

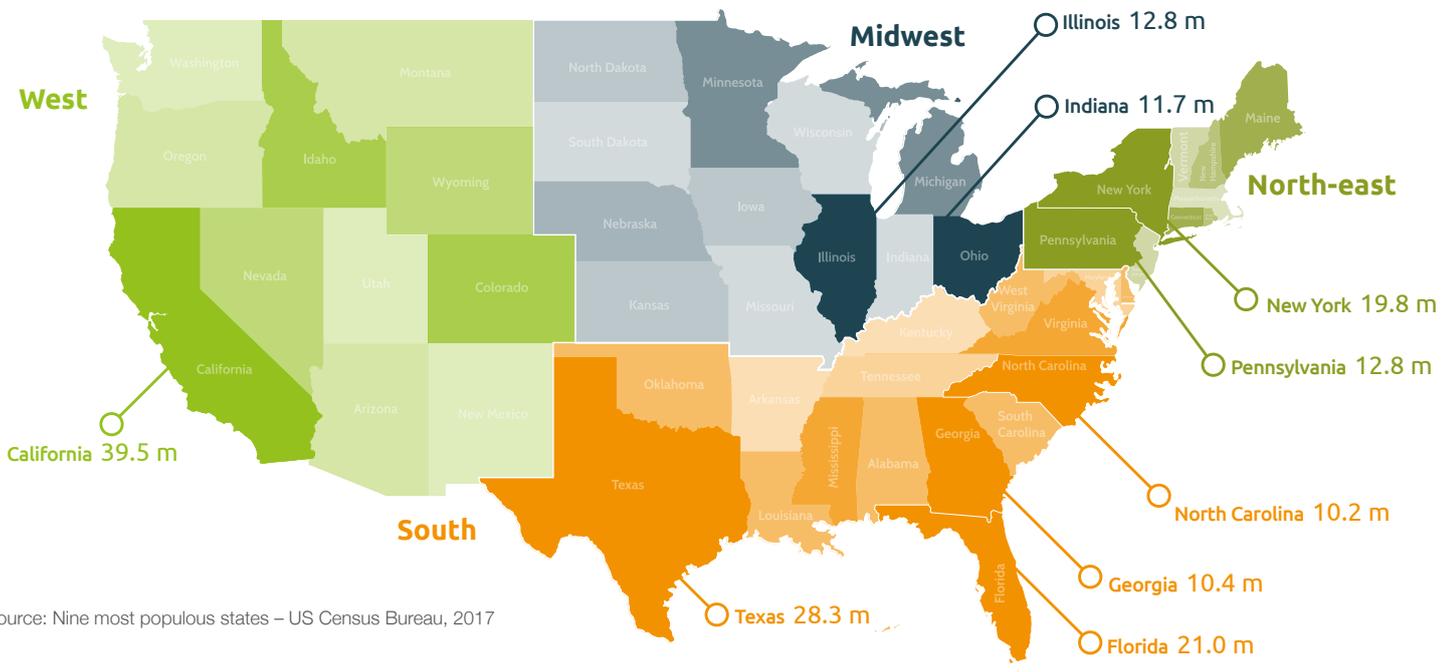
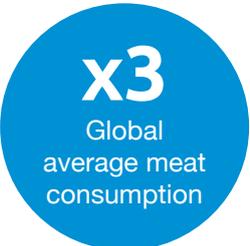
## COUNTRY FOCUS REPORT: USA



The United States has the biggest economy in the world and the third largest population. Despite having an overall surplus of agricultural products, the country is a large importer of meat and dairy, mainly from Canada and Mexico. The availability and innovation within the e-commerce market make it the third biggest globally.

Over the last five years, the US economy has been gathering momentum. Unemployment is falling and household consumption is on the up. However, with rising interest rates, increased budget deficit and a level of political uncertainty, it remains to be seen whether the economic growth trend will continue.

The US agricultural sector is performing strongly and over half of all land in 'contiguous America' (US not including Alaska or Hawaii) is used for agriculture – 17 times the size of the whole of the UK. Although the US is a huge country, over half of the total population live in only nine states – as shown on the map below. This concentration of people allows exporters to target areas where there's the greatest demand.



Source: Nine most populous states – US Census Bureau, 2017

## CONSUMER TRENDS

### Price

Value for money is at the forefront for most Americans, especially when shopping for meat. Despite having a high level of disposable income, discount stores are popular. However, Americans don't expect low-priced products to be of a low quality, according to research by AHDB and ICM.

