



Sfpa

FOOD FORUM

SOUTHEASTERN FOOD PROCESSORS ASSOCIATION

JULY 2009

<http://www.sfpa-food.org>

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President's Message

We Lose a Friend and Associate

On Friday, June 26, 2009, Reg Garner's of T.W. Garner battle with cancer ended. Our hearts are saddened for this loss and our sympathy is offered to the Garner family and the T.W. Garner employees. Reg always expressed a kind and gentle spirit but was a man full of compassion for his family and the T.W. Garner Company. Reg was also proud to be involved in the consumer product industry including the SFPA.

Reg was a past president of the SFPA and current SFPA Board Member. He had been president of T.W. Garner Food Co. for more than 14 years. Reg was a graduate of Washington & Lee University in Lexington, VA and was involved in numerous community service activities.

SFPA Lifetime Achievement Award Presented to Reg Garner

Several of the SFPA Board Members along with past SFPA President, Darius Luck, recently met at T.W. Garner Foods in Winston Salem, North Carolina and presented Reg Garner the SFPA Lifetime Achievement Award. Reg was certainly a deserving recipient of this award giving his time, energy, and financial support to the Southeastern Food Processors Association.



Reg was surprised by this recognition and expressed his appreciation to all those present. The SFPA Board wanted to present the award to Reg in Winston Salem so T.W. Garner employees could attend. Included in the group with Reg were Alice Garner, (Reg's mother), sister Ann Riddle, Betsy Garner, plus the newest addition to the Garner family, twin baby boys, just two weeks old, Logan and Hayden Garner and other family members and employees.

We are all grateful for Reg's many years of service, association, and friendship. Reg's industry knowledge and leadership were valued by both the T.W. Garner Foods Company and the SFPA. Our continued thoughts and prayers are extended to Betsy and the entire Garner family.

Visit the Website www.buythesouthsbestfoods.com and View Taste the Flavors of the South. Buy The South's Best Foods two newspaper coupon Sunday inserts launched in May reached more than 10.5 million in the South.



Taste the Flavors of the South

www.buythesouthsbestfoods.com

The website provides information for those interested in learning more about the SFPA, the \$500 SFPA Recipe Contest, Great Southern Food Company SFPA brand members and suppliers.

Tony Treadway of Creative Energy reports more than 200 recipe contest entries have been received. All entries must be postmarked by September 1 and the winning recipe will be announced on October 1.

As a reminder, the SFPA convention is set for October 22-25 in Charleston, SC so mark your

calendars. Detailed information and reservation form will be forwarded in July/August. You are encouraged to invite those in your organization responsible for sales and marketing decisions as the results of the SFPA 2009 Marketing Campaign will be reviewed. Also to be presented, will be the SFPA 2010 Marketing Campaign plans and participating brand early 2010 sign up incentive.

Make Your Company More Visible Using SFPA's 2009 Convention Program.

Bill Keith, SFPA Board Member and SFPA Membership Chairperson, recently sent SFPA members information about a 2009 conference program calendar. In the past, SFPA supplier member companies have been asked for a donation to help off set the cost of the convention. The SFPA has been very fortunate that most suppliers help with the hospitality and reception expenses.

The board feels it important that those making donations be recognized for these generous financial contributions. Bill's letter explained that a calendar is being considered as replacing the standard printed convention program brochure. However, due to preparation constraints the calendar concept will be shelved until 2010. Tony Treadway will be presenting the calendar concept for your review at the SFPA convention in October.

The SFPA will recognize 2009 convention donations in a new version of the SFPA convention brochure. Depending on the donation amount, members (or others) will be given advertising space in the convention brochure. This will help the SFPA say thank you to suppliers and others who give financially to support the convention. Bill Keith will be forwarding you the specifics on this recognition opportunity in the next few days

Processors – Make Your Brands More Visible to Other SFPA Members and Convention Guests.

This year's convention meals will feature SFPA processor member brands. Based on your interest and response, this year's convention meals will utilize menus using SFPA processor products. As an example, Friday and Saturday morning breakfasts will include biscuits served with Patterson's Sausage Gravy and Patterson's Chipped Beef & Gravy.

Additional meals are Thursday evening's reception and Saturday evening dinner. If you have a product or products you wish to serve the membership, at either one of these meals please drop me an e-mail at tdensmore@bostdistributingco.com.

