

Going GLOBAL and LOCAL

A RISING TIDE OF **MULTICULTURALISM** HAS **FOREVER CHANGED** THE **AMERICAN PALATE** AND **CREATED GROWTH** POTENTIAL FOR RETAILERS. > **By Gina Acosta**

When The Fresh Market re-merchandise 10 Atlanta area stores in early August it made sure to let shoppers know that international foods were a key part of the effort. An expanded offering of exotic items was seen as a way for the operator of 176 stores in 24 states to deliver on its goal of creating an inspiring environment that takes shoppers on a culinary journey.

It's not exactly a new trend. Food retailers have long offered select items in key ethnic categories such as Mexican or Chinese. However, the trend has gained momentum of late. Two years ago Kroger launched its international themed HemisFares private brand and The Fresh Market's more recent action put it among the growing number of retailers looking to capitalize on one of the most powerful trends influencing consumer spending: the adventuresome, sometimes multicultural eater.

Never before have so many Americans been so willing to experiment with new flavors and types

of food even as they crave locally grown and sourced products. Fueled by the rise of multiculturalism, changing demographics, foodie culture, a proliferation of celebrity chefs and shows such as "Bizarre Foods," retailers are responding with expanded assortments of unique, international and exotic items.

A report on ethnic foods from market research firm Statista notes that the ethnic food category will reach \$12.5 billion by next year. A Na-

tional Restaurant Association study went on further to find that ethnic foods have become a part of Americans' regular diets, with 4 in 5 consumers eating international foods on a consistent basis. And according to a 2017 Nielsen report, "A Fresh Look at Multicultural Consumers," shoppers looking for multicultural foods make 3 percent more trips to stores with fresh items and spend 4 percent more annually on fresh items, leading to a \$2.2 billion opportunity for retailers.

To capitalize on the trend requires retailers to look beyond traditional supplier relationships for new sources of inspiration and unfamiliar flavors. For example, retailers such as Trader Joe's are partnering with little known supplier Inka Crops to supply them with one of the hottest snacks in food retail: plantain chips.

"We work with Trader Joe's on their plantain chip product, which has proven to be very popular and a great seller for them. We are trying to get other retailers, such as drugstores, to cash in on the plantain chip trend," said Ignacio Garaycochea, vice president of sales and marketing for Lima Peru-based Inka Crops. "Plantain chips are healthier and less salty than potato and other chips, and that's what consumers are looking for. You can also use them to dip in hummus and other spreads."

Garaycochea was one of the dozens of suppliers looking to connect with retailers this summer when ECRM held its annual International Foods show in Orlando. The event provided a convenient venue for retailers to discover new sources of supply and insight into global flavor trends with the potential to influence U.S. consumers. Manufacturers from around the world showcased ethnic foods of dry grocery, non-perishable and beverages to U.S. retailers, distributors and importers. Foods such as ramen, avocado oil and