**Table 1. What are your priorities when choosing the products that you buy?**

Region	Dairy	Meat	Vegetables
North-east	Price	Quality	Quality
Midwest	Freshness	Price	Quality
South	Freshness	Price	Appearance
West	Freshness	Price	Price

Source: AHDB/ICM International Consumer Perceptions Research November 2017

### Online shopping

The wider access to technology and increased development by retailers has allowed a boom in online grocery sales. This is dominated by the click-and-collect market, which is growing in the US, with some stores offering same-day pick-up. Supermarkets which don't offer home delivery services themselves partner with independent companies who deliver groceries to customers' doors – in some cases in as little as an hour.

### Social Media

The rise of technology, especially social media, has made food more of a sharing experience. In the US, there are 121 million monthly users on Instagram – over a third of the population. The overall trend for sharing food online is a big one, with many companies set up to show easy recipes on Facebook and YouTube. This is now the location which many millennials will head to in order, to find new inspiration, learn how to cook and share their attempts.



Rainbow bagel was a popular trend in New York and Matcha green tea lattes are popular in California

### Health

While there is increasing interest in health and wellness, especially in certain areas of the US, it is not a top priority for many when shopping for food – with consumers saying health is the sixth most important consideration when buying dairy and seventh for meat, according to research by AHDB and ICM. Several retailers have prioritised private-label investments in health foods and further development in this area is expected.



Lean meat is a good way to make popular dishes, such as BBQ ribs, healthier

High obesity rates in the US (around 40% of adults in the US were obese in 2016, according to the National Health and Nutrition Examination Survey) have led to a higher demand for reduced-fat meat products. This is especially noticeable in the chilled raw packaged whole-cut meat category, with many products containing food-minus claims (e.g. reduced fat, low sodium, etc.). Meats with these claims make up a third of the volume and over half of the value within the category, showing these products can demand a premium price (GlobalData). This provides an opportunity for UK meat products to add health claims to their packaging to increase margins or be viewed as more competitively priced.

Consumers expect products that match their specific diet and health needs. People have more data than ever relating to their health and well-being which makes customisation key. Tailoring products down to an individual level for added vitamins and minerals is becoming increasingly popular. This is specially applicable to dairy products, where health claims can give brands a competitive advantage over other products.



Rainbow bagel was a popular trend in New York and Matcha green tea lattes are popular in California

## Convenience

The rise in meal kits and food boxes isn't just for the online shopper – these types of products, which box up all the ingredients you need for a recipe, are popular in store as well. Catering to the younger, time-poor consumers, many own-brand kits with a range of tastes and cuisines are popping up in supermarkets, giving consumers the feeling of scratch cooking without the thought and prep times.

Within convenience, we are also seeing a shift in the types of meat US consumers are buying. Over the next three years, GlobalData expects sales of cooked and frozen meats to increase and demand for chilled and fresh cuts to go down. This shows a move towards more convenient meat products which can be stored for longer periods of time and require less/no cooking.

## Longevity

Americans go to the store less often than those in the UK, often buying in bulk – as this is seen as a way of getting better value for money. Therefore, products with a long expiration date and assurance of freshness are important to US consumers, who are hoping to store produce for a longer period of time.

