

EXPORTER

For Buyers and Distributors of America's Bounty

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These may ye
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U.S. Kosher Food Breaks New Ground



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American Cookies Make “Dough” Overseas



From the largest producers to the smallest, United States bakers supply treats that can satisfy nearly any sweet tooth in nearly any nation — its cookies are no exception. “We make a wide range of cookie products,” says David Ariagno, international sales manager for Keebler Company of Elmhurst, Illinois. “Our family of Chips Deluxe products, for instance, has been very successful overseas.” In addition to regular Chips Deluxe, a chocolate chip cookie particularly rich in chips, the Chips Deluxe line includes Rainbow Chips Deluxe, Chocolate Lovers Chips Deluxe, Pecan Sandies, and Soft and Chewy Chips Deluxe.

“We also have a range of sandwich cookies, including Droxies and Vienna Fingers, as well as Vanilla Wafers and Animal Crackers.” In September 1998, Keebler, a globally renowned cookie manufacturer, acquired President Baking Company of Atlanta, Georgia, which produces brands such as Famous Amos, Murray, Plantation, and Bishop, and most Girl Scout cookies.

Cookies have always traveled well. First developed in the Roman Empire during the 3rd century B.C., for centuries early cookies — hard biscuits that were in fact more similar to today’s crackers — were the staple food of sailors and soldiers. Over time and across many nations, inventive bakers transformed these bland, hard biscuits into delectable, sweet treats. Today, the word “cookie” refers to any small, sweet cake. The United States’ most popular cookies all use the same basic ingredients: flour, butter, sugar, and egg. But that simple dough yields a nearly limitless variety of products.

On the cookie shelves of U.S. supermarkets, the creme-filled chocolate sandwich cookie — typified by Nabisco’s Oreo

cookies — dominates sales, but the quintessential American cookie is the chocolate chip. According to cookie lore, it was first baked in the 1930s at the Toll House Inn in Whitman, Massachusetts. Today, this sweet treat filled with small chunks of chocolate has become a staple of American bakers.

Keebler, the second largest cookie producer in the United States, makes its products on a large scale across the nation. “Our products are manufactured daily at our various baking facilities throughout the United States,” Ariagno says. “Fresh ingredients, including sugar, milk, cheese, butter, vanilla, chocolate, and fruit filling, are brought to our facilities. The ingredients are mixed in large, stainless steel troughs and prepared for baking in commercial baking ovens, each of which is probably longer than an American football field. After baking, the products are cooled and packaged. Then they are brought from the bakeries to our distribution centers, and immediately loaded onto transport vehicles and shipped to our U.S. customers. They are also containerized and brought to various ports to our customers around the world.”

While most cookie exporters own the facilities that bake their products, SB Global Foods, Inc., takes a different approach. “We are a food distribution and product development company,” explains Karl Brown, president of the Lansdale, Pennsylvania-based firm. “We develop products and have them packed for us, then we distribute our own brands as well as those from other companies. Our lead cookie product is called American Cookie Boy. It’s a mini-chocolate chip cookie in distinctive red, white, and blue packaging. We’re exporting to about 25 different countries with a fairly good geographic spread between Europe, Asia,

*Full-flavor to
reduced-fat cookies
have a place on
overseas shelves.*

By ESTON MARTZ

Latin America and the Middle East."

Cookie Industry Trends

While living a healthy lifestyle and reducing fat is a trend that many U.S. food manufacturers tap into, the cookie business seems to be going the other way. In recent years, sales of some major low-fat cookie products have dropped dramatically. "In the United States, the trend is toward a full-flavor cookie product," says Ariagno of Keebler. "We're getting away from the reduced-fat type of cookie. We see demand for reduced-fat products for snack crackers, but for cookies there's definitely a stronger attraction toward the full-flavor products."

Nevertheless, there is still a demand for a delicious product with little fat. "We have greatly reduced the amount of sugar and fat in all of our cookies," says Margaret Watson, owner of Earthly Endeavors, a cookie manufacturer in Kansas City, Kansas. "They're low-fat and low-sugar, but we've maintained wonderful flavors. We don't use preservatives or salt, and we use mostly organic ingredients that are very pure."

Earthly Endeavors makes many differ-

ent cookies, including sunflower, ginger, coffee shortbread, chocolate chip, fudgy chocolate, peanut butter, orange walnut, cherry pecan, and chocolate-chocolate chip pecan. "The ginger and the chocolate-chocolate chip pecan are both made without sugar," Watson notes.

Smaller manufacturers often tap into niche markets or find ways to make their products unique, like making their cookies by hand. "We make several flavors of gourmet cookies," says John Merck, vice



U.S. cookie manufacturers aim to meet and please overseas tastes and local requirements.

president of sales for Brent and Sam's Handmade Cookies in Little Rock, Arkansas. "We have chocolate chip with pecans, chocolate chip with extra chocolate and no nuts, oatmeal raisin with pecans, white chocolate with macadamia nuts, toffee with pecans, and key lime white chocolate."

While other companies might have similar flavors, Brent and Sam's cookies truly are hand-made. "It's very labor intensive," notes Merck. "We take the dough after it's mixed, roll it, then we grab it by hand and stick it on the cookie trays. Instead of a wire-cut cookie, where each one has the exact same shape, each of our cookies has a little different shape because we do it by hand — just like you would make cookies at home from scratch."

Sending Dough Around the World

Earthly Endeavors has been exporting cookies mainly to England, although Watson receives inquiries from other nations. "Just before Christmas, I even had an inquiry from Baghdad, Iraq," she laughs. Watson entered the export market with assistance from the Kansas state



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government. "The state Department of Commerce and Housing, which has a marketing division, shipped a bunch of Kansas products to England, and that was how our cookies were selected by our English importer. We ship tins of a dozen cookies in a 12-ounce tin. We also have shipped them in twin packs, which have a barrier-sealed package to hold the flavor."

Currently, Brent and Sam's exports its products to Japan. "We hooked up with a broker four or five years ago," says John Merck. "The broker faxed us, I followed up on it, and now our Japanese customers buy about once a month and sell the cookies under a private label. They're selling like crazy over there. We're definitely looking to expand our international sales. I'll sell these cookies anywhere."

While some small companies may export to one or two countries, larger manufacturers may serve most of the globe. No matter where the company sends its products, Keebler makes sure it meets all local requirements. "We export to approximately 70 countries, ranging from nations in the Caribbean and Central and South America to the Middle East, parts of Europe, and parts of the Far East," says Ariagno. "Our products meet the requirements around the globe. Whether the shelf life is three months or nine months, we make sure that we meet the needs of that particular marketplace."

For the most part, American cookie bakers do not package their products differently for overseas markets. "We typically ship our standard U.S. product," says Ariagno. "We ship 20- and 40-foot containers that have 15 to 30 different items. Occasionally, an importing country needs to place some type of import stickers on the product. In most cases, importers do their own stickering at their facilities. But the customers like to see U.S. packaging. They have a curiosity and an attraction for our cookies and crackers, and our packaging is very colorful and attractive. In a country like Peru, our products really stand out. They bring something different to the cookie and cracker aisle. The consumers see that, and hopefully they're willing to try it out."

In keeping with their history as a food product that travels well and keeps for a long period, most cookies don't suffer from lack of freshness due to travel time. "Our cookies are shelf-stable and have a



Chocolate chip cookies still are a dominant favorite domestically and across the globe.

long, extended shelf life of nine months, so we have very few storage issues," says Karl Brown of SB Global Foods. "We do have to be somewhat careful in extremely hot, humid climates such as in Southeast Asia — for example, in markets such as Singapore, and the Philippines."

"We don't package our cookies differently for export; we just put them on pallets," notes John Merck of Brent and Sam's Handmade Cookies. "We ship them to San Francisco and the broker puts them in a container and ships it overseas. As for shelf life, I haven't had any problems in the last four or five years, and we don't use any preservatives."

The cookie business is not affected by the seasons as much as other food industries, so prices and availability for cookies don't fluctuate as regularly as they do for some other food products. "Prices can change at any given time, but that's not based on the seasons," says David Ariagno of Keebler Company. "When we set the price, it's based on what it costs to make the product. As long as that doesn't change, there's no need to adjust those prices. But if the cost to produce the products is changing to a point where we need to adjust our price, then we will change it."

Overseas Trade Challenges

While cookies have a long shelf life, exporters face other challenges. Earthly Endeavors has worked through an export company, and Margaret Watson believes that's very important for small businesses entering the export market. "On one shipment we did, we spent I don't know

how many days trying to research just the shipping aspects — that amazed me," she says. "It's not easy for a small, independent company to handle those issues. Because you can't know all the regulations and all the requirements you have to meet in going into these different countries, it almost has to be a middle-man business. If an overseas distributor came to the United States to buy and was aware of the rules in his country, that could be a very big help."

Karl Brown of SB Global Foods says that many factors affect the cookie exporting business. "One issue is the fluctuation of the exchange rates," he explains. "Our competitive advantage has been compromised to an extent by the strength of the dollar during the past few months. But at the same time, we have seen dramatic decreases in shipping costs. Some of the loss in competitiveness because of the exchange rate has been offset by lower shipping costs. Export container prices for food products leaving from the United States are at historically low levels."

Standing Out on the Cookie Shelf

A key to success in international markets is making U.S. cookies attractive to overseas consumers. "The primary challenge that American companies have is differentiating our cookie products from those that are available either locally or within the same region as the importer," explains Brown. "An importer looking at our product has to be able to identify some points of differentiation that will make his sales easier and allow him to

import and sell a reasonable volume."

There are several ways to make products stand out, but in the cookie export business, pricing typically isn't a good option. "Competing on price as an American company is very difficult to do," Brown says. "No matter where you are or what region you're in, somebody's going to make it cheaper. Also, the local governments often have tariffs and import taxes that will place your price above local products. You need to be able to obtain a higher price point at retail because by the time shipping and import taxes get paid, and the retailers and importers put on their margins, it's going to be expensive."

Another approach is to offer upscale packaging that conveys a level of value-added that justifies the higher price. "Packaging is probably the easiest way for us to compete, because by nature American packaging tends to be quite strong," Brown says. "Another option is to compete on product ingenuity — offering a cookie product that isn't normally manufactured or available in that market, yet is considered exciting, novel, and interesting. In the cookie business, that's difficult, because cookies have been around so long that a lot of the tricks of the trade have been established. It's a difficult challenge to come up with a new and unique cookie product."

Merchandising and Promotion

Instead of focusing on unique cookie products, many importers have found success by capitalizing on the packaging and promotional opportunities offered by American cookie makers. "Many of our overseas customers try to have the cookie and cracker shelf of Keebler products in their respective region look just like the cookie and cracker shelf we have in the United States," says David Ariagno of Keebler Company. "Getting the same exact amount of shelf space can be difficult, but the goal is to try to build the same type of success we have in the United States in their respective markets, and to market and build image and reputation around our Ernie Keebler symbol."

Keebler has an advertising and promotion program for all of its customers, Ariagno notes. "We have a very close relationship with our buyers, and we like to invest in them by supporting them with advertising dollars to encourage sales



International buyers can count on U.S. cookie makers for quality, packaging and promotion.

of the brand in that particular region. We do have funds available for advertising, promotion and sampling of the product in each particular marketplace."

SB Global Foods offers many different merchandising options to overseas buyers of its American Cookie Boy brand. "We can meet the specific requirements of their particular market and customer base," says Karl Brown.

"If their market is small kiosks, we can put 10 bags in a small container for them. If their market is a large hypermarket, we can pack 72 bags into a larger carton and offer a lower per-unit cost, because we don't have to handle it as much. If they want the products on a hanging clip-strip, we can do that. We integrate that into our pricing. If our customers can take a more bare-bones merchandising package, we can offer the product at a substantially lower price, because we don't have as much handling and we're not using as much outside container and carton packaging. But if a buyer is looking for upscale markets and wants upscale display cases and countertop displays, we can accommodate that as well."

Government Assistance

The United States and many state governments offer a variety of programs that

can help both American exporters and their customers in other nations. For instance, the Market Access Program offered through the Foreign Agricultural Service of the United States Department of Agriculture helps U.S. exporters with consumer promotions, market research, technical assistance, and trade servicing. Agricultural trade organizations, cooperatives, state departments of agriculture, and small businesses may submit applications for participation. "We take advantage of the Market Access Program, which is designed to support U.S. exports of food products and the promotion of those products," says Brown. "We try to focus on key markets and access those funds, together with some of our own marketing support programs, to put together support for our American Cookie Boy brand."

In addition, trade inquiries sent to overseas offices of the Foreign Agricultural Service are transmitted electronically to the United States and made available to U.S. exporters daily through the Foreign Agricultural Service home page on the Internet and the Department of Commerce's Electronic Bulletin Board.

The Price of Sweet Success

American cookies have found strong markets in many other countries. However, notes Brown of SB Global Foods, sometimes a strong American presence can increase competition from other nations. "In a number of countries, American cookie products have had a good level of success," he explains. "Because of that, I have seen an increase in copycat products that are manufactured overseas and are trying to be positioned as American cookies. We've seen cookies that are manufactured in France, Germany or Saudi Arabia with red, white, and blue Yankee-doodle-dandy packaging, clearly trying to position themselves as if they were a product imported from the United States. Ultimately, I think that speaks well of the growing perception of American-made cookies and biscuits as being high-quality and worth a premium." ★

For more information on American Cookies

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