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### **Food safety concerns among global consumer trends of 2009**

A mid-year review of consumer global trends predicted last year by Chicago-based research firm Mintel said banks and financial institutions aren't the only businesses losing people's trust during the economic doldrums of 2009.

Just as 66 percent of U.S. adults say they have less trust in financial services companies amid the recession, food companies might be at risk because six in 10 Americans say they worry about food safety.

In addition to trust, Mintel covered the trend of simplicity, as more than two-thirds of Americans told the firm they have been simplifying their lives in the past six months. Manufacturers have taken heed, the firm said, by rolling out more products that service people's desire for functionality, clean ingredient labels and simple packaging. Meanwhile, restaurants have offered all-inclusive meals that spell out what people get for their money.

Another trend is that of consumers trading down in their spending. Mintel said eight out of 10 Americans indicate they are cooking at home more now, and 52 percent say they are spending less at restaurants this year versus last year. In some cases, however, that trend has inspired some consumers to trade up in order to reward themselves. That has translated into some purchases of gourmet food at the grocery store, which is still cheaper than eating out.

Mintel will publish its 2010 trend predictions later this year.

*Source: Meetingplace Online, 03/09/09*

### **Birds Eye Launches Takeaway Range**

Birds Eye is this week launching a new range of takeaway style frozen food to capitalise on the recent rapid growth in the sector. The new range from the frozen food manufacturer is inspired by popular lines from the fast food chains and includes Hot and Spicy Burgers, Classic Crumb Goujons, Southern Fried Chicken Wings and a Southern Fried Combo Box.

*Source: Namnews 01/09/09*

### **Revival in Frozen Food Sales continues in UK**

The retail frozen food market in the UK continues to out-perform the grocery market. According to Food & Drink Business Europe, the retail frozen food market is growing at 7% and will break the £5 billion mark shortly.

According to Brian Young, who is the director-general of the British Frozen Food federation, writing in Frozen and Chilled Foods, consumers are turning to frozen food to minimise waste, for lower prices and because they now perceive frozen foods to have "locked-in" nutrients. Both manufacturers and retailers have re built the image of frozen foods in the past 2 years.

They have reduced the number of price promotions and responded to consumer demand for healthier products by emphasising health benefits of their products such as omega-3 in fish products and reducing the amount of fat and salt in many products. Retailers have promoted their premium private labels in the category which has helped overcome the image of frozen foods being a cheap alternative to chilled foods.

*Source: TNS 04/09/09*



### **World Pork Conference focuses on “Modernisation of the World Pork Industry”**

This week’s 5th IMS World Pork Conference was opened on Thursday 3rd September by Ms He Lui, Vice Chairwoman of Standing Committee of the Tenth National People’s Congress & Honorary President of the China Meat Association. In her opening address Ms Lui called for a strengthening of dialogue on macro-economic policy, to maintain stable food prices and prevent trade protectionism.

In his opening address, Mr Patrick Moore, President of the International Meat Secretariat outlined the three major challenges facing the global pork industry, namely:

- Impact of the global economic downturn
- Consequences of A/H1N1
- Livestock and the environment

Rupert Claxton, Strategy Consultant with GIRA discussed global trends in pork consumption on Friday 4th September. Mr Claxton noted the global decline in herd growth, except in China. GIRA predict that EU pork exports for 2009 will be down 15% to 20% on last year.

Managing Director of Rabobank Netherlands Mr Jeroen Leffelaar discussed the lack of consolidation in the global pork industry compared to beef and lamb sectors. As part of this he highlighted four key drivers for further consolidation within the pork industry, namely:

- Bargaining Power
- Increase in Global trade
- Failure of European processors to take advantage of EU market
- Need for companies to focus on scale or niche

Rabobank forecast that global demand for meat will increase by 25% over the next five years. This growth will drive structural changes in the industry leading

to acquisitions and mergers as companies seek to secure supply as well as market position.

