



International  
Trade  
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# The North American Market For Natural Products

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# Overview:

## Key Trend: “Super Foods”

According to Nativas (a marketer of Super Food Products) President, Zach Adelma:

[The] “appetite for international food combined with the growing trend for healthier organic options is fueling the popularity of organic ‘power foods’ from around the world....”

“...By reintroducing ancient, natural foods to the western world, Navitas Naturals is expanding the functional food category and providing options with more bio-available essential nutrients, vitamins and minerals than most supplements and chemical extracts.”

# Market Brief:

## Structure

### Sections:

1. Market overview
2. Product descriptions
3. Market access
4. Prices
5. Distribution channels
6. Supplier qualifications
7. Packaging and labelling
8. Sales promotion
9. Market prospects for exporters

# Market Overview:

## The economy and the natural foods market

### **Key Trends Predicted by *Food Flavor and Ingredient Outlook 2011* Report:**

**Flavors from Around the Globe-** ethnic foods and flavors, providing interest without taxing smaller food budgets.

**Sustainability-** greater use of natural, organic, local and antibiotic/hormone-free ingredients. These are connected to more holistic lifestyle

**Wellness Overhaul-** food will get more attention as the foundation of health & will be better integrated into lifestyle with wellness.

**Plethora of Produce-** meals will be more focused on vegetables.

**Flavor & Ingredient Crossovers-** crossover of sweet and savory in recipes.

**Satisfying Sweets-** Agave syrup, due to its low-glycemic appeal, will continue to grow in popularity, as well as extracts made from Stevia leaf. Superfruits, such as blueberries and pomegranates, will grow in popularity

# Market Overview:

## The economy and the natural foods market

“American consumers are more engaged than ever in managing their health through food in hopes of curing what ails them or preventing ailments to which they are susceptible,” says Kimberly Egan, CEO of CCD.

“Many of these curative foods have roots in ancient times, and have been consumed by cultures around the world for centuries.”

# Product Descriptions:

## Dietary/Herbal Supplement

Regulated by DSHEA

## Food & Functional Foods (Superfoods fit here)

Regulated as Foods by FDA, or by Health Canada—Need to satisfy safety regulations of Foods. No Official Definition of Functional Foods or Super Foods on either market

## Pet Foods

In US, regulated similar to other animal feeds. No premarket approval needed, but need to be safe

In Canada, there is the “Specified Risk Materials (SRM)” list

## Cosmetics & Body Care

In US, Federal Food, Drug & Cosmetic Act (FD&C Act) and Fair Packaging and Labeling Act

In Canada, Health Canada’s Cosmetic Program (through various acts)

# Market Access:

## Update sanitary & safety regulations

- GACPs (Good Agricultural & Collection Practices)
- GMPs (Good Manufacturing Practices)
- Bioterrorism Registration
- Phytosanitary Certifications
- Food Color Certifications

# Market Access:

## Quality Requirements

- Supplier Qualifications
- Monographs
- US Pharmacopeia
- Canada's NHP Compendium of Monographs

# Market Access:

## Emerging Product Certifications/Labels

- Fair Trade (including FLO Fairtrade, and IMO “Fair for Life” Fair Trade Certified)
- Organic
- Rainforest Alliance
- GlobalGAP
- BioTrade
- Union of Ethical Biotrader
- Fair Trade Federation
- Whole Trade Guarantee (Whole Foods Market)

# Distribution Channels:

## Understanding Supply Chains

### **Direct- to- Consumer-**

Producer □ Consumer

### **Direct-**

Producer □ Manufacturer □ Retailer

### **Less Direct-**

Producer □ Processor □ Manufacturer □ Distributor □ Retailer

### **Indirect-**

Producer □ Processor □ Exporter/Port □ Importer/Port □ Distributor □  
Contract Manufacturer □ Retail □ Consumer

# Distribution Channels:

Successful models for foreign natural ingredient supplies in the US market

It is difficult to succeed in the US market without maintaining a strong presence inside the US, including sales, marketing, warehousing, technical support, etc

Without a warehousing or sales/marketing operation, it is still possible to succeed through strategic relationships with well-positioned US companies. For example, by granting the American company exclusive rights to distribute their brand of natural ingredients to the US market

# Succeeding in the Supply Chain:

Finding the right partner or adding value

Increasing **Sales** or Increasing **Profit Margin**?

Consider that...

Finding the right **partner** and investing in this relationship may be a more valuable use of time

# Sales Promotion:

## Trade Fairs

### Supplyside West

Las Vegas, NV

10-11 October 2011

### Natural Products Expo West

Anaheim, CA

9-11 March 2012

# Market prospects for exporters:

## Identified by Market Brief 2011

### Stable prospect for herbal medicines/dietary supplements

- Growth has now slowed considerably– market maturation, and increase in regulations
- Dietary supplements in the US have proven to be ‘recession-proof’, as the older “baby boomer” generation have favored them as a way to stay healthy compared to prescription drugs and preventable medical procedures

# Growing prospects:

## Super Foods:

Super foods are particularly popular among the younger generations (those 18-29 in the US)

- Group with a lot of discretionary income
- Remained the most optimistic about the future of the economy throughout the recession
- More likely than other generations to say they like to try out new foods and drinks

# Growing prospects:

## Interesting oils

Top sellers in the US and Canadian market is DHA and other omega-3 fatty acids

Among the Peruvian natural products, **sacha inchi** is showing the most potential in this area, however, issues around source, stability and pricing have not yet been well established

# Growing prospect for sustainably and ethically produced products:

## Certifications, such as Fair Trade, combined with organic

- High area of market growth
- Fair Trade (& other Social Certifications) also provide opportunities for producers, guarantees of higher prices or premiums in the market, along with good working conditions for farmers or farm workers in the supply chain

# Peruvian/South American Botanicals with High Interest:

**Camu Camu** [a juice, super food, functional food and dietary supplement (for its Vitamin C content, antioxidants, and anti-inflammatory properties), and perhaps in cosmetics (the seed oil or fruit pulp extract), or as a natural color or flavor]

**Cupuaçu** [juice, super food, functional food and dietary supplement (for its antioxidants), and perhaps in cosmetics (the fruit pulp extract), or as a natural flavor]

**Lukuma** [juice, super food (for its nutritive content, including fiber, vitamins and minerals), functional food and dietary supplement (for its antioxidants), and perhaps in cosmetics (the fruit pulp extract), or as a natural flavor]

**Sacha Inchi** [super food (as the nut), functional food and dietary supplement (for its omega-3 fatty acid content), and perhaps in cosmetics (the oil) ]

**Maca** [super food (as a powder), functional food (in various potential forms), and will continue to have a market for its dietary supplement use]

**Chia** [super food (as the seeds or oil), functional food and dietary supplement (for its omega-3 fatty acid content), and perhaps in cosmetics (the oil) ]

# Key Concluding Thoughts:

Exciting time for botanicals on North American Market, as consumers interested in exotic new foods & flavors, increasing healthy attitudes

However, also stricter scrutiny by consumers and government: safety requirements, sustainable and eco-social demands

To reach market, will have to score well in all these areas, and prove efficacy through clinical research

# Thank you

For further information, please contact:

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