**Table 2. What are your priorities when judging the overall quality of the products you buy?**

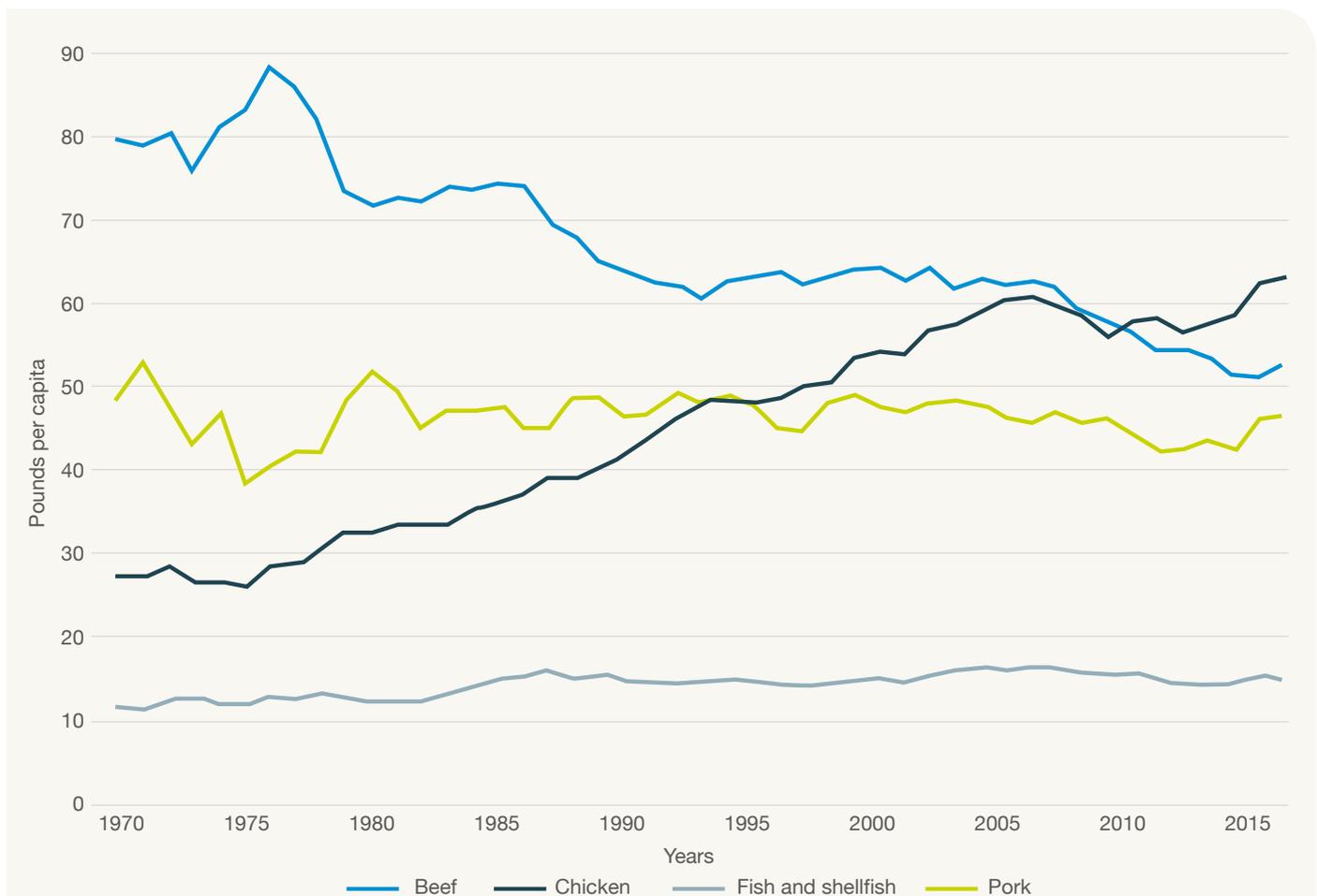
Region	Dairy	Meat	Vegetables
North-east	Freshness	Appearance	Appearance
Midwest	Taste	Taste	Appearance
South	Freshness	Freshness	Appearance
West	Taste	Appearance	Appearance

Source: AHDB/ICM International Consumer Perceptions Research November 2017

## MEAL FOCUS

There is a stereotypical view of American cuisine, but it isn't all burgers and BBQs. There are region-specific dishes and trends, as well as a diverse selection of dishes which blend a range of cultures and traditions.

There are many trend similarities between the US and the UK and the rise of chicken has been seen in both countries. Chicken overtook beef as the most consumed meat in 2010, according to the USDA, which could be driven by its versatility and ease of preparation. Red meat is the favoured meat for evening meals (GlobalData) and is seen as versatile, often being used in Mexican and Asian dishes.



### Food availability data: Meat, poultry and fish 1970–2016

Note: For the most recent supply and use data for various commodities, refer to the ERS website

The fusion between American and Hispanic cuisine in the south has led to the popular 'tex-mex' meals. Cheese is an important component of American Mexican dishes. Although mozzarella is the favoured cheese in the US, it isn't suited to these dishes, which need cheese that can stand up to the other strong flavours.

Turkey is reserved for Thanksgiving, which means a ham or beef joint is often eaten at Christmas. This could lead to a high level of demand for whole cuts at this time of year.