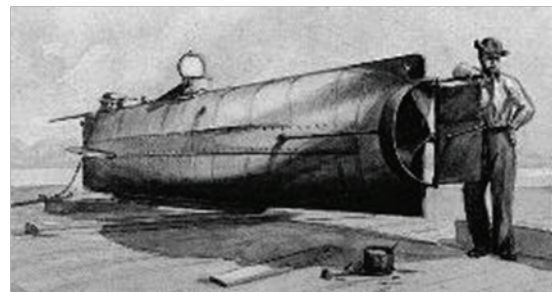
A product sample will be placed on the serving table along with an identification card to highlight your product. Quantities to serve approximately 130 people will be needed. Product will be shipped directly from you to the hotel a couple of weeks before the convention. I will provide you shipping information.

At last year's convention Mt. Olive Pickles were a big hit as Mike Carter provided samples for convention attendees. You are encouraged to bring (or ship direct to the hotel) samples to the 2009 meeting. These will be placed in the meeting room and distributed at the conclusion of Saturday's business session. More about the SFPA 2009 Convention in Charleston, SC soon

Good Selling,
Tom Densmore

Mark Your Calendars

By now you should have October 22-24, 2009 highlighted on your calendar for the Annual SFPA meeting in Charleston, SC. Remember to arrive in time to socialize on Thursday night at the Suppliers sponsored event. On Friday night we have a special event where our group will be downtown at the Visitors Center Bus Shed on 375 Meeting Street and participating in the "5th Annual Friends of the Hunley Oyster Roast and Silent Auction". This is an event that is open to the public, yet we will have our own special SFPA section. There will be a buffet of roasted oysters, shrimp and Barbeque. Music will also be provided. You will not want to miss this great event!



National Seasoning Manufacturer's Association

The National Seasoning Manufacturer's Association, Inc. (NSMA) is a trade association that represents the interests of manufacturers of dry and liquid seasonings in the United States. Founded in 1973, NSMA has a membership of approximately twenty-four companies who blend seasonings utilizing a wide variety of ingredients. Those ingredients include products such as spices, starches, dehydrated vegetables, natural and artificial flavors and many other ingredients that add color, flavor and functional properties to foods. US Food and Drug Administration has stated that the current regulations are not working to prevent deliberate contamination of food products. NSMA agrees that economically motivated adulteration remains a public health threat.

The following is a list of adulterated products observed in the market during the most recent 12-month period:

- Presence of methyl yellow in curry based spices from India
- Addition of tapioca starch to ground white pepper from India
- Use of "spent paprika" or "paprika meal" (from oleoresin extraction) in ground paprika and ground chilies
- Presence of expeller extracted red pepper seeds added to paprika
- Addition of black pepper shell (from decortication process) to ground black pepper
- Use of "spent, defatted black pepper" (from oleoresin extraction) in ground black pepper
- Addition of "spent cumin" (from oleoresin extraction) to ground cumin

NSMA recognizes that all the required regulations already exist but recommends FDA more aggressively monitor and enforce actions to correct these on-going abuses. Refusal of entry and fines for such adulterations should be applied. Without this, we will continue to face increased monitoring cost, increased food cost and a deterioration of the public trust in the safety and reliability of our food supply.

Filling in the Food Safety Gap

With huge losses from food recalls due to contamination and little oversight from the Food and Drug Administration, some sectors of the food industry are cobbling together their own form of regulation in an attempt to reassure consumers. These companies are paying other governmental agencies to do what the FDA rarely does: walk through fields, personally inspect harvest, review records, test holding water, and ensure food is handled properly. These do-it-yourself programs may provide an enhanced safety level in segments of the industry that have embraced them, but with the industry having to foot the bill, some safety advocates believe this approach could introduce new conflicts of interest. In addition, these programs are not as efficient as federal inspection systems although the intent is honest. For example, the *Salmonella* outbreak linked to tomatoes forced the Florida tomato industry to look toward the state for taking the responsibility of regulating food safety on farms and at packing houses. Another example is the Leafy Green Products Handler Marketing Agreements set in place due to the outbreak from 2006 in California spinach and lettuce that was contaminated with *Escherichia coli*. Agreements and state sponsored programs such as these are a few included in the food safety system which splits oversight between Department of Agriculture and FDA. FDA is responsible for over 80 percent of the food supply yet employs only 1,400 inspectors compared to the Dept. of Ag's 7,800 employees. Thus, inspectors from the FDA rarely lay eyes on the majority of food they are entrusted to keep safe. Traditionally, the food industry has lobbied against initiatives to strengthen the FDA's oversight. Now, the attitudes are starting to change considered the significant cost of financial losses due to these widespread outbreaks.