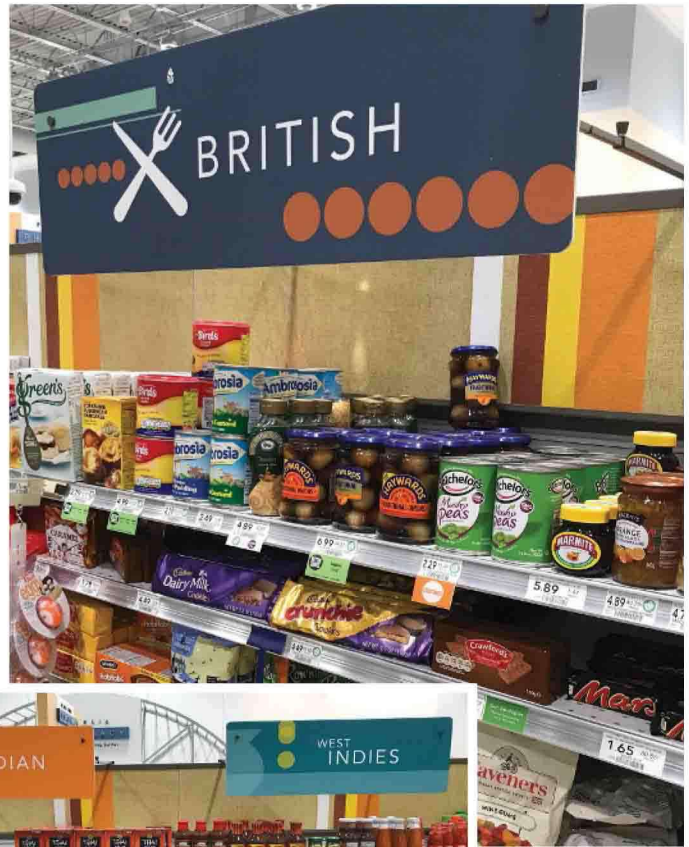
▲ Cesar Melgoza, CEO of Geoscape

Brazil nut bars were on display and ready for sampling. Garaycochea said international products that are “rich in proteins, vitamins, minerals and fiber” are also on trend.

While retailers such as Kroger, Trader Joe’s and The Fresh Market are working to leverage the international opportunity, others are lagging.

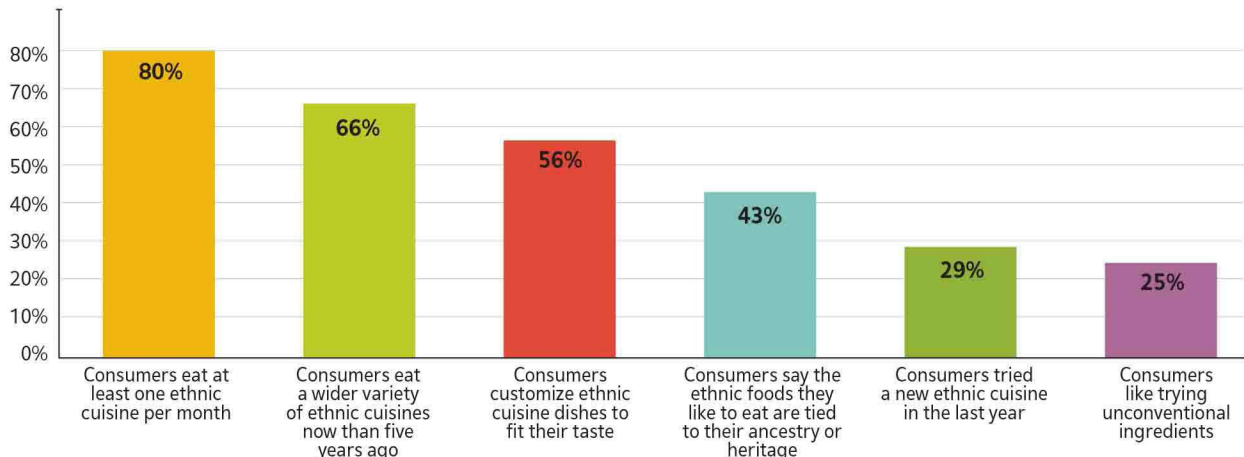
“Retailers tend to think in terms of the rearview, what sold last year, instead of what is going to sell over the lifetime of that consumer,” said Cesar Melgoza, CEO of Geoscape, a data analytics firm that works with clients such as Kroger, Southeastern Grocers, Nestle and Walmart. “Retailers need to look at the trajectory of spending for the consumer. Lack of planning for the multicultural consumer is laying the groundwork for ethnic chains such as Northgate, Fiesta, H Mart and others to take the multicultural dollars and expand. If I were an investor, I would buy all these ethnic chains and open a superstore that provides a multicultural experience like no other retailer. Non-multicultural consumers would also shop there, because all Americans are eating more multicultural foods,” Melgoza added.

