality. Chinese material starts at *\$.240 and European at \$.300 per pound.* Supply is steady.
- **CARBOXYMETHYLCELLULOSE** – Pricing will remain high and firm due to U.S. Commerce Department duties. *\$.350 to \$.450 per pound.*
- **KONJAC** – Both supply and pricing is stable. Quality can be variable due to the source, so users should use caution when securing supplies. Pricing remains in the *\$.500 to \$.600 range* for Chinese products.
- **AGAR AGAR** – Agar is very difficult to source due to increased demand in China, Japan and Russia. Agar remains very popular in the domestic bakery segment but is finding competition as a savory gel ingredient in other countries. Pricing remains high at the *\$.900 to \$13.00 per pound range.*



GUMS

GARLIC/ONION

The dried garlic market is again in very short supply as we head into the new pack year. Domestic garlic yields have been lower than projected and demand continues to outpace overall supply. Chinese garlic will continue to be in short supply as well, with higher prices. We recommend booking now if you have not yet done so.

The dried onion market has adequate supplies although low bac material will be scarce. Due to wet weather conditions the low bac yield from the fields is significantly down this pack year. Irradiation will remain a viable alternative for most major users. Pricing is stable. Again, this is the time to book if you have not yet done so.

CALENDAR OF EVENTS

Philadelphia IFT
Supplier's Night
November 1

Chicago IFT
Supplier's Night
November 8

RCA 2007 Annual
Conference and Trade
Show, New Orleans
March 8-11

2007 IFT FoodSmarts
Annual Meeting and
Food Expo, Chicago
July 28-August 1

HOW TO SUCCEED IN ORGANICS | *continued from page 1*



reduce costly errors. We find that companies who do their research and have a clear-cut plan are able to procure raw materials and develop finished goods quickly and with fewer missed opportunities.

Second, food manufacturers must be sure of the availability of organic ingredients. Issues such as traceability, continuous supply, cost and quality all come into play and may be affected by the limitations of smaller suppliers that are part of this complex supply chain for certified organics. Organic ingredients can be sourced from throughout the world but it is important to keep in mind that standards vary from country to country. Your supplier should be able to tell you whether the ingredients meet USDA organic standards.

To summarize, communicate and plan. Communicate among departments and talk to your suppliers early in the development of any manufactured organic product. The key to success in this fast growing segment will be having the right products on the shelf in a timely fashion. As more consumers perceive organic foods to be "better for you" and for the environment, the demand is spreading into the mainstream supermarket aisle, club stores and even convenience stores. Just look at Wal-Mart and your kids to decide whether this is a fad. You'll see we are in this for the long haul.

Accurate is proud to be members of the following industry groups:

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