*Source: Bord Bia, Food Alert 04/09/09*

### **Whitbread reins in expenses and cuts costs to ride out storms worst**

Whitbread hailed its Costa Coffee chain as one of the recession’s “high street success stories” yesterday as rising sales helped offset a slump in Premier Inn budget hotels. Its shares surged 18% after a trading update revealed like-for-like sales at its Costa Coffee stores had grown 2.7% in the six months to 13<sup>th</sup> August with total sale up 18.4%. Chief executive Alan Parker said the group would remain focused on “self help” initiatives aimed at outperforming the market on trading and keeping a lid on its debt burden. As part of this strategy, he said, the company would continue to rein in capital expenditure and cut costs.

*Source: Timesonline 08/09/09*

### **Britain climbing out of recession**

The National institute for Economic and Social Research, one of the foremost independent economic forecasters, estimated that Britain has seen economic growth in the three months to August. Their announcement coincided with figures showing that the manufacturing sector was enjoying its strongest growth for 18 months, that consumer confidence was recovering and that the jobs market was improving for the first time in almost a year and a half. The head of the International Monetary Fund also predicted that the world was likely to pull out from its economic slump earlier than expected.

*Source: Telegraph 09/09/09*



### **Pret-A-Manger struggles under debt**

High street sandwich chain Pret A Manger is seeing profits wiped out by interest payments on the huge debt it has been saddled with by its private equity owner, Bridgepoint Capital. Figures filed at the Companies House by the holding company PAM Group, which owns the Pret Brand, show that from the time Bridgepoint took over on April 3, 2008 until January 1 this year turnover was £109.2m and operating profit was £14.4m. But hefty interest payments on bank loans and borrowing from shareholders brought the final pre-tax figure down to a loss of £32.2 million.

*Source: Daily Mail 05/09/09*

### **Morrison's rings up 45% rise in profits**

WM Morrison Supermarkets has rung up a 45% increase in half-year profits as the UK's fourth largest supermarket group continues to lure cash-conscious shoppers from rivals such as Tesco. The chain, which raised its payout to shareholders by more than a third, said that its recent move into smaller stores also reaped rewards. It snapped up several dozen smaller sites from Somerfield and the Co-op, and converted them into the Morrison's format; they have increased sales by 50%. But the chief executive, Marc Bolland, warned yesterday that growth would slow in the second half of the year as commodity prices dip and inflation remains low.

*Source: The Times 11/09/09*

### **Sonic barrier broken**

***1950s-style drive-in food chain, long awaited by its fans, arrives in Mass. with a boom, and traffic jams follow***

PEABODY - It was reminiscent of the 1950s, the glory days of drive-ins: carhops on roller skates carrying burgers and shakes, lots of tailgating, and the aroma of fries wafting through the air.

Patrons waited for hours to order from New England's first Sonic.

This was the scene at about 10 on a recent evening at New England's first Sonic. Since the restaurant opened on Route 1 in late August, thousands of patrons have arrived to try Sonic's burgers, hot dogs, and milk shakes, jamming traffic late into the night with waits of up to four hours at times.

Of course, the inaugural success doesn't guarantee longevity in Massachusetts.

Krispy Kreme drew hordes of doughnut devotees when it opened in Medford in 2003, but today it has no stores in the state.

On this stretch of Route 1, though, already saturated with fast-food joints, few restaurants - not even Hooters - have been welcomed with this kind of attention.

About 54,000 customers showed up in the first 10 days, Sonic estimated.

Sonic features 21 drive-in stalls, patio ordering stations, and a drive-through and is open every day from 6 a.m. to 2 a.m.

"It is something out of the past," said Peter Christie, president of the Massachusetts Restaurant Association. Yet "it is new and exciting."

Sonic, where the offerings include \$3.59 extra-long chili cheese coney hot dogs, \$4.49 chicken club



toasters, and three kinds of tater tots, has been so popular in Peabody that the owners have hired a valet company to direct cars into the drive-in and a police detail to manage the traffic flow.

*Source: The Globe 09/09/09*

#### **Dominos web site says “no” to artificial colours and flavours**

Dominos pizza has launched a new web site and, following many months of working with suppliers, also announced that there are now no artificial colours or flavours in any of its food. The new website, [www.takeafreshlook.co.uk](http://www.takeafreshlook.co.uk), promotes the quality of where the food comes from, as well as providing nutritional information to help customers enjoy a balanced diet.

