

FOOD INDUSTRY REPORT 2018



Researched & Produced by Tulco Oils, Inc.

INTRODUCTION

When considering current and future trends within the food industry, one observation is clear: **2018 will be the year of the *mindful market*.** The food industry is changing rapidly and is continuously evolving to meet consumer needs. Whether it's by incorporating more sustainable business practices or working to increase consumer confidence, companies are seeking new ways to maintain a competitive advantage and achieve growth within a market of shifting lifestyles and preferences.

To achieve this goal, it is important to consider a core question: how do I increase market share and profitability while decreasing risk? The following report addresses this question by highlighting several key areas of focus for food industry companies in 2018—including liabilities, cost saving opportunities, sustainability practices, and certifications.



LIABILITIES

With each year comes a new set of liabilities and challenges the food industry must address. Whether it's FDA regulations or new market trends, food and packaging manufacturers need to be aware of liabilities in order to avoid food safety recalls and maintain a strong market holding. The following outlines the essential liabilities to be aware of in 2018.



- 61% of Americans are at least “somewhat confident” in U.S. food supply safety (down from 66% in 2016).
- The 2011 FSMA has led to a rise in product recalls—with the USDA FSIS conducting 131 recalls in 2017.
- Kansas corn producers were awarded \$217.7 million in damages in a 2017 class action suit against Syngenta.
- Foods labeled as “natural” have been subject to an increasing number of lawsuits—including 27 suits in 2016.

COST SAVINGS

Achieving cost savings in 2018 begins with understanding the reality that companies must cater to a more mindful market. In today’s market, customers have a desire to understand the sourcing and ingredients of food prior to purchasing and are more willing to make a purchase when company values align with personal values. Recognizing the significance of this movement, [Innova Market Insights](#) named “mindful choices” as the “Top Trend” for 2018. In response, food industry leaders are focusing heavily on socially-conscious corporate values, as a means to connect with consumers and increase market share. This mindful approach to cost savings focuses on the following:

 <p>Adjust corporate values to meet the needs of the market</p>	 <p>Focus on food and packaging safety to increase consumer confidence</p>
 <p>Know what's trending in the market (on-the-go packaging, health and wellness)</p>	 <p>Be aware of cost-saving tax credits (food donation deductions)</p>
 <p>Be agile and accommodate to shifting lifestyles and preferences</p>	 <p>Invest in efficient green systems (water consumption reduction, alternative energy)</p>

SUSTAINABILITY

Achieving sustainability in company operations is now more of a requirement and less of an option in 2018—particularly within the food industry. Concerns over climate change and waste reduction are significant among consumers and companies are adjusting their business practices to accommodate. The following outlines several [consumer-driven sustainability trends](#) relevant to the food industry in 2018.

-  **Plant-based diets:** Plant-based diets and plant-based products are growing
-  **Small-scale farming:** Farm-to-consumer movement and number of farmers <age 35 are increasing
-  **Waste reduction:** Consumers prefer companies that reduce food and packaging waste
-  **Sustainable operations:** More consumers want to know their food producers are “green”

CERTIFICATIONS

One of the most effective ways to safely increase market share while avoiding liabilities is through certification. Certification helps to ensure proper sanitation and safety across every aspect of food processing—from the processing facilities to the equipment to the handling of food and non-food compounds. Some of the most common certifications include:



In addition, **food grade oils** have their own unique set of certifications to ensure food processing equipment is lubricated safely and functions properly. These certifications include:

