



Uncharted TREAT TERRITORIES

GO GLUTEN-FREE AND WATCH PROFITS SOAR

BY PATRICIA MCCARTNEY

Now known to be more prevalent than previously realized, celiac disease (CD) and gluten intolerance, among many other common food allergies, are finally getting the recognition they're due.

According to the Celiac Disease Foundation, an auto-immune disease is a multi-symptom, multi-system disorder that is activated by eating gluten, the proteins found in wheat, rye and barley. Since the symptoms can almost always be mistaken for other common ailments, it can go undiagnosed for years. The foundation estimates that nearly 97 percent of people with the disease go undiagnosed.

Many sources, ranging from medical research and celiac support organizations, cite the occurrence of CD in the U.S. population at 1 in 133 people or 3 million. This does not include the many other millions of Americans that suffer from gluten intolerance or other severe food allergies. Once diagnosed with CD, those with the condition must follow a strict gluten-free (GF) diet for the rest of their lives, which is the only treatment currently known to relieve the symptoms of the disease.

What, you may ask, does this have to do with your business? Everything. "This is the fastest growing segment of the food industry because more and more people are being diagnosed," says Kimberlee Ullner, founder and president of 1-2-3 Gluten Free, Inc.

It's time to consider what this celiac, gluten-intolerant and food allergy-suffering community can do to drive traffic and increase profits in your shop.

It may not seem like it is prevalent enough around you or in your customer base for you to even consider inquiring about or carrying these products, but that would be wrong.

"Wheat has been, traditionally, a staple of the American diet, and because it's so commonplace, it's hard for some to see there's a whole segment of the population that is not being served by the foodservice industry," says Chicago consumer and avid coffee drinker Debra Reschke. "If the traditional food establishments won't acknowledge the allergen-sensitive community, it'll ultimately be their loss because someone else will. If a business never offers any gluten-free products, our community can never offer it our patronage. Like others, I have a sweet tooth too, but I'm not given a choice in most coffee places."

Linda Rai, co-owner of Gluten-Free Creations, says just because your customers are not asking you for the products, doesn't mean you don't have them as customers already. She says the reason they don't ask is because they already know you don't carry any food products that meet their needs.

The addition of GF food products will also appeal to more than just your allergy-sensitive customers. Nancy Kurby, from Enjoy Life® Foods, referencing the Gluten Intolerance Group of North America, says 15 percent to 20 percent of consumers (without food sensitivities) are now seeking out GF foods just to eat healthier.

GLUTEN-FREE MIXES AND BAKED GOODS INVITES
LOYALTY FROM CONDITION-SPECIFIC CUSTOMERS.



This statistic unintentionally lends itself to the media to tout the GF needs of 3 million celiac Americans as just the next big food trend or "diet craze," following in the footsteps of the sugar-free, fat-free and low-carb diet trends like the article, "Many Misconceptions about a Gluten-Free Diet," posted on CBS11.com. It is unfortunate that this disease's diet requirements are being so easily dismissed, which also demonstrates the obvious lack

of education in the media about this condition. This then leads to the miscommunication of the facts to the public thereby negating the seriousness of the condition and its required diet. "This is not fad where people want to be gluten free, they need to be," says Ullner.

While its merits are still being debated, there are a good number of supporters for using the GF, casein-free diet with individuals and children who are autistic as well. This offers another group that can be targeted with new GF offerings in your shop.

If you need sales numbers for GF products to help convince you of the category's growth and necessity, The Nielson Company reports, from a five-year trend study, that sales of GF products sold in the United States in food/drug/mass merchandiser stores (excluding WalMart®) accounted for nearly \$2.05 billion—yes, billion—in sales during the 52 weeks ending Nov. 1, 2008. The company says this is up 18.1 percent versus the same period a year ago and up from \$1.21 billion in annual sales from 2004.

It should be noted, though, that WalMart does carry GF



TASTE, TEXTURE AND APPEARANCE OF GF PRODUCTS MATCH CONVENTIONAL BAKED GOODS.

options in various food categories.

Kurby references the research recently done by SPINS, a Chicago-based market research firm. SPINS found that conventional stores now stock more than 2,000 GF SKUs, up 8.5 percent versus the prior year and natural stores now stock more than 3,000 GF SKUs, which is up 5.2 percent versus the previous year. In a further breakdown of SPINS' most-recent research, the sales of GF baked goods, during the month of October 2008 in natural food channels, rose 3.2 percent versus the same month in 2007.

Even more impressive is the 46 percent rise in sales of GF baked goods in conventional food channels in October 2008 versus October 2007. SPINS' report demonstrates, with the rise in sales in conventional food venues, that the market for GF products is not to be ignored any longer.

Kurby also noted that when Starbucks® recently solicited business-building ideas from its customers, gluten-free and allergy-friendly products were among the top suggestions on the public forum. Whether those suggestions are eventually



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implemented are yet to be seen in any of the Starbucks cafes, but, again, we see that the public desire for them is real.

So, between the celiac community and the rest of the population seeking these products, it should be clear that offering these products in your shop, and especially being the first in your area, could only yield positive results.

Reschke, who has been practicing a GF diet for more than 10 years, says, "Honestly, I've never understood why businesses refuse to listen to an entire group of people pleading to be included in their customer base. What coffeehouse wouldn't want to offer something that a number of people can't get anywhere else?"

HERE & NOW

This is still a growing segment and there are sure to be more and more products introduced as time goes by, but already there are some great pioneer companies that are ready to assist you in beginning a gluten-free program.