*Source: Bord Bia Foodservice Newsletter 07/09/09*

#### **Starbucks Bracing For 'Tough' Consumer Recovery**

NEW YORK -(Dow Jones)- Starbucks Corp. (SBUX) is planning for a drawn-out recovery in consumer spending, but believes it has right-sized its once high-growth business model with more than half a billion dollars of cost cuts.

"We have shaped our plans assuming there's a long recovery here and takes a while for the consumer to come around," Starbucks Chief Financial Officer Troy Alstead said Wednesday at a Goldman Sachs retail conference.

*Source: CNN Money.com 11/09/09*

#### **McDonald's tastes defeat after curry house fight**

The fast food giant McDonalds has lost an eight-year battle to prevent a Malaysian restaurant, McCurry, from using the “Mc” prefix in its name. The legal fight finally ended in a precedent-setting judgement by Malaysia’s highest court, the federal court ruled yesterday that McDonald’s cannot appeal against another court’s verdict that had allowed McCurry to use the “Mc” in its name. The owner says McCurry, which serves Indian food, is an abbreviation for Malaysian Chicken Curry. McDonalds have to pay all costs for the legal action.

*Source: Bord Bia Foodservice Newsletter 07/09/09*

#### **Consumers more conscious of food costs**

Globally, it appears that consumers are becoming more conscious of their food costs. In surveys conducted by [Mintel](http://www.mintel.com), similar findings became apparent across a number of international markets, towards an uptake in home cooking, more food bought on special offer and more customers trading down to budget private label brands.

Mintel found that eight in ten Americans are now cooking at home. While one in two Americans are now spending less in restaurants than they were this last year.

A similar trend is evident in Britain. It has emerged that some 54% of British consumers are buying more food on special offer, while more than a third are trading down to budget private label brands. Although, at the same time in a report compiled by Checkout, convenience is still highly regarded by consumers, with the proportion of consumers who said that their top priority is shopping around in order to save money falling by 5 points to 28%. Against the backdrop of simplifying their daily



lifestyle, Mintel research has shown that 6 out of 10 Americans now worry about the safety of the food that they consume. The response to this by some manufacturers has been to increase the amount of products that have clean ingredient labels, clear functionality and simple packaging.

A report by [TNS](#) suggests that when the recession ends, consumers may decide that budget products are still of sufficiently good quality to continuing buying. Another trend that is anticipated to remain post recession is the increased lunchbox market share, as consumers maintain their cautious attitude. In addition, TNS suggest that cooking from scratch will continue to grow in popularity due to its potential health benefits.

*Source: Food Alert 11/09/09*

### **Hormel to introduce pepperoni 'Snac Pacs'**

Hormel Foods announced it will introduce mini pepperoni rounds in portable "snac pacs" at Wal-Mart stores beginning in October and at other national retail outlets in November.

Each package contains six 1-ounce, single-serve, easy-open pouches that are designed for school lunches or snacks.

The product will be sold in the lunchmeat case for a suggested retail price of \$3.49.

*Source: Meetingplace online. 11/09/09*

### **Subway's \$5 deal a hard habit to break**

LOS ANGELES (Reuters) - Subway's \$5, foot-long sandwich deal has given birth to the biggest restaurant pricing trend since McDonald's Corp's (MCD.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) 2002

Dollar Menu debut, but some to wonder whether it will make it harder to break diners' discount habit. Since Subway's introduced the deal in early 2008, "\$5 has emerged as the second most important price point" in the fast-food industry after \$1, said Telsey Advisory Group analyst Tom Forte.

"I would not be surprised if Subway was outperforming many of its peers" due to the promotion, he said.

Privately held Subway, which does not disclose sales figures, has 22,000 outlets in the United States compared with about 14,000 for McDonald's, and is seen as a major force in the fast-food segment.

Jeff Moody, chief executive of the Subway Franchise Advertising Fund Trust, told Reuters that as fast-food restaurants saw same-store sales slip into negative territory in the last few months, Subway has seen less deterioration due in part to the promotion.

"We can correlate our sales to unemployment," said Moody.

Analysts expect future gains would not come as easily. Subway is lapping year-ago figures that benefited from the \$5 deal. Beyond that, joblessness is forecast to continue climbing and rivals like Yum Brands Inc's (YUM.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and Wendy's/Arby's Group Inc (WEN.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) have stepped up competition.