We Need Your Email Addresses

The Board of Directors continues to evaluate sending the Food Forum electronically. If you received the "test" copy in May, we have your email on file. If you did not, we strongly urge you to forward your email address ASAP to Davean Tonkery at dtonkery@utk.edu or call 865-974-7333.

Store Brands Gaining in Popularity

Stores selling their own brands have seen a large sales jump over the past year due mostly to the recession. A new survey found 91% of shoppers who switched to store-brand products from name brands will keep buying the store brand, even after the recession ends. Quality is a big factor, and the poll, conducted by GFK Custom Research North America, found 9 out of 10 shoppers rated store-brand products as good, or better, than name-brand products. Additionally, more than half (54%) said the recession is an important factor in their decision-making, and 32% said it is very important. 35% of shoppers responded that they are trying store-brand products in categories where they had previously only purchased name-brand items and more than three of every 10 shoppers said they are now buying more store-brand products than they were a year ago. *Business Journal of Milwaukee, June 15, 2009.*

Food Modernization Act of 2009

Congressional Research Service Summary

The following summary was written by the Congressional Research Service, a well-respected nonpartisan arm of the Library of Congress. GovTrack did not write and has no control over these summaries. 2/4/2009--Introduced.

Food Safety Modernization Act of 2009 - Establishes in the Department of Health and Human Services (HHS) the Food Safety Administration. It assigns all the authorities and responsibilities of the Secretary of Health and Human Services related to food safety to the Administrator of Food Safety.

It transfers to the Administration all functions of specified federal agencies that relate to the administration or enforcement of food safety laws. And it renames the Food and Drug Administration (FDA) the Federal Drug and Device Administration.

It also directs the Administrator to: (1) administer a national food safety program; and (2) ensure that persons who produce, process, or distribute food prevent or minimize food safety hazards. Sets forth requirements for the Administrator to carry out such duties, including: (1) requiring food establishments to adopt preventive process controls; (2) enforcing performance standards for food safety; (3) establishing an

inspection program; (4) strengthening and expanding foodborne illness surveillance systems; (5) requiring imported food to meet the same standards as U.S. food; and (6) establishing a national traceability system for food.

It requires the Administrator to: (1) identify priorities for food safety research and data collection; (2) maintain a DNA matching system and epidemiological system for foodborne illness identification, outbreaks, and containment; (3) establish guidelines for a sampling system; (4) establish a national public education program on food safety; (5) conduct research on food safety; and (6) establish a working group on foodborne illness surveillance.

It requires the Secretary, acting through the Director of the Centers for Disease Control and Prevention (CDC), to develop the Food-Borne Illness Health Registry.

It directs the Comptroller General to report on the federal resources being dedicated to foodborne illness and food safety research.

It also sets forth provisions regarding prohibited acts, recalls, penalties for violations of food safety laws, whistleblower protections, and civil actions.

The Denver Steak

The three-quarter-inch thick cut is inexpensive and a distant cousin to the New York strip. Most importantly, it didn't exist until the nation's 800,000 cattle ranchers began a radical search for cuts of meat that consumers would buy besides steak and ground beef. The idea is simple; find new cuts of meat that were tender and tasty enough to be sold as steak or roast. The Denver was invested after meat and marketing experts spend more than \$1.5 million and five years on the largest study anyone had ever done on the edible anatomy of a steer. The purpose was to increase the \$15 billion a year spent on beef. Approximately 9 new cuts will be released this year with a handful already on the market. However, skeptics believe the cattleman aren't inventing anything, suggesting they are trying to process and market off cuts for \$3 to \$4 more by just giving it a good name. The cattlemen's team responds to these criticisms by developing new standards for cutting the meat and using the muscle in a way it has never been used before. Naming cuts of meat is very lightly regulated by the government and local law. Thus, consumers may be getting very confused at the grocery store these days with all the new names on the market.

What to Do When Retailers Resort to Private Labels

In a time when private label rules, companies need a strategy for keeping branded products in stores. Merchants like Wal-Mart, Kroger and Walgreen's all have formal item rationalization programs underway and are taking action to reduce their stock keeping unit portfolios between 10% and 30%. These merchants have done segmentation work and believe that their company can meet the needs of its customers using its own private label. Consumer packaged goods manufacturers have been concerned about this problem for quite awhile--and the time has finally arrived. We are in a new age of item rationalization and reduced inventory on the shelf and in the warehouse. First, the manufacturer must listen carefully to why the retailer is considering or has determined that the category or brand is no longer pertinent to its customers. The company also needs to determine if the cuts are consumer-based or strictly an inventory plan that's being mandated from store operations. If the decision is based on store operations, then the company should determine if the store made cuts across the board or just in certain categories.

