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Summer Sensations!

COMMODITY UPDATES

COFFEE

Coffee prices are vulnerable to a recovery on any weather setback in Brazil, Rabobank said, as it raised by 1.0m bags its forecast for the world production deficit next season, thanks to increased consumption hopes. "In the short term, we can see some further downside [to prices]," said Rabobank analyst Carlos Mera. However, **"demand has been very strong"**, the bank said, raising its forecast for global consumption this season by 700,000 bags to 156.2m bags, and in 2017-18 by 1.4m bags to 159.8m bags. The upgrade to the consumption figures fed through into an estimate that world coffee production in 2017-18 will fall 6.8m bags short of demand.

Source: Rabobank lifts forecast for world coffee output deficit next season, 19th May 2017, Agrimoney.com

DAIRY

Milk production for 2018 is forecast higher on stronger milk prices and moderate feed prices. The increase in the Class III price reflects higher forecast cheese prices which more than offset lower whey prices. The Class IV price is higher as the higher non-fat dry milk price more than offset lower butter prices. The all milk price is forecast at \$17.55 to \$18.55 per cwt for 2018. Forecast milk production in 2017 is lowered from the previous month on slower growth in milk per cow. The all milk price for 2017 is forecast at \$17.35 to \$17.85 per cwt.

Source: USDA Projects Better Milk Prices, More Production into 2018, May 12th, 2017, Dairy Herd Management



frozen Custards are heating up!

Consumer Trends Tracking Favorably

Planning for the future in the Food Service industry can often seem like an exercise dependent on either presumptions based entirely on the way things have been historically, or consulting a crystal ball. But in this fast-paced world of changing consumer habits and trends, neither approach will serve the operator with any reliable accuracy. Fortunately, statistical trends can give us a much better understanding of what we need to know.

Frozen treats and desserts are the perfect case in point. National menu statistics indicate that ice cream dominates roughly half the listings in menu mentions, so it would seem there would be little room for a new product to make inroads. Yet, in general, the ice cream category remained relatively unchanged over the past four years, despite a five percent uptick for the soft-serve segment (comparatively, hard pack ice cream has dropped by seven per cent). When an operator considers that yogurt mentions on menus have dropped by 17% over the same period*, it raises a critical question: Where is this summer's growth in frozen treats and desserts going to come from – and what about the following seasons?

Doing Millennials a Flavor

Look no further than frozen custards. Consider first that custards have improved their national menu presence by a whopping 22 percent over the past four years*, and that custards are present on the menus of some of the most respected specialty and boutique restaurants in the country (e.g. BurgerFi, Culver's, Freddy's, Shake Shack, etc.). Today's consumers simply don't buy the way their parents did, nor do they buy the brands they grew accustomed to in their youth.

Led by Millennials flocking to alternative restaurant brands, their purchase options are more likely to consider exploring new territories, rather than make the same old decisions. Knowing this is especially true when it comes to Millennials, one begins to appreciate how rapidly the frozen treats & desserts category is changing. Social media has a lot to do with it, in that it exposes savvy consumers to trends and influences very quickly. Growing disposable incomes have a lot to do with it as well, as consumers embrace new indulgences. Finally, when you recognize that this trend is barely underway, yet its presence is already significant, it's easy to see the upside of the frozen custards category.

*Source: Datassential MenuTrends 2016 (6,500 restaurants)

How Frozen Custards Stack Up

When compared to conventional frozen treats & desserts, our frozen custard offerings enjoy very favorable positions. Not only do they provide a premium flavor option for consumers, they offer premium pricing opportunities that contribute to higher profit margins. Here are a few facts that deserve closer examination.

Both traditional ice cream and authentic custard require a minimum of 10% milkfat, but custard treats and desserts are required to contain a minimum of 1.4% egg yolks, contributing to their richness and premium quality.

Light custard requires the same egg yolk density as premium custard, but contains at least 50% less milkfat, giving it an enhanced benefit to health-conscious consumers interested in a quality dessert experience. Moreover, light custard can be dispensed from a typical soft serve freezer, yet has a richer, more pronounced vanilla flavor than traditional soft-serve ice cream.



consumers craving for the custard revolution

Fact #1: Younger consumers are more likely to visit restaurants to seek out a specific dessert.

Fact #2: Younger consumers tend to embrace dessert as snacks and meal replacements (i.e. desserts can help boost off-peak traffic).

Fact #3: Today's consumers demand more real and authentic foods, giving premium desserts more merit.

Fact #4: Custards currently occupy barely 1% of the frozen dessert category, yet enjoy double digit growth.

Source: Technomic Consumer Dessert Trend Report, 2015

Your Frozen Custard Connection

Call 1-800-378-1265 or email us at sales@kanpak.us to find out more about KanPak's ability to provide product and advice to facilitate a successful custard integration into your existing menu.



Dairy Domination Undermined by 'Cream' of the Crop?

Statistics are important, but knowing the reasons behind their existence is critical. For example, it has been reported that the total U.S. milk industry shrunk by almost \$1-billion from 2011 to 2015, while the almond milk industry has grown by slightly more*. However, because almond beverages occupied only about 5% of the total category, which was dominated by dairy milk, the comparison might seem to diminish in significance. But let's not ignore that these trends are fully expected to continue – noting that the dairy industry's domestic market has long since reached maturity. In contrast, plant-based dairy beverage and dessert substitutes (made from almonds, soy, coconut, rice, etc.) are growing in leaps and bounds.

Originally thought of only as alternatives for those suffering from food allergies, such plant-based beverages and desserts are now enjoyed by consumers making choices based on a much wider range

of reasons, based upon environmental, biological and ethical principles. In addition, many non-vegan consumers are expanding their diet choices by occasionally (if not regularly) replacing animal-based products with plant-based alternatives. Suddenly, it's easy to see 5% become 10%, and then 20% in a few short years. This creates a challenge for Food Service decision-makers: when and how to serve a vital market in transition?

KanPak has been on the forefront of recognizing and responding to such trends, and is well-positioned to serve both market segments. As a pioneer in safe and sustainable aseptic processing and packaging of low acid products, KanPak can equip and enable foodservice and convenience operators of all types and sizes to offer dessert and beverage solutions that satisfies an ever-expanding range of tastes, needs and expectations. Call **1-800-378-1265** or email us at sales@kanpak.us and let us show you how.

plant-based
dairy beverage and
dessert substitutes are
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*Source: FoodNavigatorUSA.com

Call or email today and find out how KanPak can help drive your beverage and dessert business and profitability!

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