Ham is a favoured meat at Christmas



Thin cut steak used in Mexican dish

## RETAIL CONTEXT

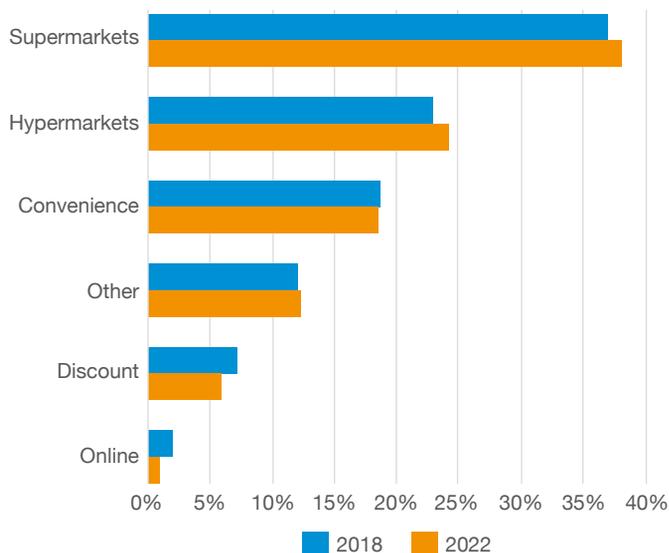
### Channel focus

The supermarket/hypermarket is the favoured shopping channel for most Americans with 93% saying they typically shop here – this rises to 99% for those aged 65 and over (GlobalData). Although highly fragmented, Walmart is the largest player across the whole country. There is a lot of innovation in stores to facilitate an easy shopping experience. One of the growing innovations is the electronic shelf label which displays pricing, nutritional information and adverts right next to products.

According to GlobalData, per capita consumption of fresh meat (counter) in the US is noticeably higher when compared to global and regional levels.

The counter and in-house butcher play an important role in showing freshness and quality of meat.

Appearance and store layout is very important, especially with fruit and vegetables. Decorative horticulture aisles cater to the US need for perfect appearance in these products.

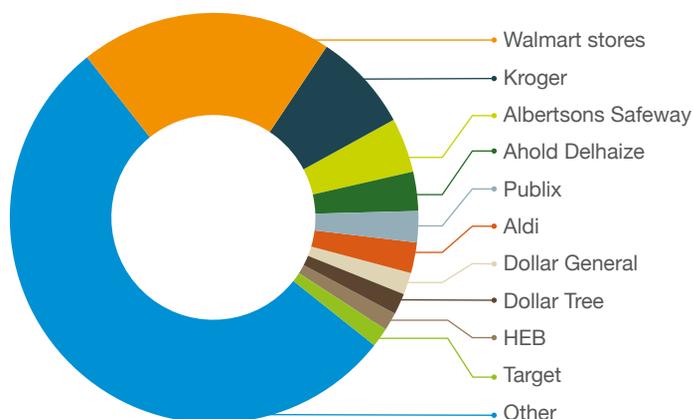


### Grocery channel share by value

Source: IGD Grocery channel share. 'Other' comprises traditional retail formats such as open-air markets, bakeries, specialist stores and other modern retailers

### Online shopping

Despite the tiny percentage of sales currently made up by the online grocery market (the UK currently has 6% share, according to IGD, 2018), it is seen as a huge threat to the retail landscape in the US. This has already been seen in the fashion and electrical markets, with thousands of store closures in 2017. When Amazon announced its expansion in to the grocery market with the development of Amazon Pantry and its acquisition of Whole Foods in 2017, other retailers were quick to respond to this market move.



### Grocery retail market shares 2018

Source: IGD Grocery retail market share

## Rise of discounters

As we have seen in the UK, there has been an increasing trend towards European discounters in the US, with Aldi continuing to expand and Lidl entering the market with good success. The hard discounters appeal to the American market where value for money is at the forefront. Could the success seen so far tempt other stores or brands to build their US presence?

## Eating out

The eating-out market is huge in the US and spending out of home overtook in-home spending for the first time in 2010.

Research by the USDA suggests that since 2000 quick-service restaurants (QSRs) have driven the eating-out market's growth, both in sales and number of outlets. The fastest-growing segment of the QSRs was 'fast casuals', which combine quick counter service with the perceived ambience and product quality of full-service restaurants. When eating out of home, the variety of dishes, which they may not have the skill or time to cook at home, hold the greatest appeal (GlobalData). Taking leftovers home in a to-go box is common as this is seen as a way to get good value for money.

Health trends are evolving at an incredible pace within foodservice, especially in the food-to-go market. New concepts are continually emerging, providing a growing number of opportunities for consumers to eat on the move. Recently passed labelling legislation aims to help consumers make healthier choices when eating out of home.