Speed is of the essence no matter how quickly the retailer plans on eliminating items from distribution. The longer a manufacturer waits to solve the problem, the worse the problem gets because the retailer becomes convinced that they no longer need the products they are considering eliminating. Retailers require heavy analytics in consumer and shopper insights to fully explain the consumers' point of view on the value of a given set of products. It isn't necessarily about the specific products, but the entire basket a particular consumer purchases.

They need to evaluate how their competitors will respond once they offload a category or range of products. It is safe to assume that if the retailer eliminates a product range, its competitors will be incentivized to fill the void and aggressively merchandise the eliminated category or items. Retailers should reveal the longer-term prospects of a given category or brand, and the opportunity cost of eliminating a brand or items. Too often, manufacturers become complacent about categories where there has been relatively little activity and/or emphasis by competitors or retailers until it's too late. While retailers make their message clear during "phone call" time, manufacturers need to start heeding the warning signs earlier.

Lack of attention to brands is a potential death sentence in today's environment. This is particularly true with private label competition. Steady growth of private label is a reality. Regardless of fast or slow growth, manufacturers must tend to their brands, from a consumer, shopper and customer standpoint. If they don't, then they deserve to be challenged by the retailers on a given product range's reason for being.

In an era where major change is the daily diet, no company is exempt from initiatives that will profoundly affect their business. Some manufacturers are ill-prepared to handle retailers' shocking overtures to eliminate whole categories or product ranges. It's time to start investing in brands to make sure that the doomsday scenario never affects your categories.

Learning from Functional Foods Failures

According to a new report that draws lessons from 15 high-profile failures from the likes of Danone, Emmi, PepsiCo, Coca-Cola, Nestlé and Unilever, 80% of functional food product launches fail within 18 months. In assessing why some of these products have failed Mellentin outlined seven rules for success.

1. Successful brands are expert brands
2. Offer a relevant benefit and be a credible brand
3. Aim for a benefit the consumer can feel
4. Remember that an ingredient is not a point of difference
5. A future of niches - focus on value, not volume
6. Differentiate using packaging design
7. Open new categories and segments.

Of the above, number four – an ingredient is not a point of difference – has proven to be one of the most important. Many of the failures involve a company choosing an ingredient that is new to consumers and overlooking the fact that consumers buy products only for the benefit to them personally, not because of the ingredient used. In fact, consumer acceptance of new and unfamiliar ingredients is usually a very slow process. In the US, Coca-Cola and Nestlé's calorie-burning drink, Enviga, saw sales plummet 65% from €22 million in 2007 because of a concept that was "too difficult to explain." *Nutraingredients.com, June 11, 2009.*

New USDA Deputy Secretary: Too Organic?

The U.S. Senate approved the Obama administration's nomination of organic food proponent Kathleen Merrigan to be Deputy Secretary of the United States Department of Agriculture. During her post as head of the Agricultural Marketing Service from 1999 to 2001, Merrigan helped develop USDA's organic labeling rules, prior to becoming an assistant professor at Tufts University.

Merrigan states she is well versed in a variety of farming methods, yet some Republican lawmakers have voiced concern about her ties to the organic food industry. During a confirmation hearing before the Senate Agriculture Committee, Republican Senator Saxby Chambliss told Merrigan he is fearful that while endorsing her "passion for organic production and sustainable agriculture" she brings down "other types of agricultural production for those with different points of view."

The new deputy secretary defended her focus, calling organic products "a small slice of the pie. I see deputy secretary as a great opportunity to represent all kinds of agriculture," Merrigan said. Chairman of the Senate of Agriculture Committee, Tom Harkin, expressed his support of Merrigan. "She has demonstrated a commitment to the needs of agriculture and rural communities, promoting sound conversation and the benefits of healthy foods and good nutrition," Harkin said.

The fostering of wholesome and healthful living is exactly what our country needs. While overseeing day-to-day agricultural operations, Merrigan could potentially raise her stance on healthy foods to new heights by encouraging the USDA to grant low-income residents easier and more affordable access to fresh foods and proper nutrition.

The Healthy Foods for Living Act, which was proposed for this very purpose in 2007, never passed. But there are individuals and establishments dedicated to providing better foods for better living. The Healthy Eating Active Living Convergence Partnership is a group of funders who have joined forces to change government policies pertaining to food and cultivate healthier living for everyone.



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