What Melgoza is talking about speaks to an important point: It’s not just multicultural consumers seeking multicultural foods. All Americans are increasingly seeking ingredients such as fish sauce, lemongrass and sriracha peppers on grocery shelves. Retailers have a chance to target these consumers by creating even larger sections of the store geared toward multicultural foods, sponsoring in-store tastings, and tailoring their assortments to the needs and wants of consumers living in the trading area of each store.



Publix makes international foods easy to find with clear signing that identifies country-specific and regional offerings.

U.S. CONSUMERS LOVE INTERNATIONAL FOODS



SOURCE: Global Palates Report, 2015. National Restaurant Association.



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—Courtney Jones, VP of multicultural growth and strategy at Nielsen

That was a key finding of a recent study from LoyaltyOne that showed 61 percent of U.S. shoppers are not finding enough ethnic food or ingredients at their main grocery stores, and 59 percent shop at three or more stores regularly just to find everything they need for recipes. And while 85 percent of ethnic shoppers revealed that they would cook traditional foods more often if they could find the proper ingredients at grocery stores, 65 percent of non-ethnic shoppers said they'd cook more multicultural foods if their stores had a better variety.

“In order to tap this critical market, retailers need to rethink their delivery and assortment strategies of fresh products being offered to today’s increasingly multicultural shoppers,” said Courtney Jones, VP of multicultural growth and strategy at Nielsen. “To be successful, retailers must understand the importance that culturally relevant, fresh offerings play in the multicultural shopper landscape. Retailers must consider the multi-ethnic tastes of their current and desired customers and recognize that the palates that favor multicultural flavors are influencing the taste preferences of non-Hispanic whites and society at large.”

While more Americans than ever before are seeking multicultural flavors, the desire for novelty and variety is even higher among millennials, with 32 percent of them saying that eating multicultural food is very important, according to a 2016 Harris Poll. Meanwhile a new generation is about to take the food world by storm, adding even more demand for multicultural foods. For generation Z, defined as those younger than 22, the most ethnically diverse U.S. generation ever, ethnic foods are the norm. As all of this multiculturalism continues to grow, retailers are challenged to do more to keep up with global food trends, particularly when it comes to specific cuisines.

Mexican food, in particular, is undergoing a transformation. Shoppers have gone from asking for standard Tex-Mex burritos to demanding more authentic regional specialties and exotic, celebrity-chef driven ingredients. Ingredients such as tomatillos, chorizo sausage, Latin cheeses (cotija, queso fresco), and chipotles en adobo (smoked jalapeños in a spicy sauce) are showing up in the Latin category, as well as in cross-cultural concepts.

“We found that the Mexican food available in stores simply wasn’t cutting it.”

—Christopher Jane, co-founder and CEO of Montana Mex

One example of a cross-cultural concept showed up at the ECRM show in the form of Mexican ketchup. The product, made by a company called Montana Mex, is a textured artisanal ketchup made with organic agave, organic maguey, sea salt and a Mexican spice blend.

“We found that the Mexican food available in stores simply wasn’t cutting it. Every product was full of chemicals and preservatives that you need a science degree to pronounce,” said Christopher Jane, co-founder and CEO of Montana Mex, a Montana-based brand of clean label and chemical-free Mexican inspired food products currently in distribution in specialty grocery, online and on the TV with the Home Shopping Network.

Other suppliers at the ECRM show offered samples of such hot and trendy foods as Korean kimchi and gochujang, Brazilian cheese breads, Greek fruit compotes, Spanish sauces made with ground nuts and Peruvian corn pops. But throwing some of this product on the shelf without the proper strategy is not necessarily going to result in sales growth, according to Geoscape’s Melgoza.

“Walmart is doing a good job. The shoppers in their trading areas are increasingly demanding more multicultural foods,” Melgoza said. “But other big retailers need to do better than just put up a sign that says ‘Hispanic food’ and build out an aisle of product. They need to look at the data on the shoppers near their stores and realize what they are buying.”

For retailers and suppliers, the bottom line will always be sales, no matter which ethnicity or group is buying. However, as the eating habits of Americans become more multicultural, the need to find out just who is eating what will become a more and more critically important task. **RL**