Stifel Nicolaus analyst Steve West said the \$5 deal helped Subway steal traffic from quick-serve hamburger chains, but he predicted that the company could have trouble weaning diners from the \$5 sandwiches after the economy rebounds. They've "trained the customer to eat \$5 foot-longs," West said.



### DEALS, DEALS EVERYWHERE

The Subway promotion spurred many copycat deals. KFC and Arby's have promoted \$5 meal deals while Subway rival Quiznos has attempted to undercut the company with a \$4 sandwich special.

Elsewhere, McDonald's and Burger King (BKC.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) are offering two-for-one sandwich deals in the \$3 and \$4 range, depending on the market.

Such discounts can pressure restaurant operators, who pay their parent companies fees based on overall sales.

When prices for ingredients like meat and cheese are low, franchisees have wiggle room to offer discounts. The promotions attract customers, who may then splurge on a more profitable soda with their inexpensive sandwich.

But when food prices rise, as they tend to do over time or when inflation strikes, franchisee profits get squeezed.

Fast-food restaurants had been more insulated than other segments of the restaurant industry due to their relatively lower prices. But as companies continue lay offs, they too are feeling the pinch.

The nation's jobless rate hit 9.7 percent in August and is expected to head higher.

California already has double-digit unemployment and the UCLA Anderson Forecast group expects the Golden State's jobless rate to remain above 10 percent until late 2011.

Overall visits to fast-food restaurants fell 2 percent in the three-month period ended June, versus with the same period in 2008, NPD restaurant industry analyst Bonnie Riggs said.

Fast-food's traffic decline was mild compared with the 3 percent fall in the casual dining segment that includes names like Chili's (EAT.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)), Applebee's (DIN.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and Red Lobster (DRI.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)). Visits to mid-scale family dining chains that include brands like Denny's (DENN.O: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) and IHOP were off 6 percent while fine dining dropped 12 percent, Riggs said.

"It's not a pretty picture," said Riggs, who added that the restaurant industry is the weakest it has been in nearly three decades.

*Source: Reuters 17/09/09*

### Opportunity in a Niche

[Food Navigator USA](#) recently ran a number of articles on the rise of gluten-free products. Might this be an interesting niche for more Irish food manufacturers than [those](#) currently serving it?

As the [British Nutrition Foundation](#) have pointed out, many more people **believe** they suffer from well-known allergies (e.g. nuts, additives) than the medical community would accept is likely to be the case on foot of clinical examinations, but a possible exception is gluten. [The Coeliac Society of Ireland](#) would estimate as many as 90% of the sufferers do not even realise they have the condition (which should be distinguished from "non-coeliac wheat sensitivity" which requires the avoidance of wheat in the diet).

When one also realises that the condition has a particularly high incidence in Britain and Ireland (close to 1 in 100 compared to 1 in 300 in Italy), there is a disproportionately substantial potential niche in this part of the world for gluten-free versions of



popular foods, particularly if more sufferers become aware of their condition.

Products can either be 'naturally' gluten free or made gluten free by removing the gluten which is adequate for all but the most sensitive coeliacs. Creating gluten-free variants is not trivial, but those interested might like to know that a researcher in University College Cork has been working on alternatives together with staff at Teagasc's Ashtown Food Research Centre. The results of their work are available through the [Relay](#) site.

*Source: Bord Bia, Food Alert 18/09/09*

### Traffic Light Food Labelling in Germany

Last month, the German frozen food manufacturer Frosta AG became the first company to use the traffic light labelling system on its products in the German market. Frosta's head of marketing Felix Ahlers commented on its introduction: "We are convinced that consumers want more transparency about ingredients in a simple, clear format on the packaging. That is the reason behind this.

The traffic light system is made up of coloured labels on convenience food packaging indicating the amount of fat, saturated fat, sugar, salt and the amount of energy they contain. Green means that the product can be eaten as desired, amber means it should be eaten in moderation and red implies that only small amounts of the product should be eaten occasionally.

According to the UK retailer Sainsbury, purchases of products marked with a red label decreased by 24%, following the introduction of the new labelling system while sales of products with green labelling doubled. However, representatives from the food industry claim that the system is over-simplified and confusing. Peter Loosen, Managing Director of the

German Federation of Food Law and Food Science (BLL), rejects the coloured labelling: "It divides foods into good and bad products on the basis of arbitrary evaluation of a few ingredients."