As well as health-food trends, there is also a move towards 'the most American foods' – which combine multiple US brands or products into one dish. These play to the trend for new and different experiences and celebrating domestic products, as well as being a marketing stunt.

## Antibiotic- and hormone-free

There is increasing demand for meat and dairy products with antibiotic- and hormone-free and vegetarian-fed claims on packaging, both in the US domestic market and in export products from the US to Asia. This trend towards transparency from farm to fork is gaining popularity both in store and in foodservice.

## MARKET OPPORTUNITIES

US meat consumption per capita is three times the global average and the value of the sector accounted for 22% of the global market in 2016 (GlobalData). Currently, the UK has access for fresh/frozen pork and dairy but should other red meat categories open up, the US could be a valuable market. US importers of UK pork also import beef and/or lamb from other export markets, so developing these existing relationships could be vital when looking for setting up distributions for any new red meat access.

While dairy is growing at a slower rate than many other markets, it is the largest global market in terms of value and fifth largest in per capita spend. Although the majority of dairy consumption is milk, cheese is the most valuable category in the dairy market. Around 90% of UK dairy exports to the US is cheese. There is a growing trend towards more natural and authentic dairy products, which could lead consumers away from 'American cheese', which is often viewed as highly processed.

**Table 3. Trade and consumption of meat and dairy in the USA**

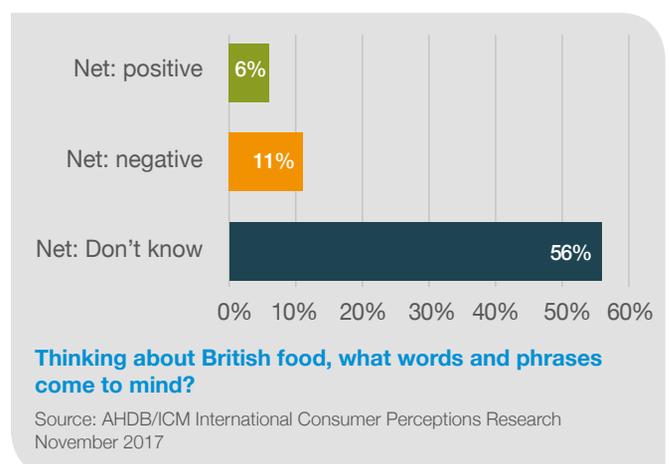
Sheep meat	Beef	Pig meat*	Dairy
Total consumption			
140,470	12,043,760	9,865,300	23,463,350
Total imports			
101,122	972,551	523,346	273,898
Exports from UK to the USA			
No access currently	No access currently	7,711	7,931

Source: Consumption (carcase weight equivalent) - OECD, Total Imports – IHS Maritime & Trade – Global Trade Atlas®/ U.S. Department of Commerce, UK Exports – HMRC, 2017, tonnes \*Includes processed and offal. Currently no access for British processed pork

## British context

There isn't much recognition of British produce in the US, with less than a quarter having actively bought British food. The majority of these purchases were for special occasions, with only 3% buying for everyday meals (AHDB/ICM). US consumers are strong advocates of domestic products, with over three-quarters of them choosing the USA as the country they would associate with high-quality for meat and vegetables. This rises significantly for the older generation.

There is slightly more recognition of imported produce in dairy, with British origins being better received than in meat and vegetables, but it is still dominated by the domestic market. Improving customer confidence will have a positive impact on purchases of premium food products, according to BMI. Therefore, strongly promoting the positive attributes of British meat is key to selling it, especially as a premium product.



AHDB's export team works collaboratively with government, industry organisations and other levy boards to secure access to new markets which have the potential to provide our farmers, growers and exporters with a variety of opportunities overseas. The team travels the world promoting beef, lamb, pork, dairy products, cereals and oilseeds, and potatoes through a coordinated and targeted export programme. Working closely with AHDB's Consumer Insight enables the export team to not only identify emerging and priority markets but also gain a better understanding of the needs of different markets, consumer eating habits around the world and buying behaviour – all of which helps industry capitalise on lucrative markets.

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AHDB's Retail and Consumer Insight team actively tracks, monitors and evaluates consumer behaviour, reporting on the latest consumer trends and picking out what they mean for the industry and agriculture. To read more on consumer trends, go to [ahdb.org.uk/consumerinsight](http://ahdb.org.uk/consumerinsight)



## Ask the analyst

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