Ilse Aigner, Federal Minister of Food, Agriculture and Consumer Protection, supports the traffic light system on a voluntary basis in Germany. Further developments in nutritional labeling will depend on consumer feedback over the coming months following this first step by Frosta.

*Source: Bord Bia Food Alert 18.09.2009*

### Retailers increasingly focusing on Environment

The food industry faces many challenges over the coming years, among them the threat of carbon pricing. A report published by [NSF International](#), showed that as much as 90% of the food industry greenhouse gas emissions come indirectly, through its supply chain. Recognising these challenges, leading retailers and manufacturers are increasing assessing the footprint of their supply chains and examining ways to improve their environmental performance.

The communication of these initiatives tends to be vary with some choosing to communicate key messages while others like Tesco have developed carbon labels for some of their products. Recently, [Tesco](#) has introduced a carbon label for its full fat, semi-skimmed and skimmed milk ranges as part of their strategy to develop carbon labels for all their private label goods.

Consumers are becoming increasingly conscious of their carbon footprint. This is evident in a survey carried out by Frank Research for Tesco where they discovered that 50% of customers surveyed understand the meaning of carbon footprint compared to 32% last year.



Wal-Mart is applying a slightly different strategy in creating awareness; they intend to create a universal rating system. Rather than focussing on a few sustainability goals, those being lower emissions or water reduction, they intend to allow for all sorts of environmental and social implications.

Similarly, leading food manufacturers are actively addressing the environmental performance of their products, which they have found can also lead to improved cost efficiencies. Bord Bia is currently undertaking research with leading retailers and manufacturers to assess the likely impact of sustainability on sourcing decisions over the medium term and the implications of this for suppliers.

*Source: Bord Bia Food Alert 18/09/09*

### **Update on Influenza Pandemic (H1N1) 2009**

In the temperate regions\* of the northern hemisphere, influenza activity remains widely variable. In North America, the United States is reporting increases in influenza-like-illness activity above the seasonal baseline, most notably in the southern, southeastern, and parts of the northeastern United States.

In Canada, influenza activity remains low. In Europe and Central Asia influenza activity remains low overall, except in France, which is reporting increases in influenza-like-illness activity (for week 37) above the seasonal epidemic threshold. Geographically localized influenza activity is being reported in several countries (Austria, Georgia, Ireland, Luxembourg, Norway, Portugal, the Czech Republic, Cyprus, and Israel). In Japan, influenza activity remains stably increased above the seasonal epidemic threshold with the most notable increases being reported on the southern island of Okinawa.

In the tropical regions of the Americas and Asia,

influenza transmission remains active. Geographically regional to widespread influenza activity continues throughout much of South and Southeast Asia, with increasing trends in respiratory diseases being reported in India and Bangladesh. Geographically regional to widespread influenza activity continues to be reported for the tropical regions of Central and South America without a consistent pattern in the trend of respiratory diseases (continued increases are reported in Bolivia and Venezuela).

In the temperate regions\* of the southern hemisphere, influenza activity continues to decrease or has returned to the seasonal baseline in most countries. In Australia, later affected areas are also now reporting declining levels of influenza-like-illness. In South Africa, influenza activity appears to have recently passed over the second peak (the first peak was due to seasonal influenza A (H3N2) and second peak was due to pandemic (H1N1) 2009).

WHO Collaborating Centres and other laboratories continue to report sporadic isolates of oseltamivir resistant influenza virus. Twenty six such virus isolates have now been described from around the world, all of which carry the same H275Y mutation that confers resistance to the antiviral oseltamivir but not to the antiviral zanamivir. Of these, 12 have been associated with post-exposure prophylaxis, five with long term oseltamivir treatment in patients with immunosuppression. Worldwide, over 10,000 clinical samples and isolates of the pandemic (H1N1) 2009 virus have been tested and found to be sensitive to oseltamivir. WHO will continue to monitor the situation closely in collaboration with its partners.

Pandemic (H1N1) influenza virus continues to be the predominant circulating influenza virus, both in the northern and southern hemisphere.

*Source: World Health Organisation 18/09/09*