There are two options for you to consider: in-store baking and cooking or premade, prepackaged food products. It is important to explore both options with equal consideration.

Preparing baked goods and other food offerings in your shop can ensure that you have the freshest products available

to your customers. However, when baking and cooking gluten-free foods, you need to be prepared to have separate space available from the area where you prepare food products that contain gluten. The concern here is cross-contamination. Even miniscule amounts of gluten, from cross-contamination, can cause people with celiac disease or a gluten sensitivity discomfort and severe reactions, says Kurby.

Don't look at this as a difficulty or inconvenience though. Once you implement the program, for which there is initial training and assistance available through the product companies and many organizations, keeping up with the program will be a piece of cake. A great resource for you to start with is the Gluten Free Certification Organization (www.gfco.org).

Once you decide to bake or cook your own gluten-free products, there is one other cross-contamination consideration and that is product displays, utensils and storage. For example, if you are offering fresh, unwrapped baked goods in both regular and gluten free in a bakery case, you will need to protect the gluten-free foods from the regular products. The best way to do this is to keep them in separate display cases. Kurby says not to forget that even separate, dedicated microwaves, toasters, ovens and the like, are all also necessary to prevent cross-contamination.

You may discover the value of offering gluten-free items

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CHOOSE GLUTEN-FREE MIXES FOR IN-STORE BAKING OR SINGLE SERVE PACKAGED GOODS THAT PREVENT CONTAMINATION.

and realize that they are just as delicious and satisfying as those containing gluten. In order to provide the best-tasting GF products, Ullner taste tests her GF offerings with both gluten eaters and GF eaters.

If you are interested in baking your own GF products, the available mixes at 1-2-3 Gluten Free are the answer to your needs. These are also peanut-free, nut-free and allergen-free mixes. Available products include: Yummy Yellow Cake mix, Devil's Food Cake, Chewy Chipless Scrumdelicious Cookie

mix, Lindsay's Lipsmackin' Roll-out & Cut Sugar Cookie mix, Meredith's Marvelous Muffin/Quick Bread mix, Delightfully Gratifying Bundt Pound Cake mix and Devilishly Decadent Brownie mix. The thing that is so great about these mixes is that you are not limited to making just what's in the box. The company provides recipes for these versatile mixes so you can create your own flavors of GF baked goods. The Sweet Goodness Pan Bar mix can be made into pumpkin, banana, zucchini and sweet potato bars or even carrot cake. The popular pound cake mixes are also available in lemon or chocolate. The key to the versatility of the mixes would be to make sure you aren't adding any of your own ingredients that would change the GF standing of the finished product. Ullner also stresses keeping GF and gluten-containing foods separate and recommends individually wrapping finished products. All of the mixes have a shelf life of more than a year and are made only in the United States. You can order through a distributor or direct for fast, nationwide shipping.

After learning the ins and outs of baking your own, you may decide that it isn't the best option for your shop, maybe you don't have the facilities for in-store baking or maybe you want to skip the baking and jump to the prepackaged products knowing that quality won't suffer just because they are prepackaged. "It's

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a simple add-on,” says Rai. “[They’re] all natural, prepackaged and without preservatives.”

We all know the benefits of offering prepackaged items for grab-and-go consumers and impulse buying, but in the instance of offering gluten-free products, it means piece of mind to celiac, gluten-sensitive and food-allergic customers that there isn’t any possibility of cross-contamination in shops offering both regular and gluten-free products. However, Rai says, if you choose to remove the packaging and place the premade baked goods in a dedicated case, you need to remember that the shelf life will be reduced.

You might be surprised that Gluten-Free Creations offers many baked goods that mirror the same gluten-containing offerings you already offer. You will find doughnuts, bagels, muffins, cookies and coffee cakes on the product list and all are available in a wide range of flavor varieties. Doughnuts can be enjoyed in plain, simply chocolate, cinnamon and sugar, spiced apple cider, chocolate pecan and more. Give customers a taste of blueberry, poppy seed, cinnamon raisin, jalapeño cheese, plain, everything and onion bagels.

The company starts new customers out without any minimums because they want to you see how great they will sell and be comfortable with your order amount. All products are

shipped prepackaged and frozen. The shelf life of the products is six months in the freezer and, once defrosted, one week.

Sweet treats and snacks won’t go unrepresented either. Enjoy Life Foods offers several sweet prepackaged options for GF consumers. Among the most popular GF baked goods are the company’s soft-baked cookies available in seven varieties and its soft and chewy snack bars available in four varieties, says Kurby. The best-selling, though, are the Snickerdoodle cookies. Other products, of the sweet-tooth variety and just as enjoyable, are Enjoy Life Not Nuts!, a nut-free trail mix, and boom CHOCO boom chocolate bars, which are dairy-, nut-, soy- and gluten-free.

MARKETING, ECONOMY & EDUCATION

There are many companies around the country offering infinite amounts of information to help you learn the necessary facts and sales points of carrying these goods as well as how to market your new offerings to make the best impact in your community and in others around you.

Education and awareness are important first steps to accommodating GF and other interested consumers. “The lack of support and knowledge from grocery clerks/managers to foodservice employees/chefs is frustrating to

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say the least,” says Theresa Hawkins, a consumer from North Liberty, Iowa. “Living in a fairly progressive Iowa community, Iowa City, one would think the restaurants would be actively pursuing the many individuals with this dietary restriction. Unfortunately, it is not the case as of yet.

“I am not a regular, daily patron of coffeehouses, but I would probably make a special trip each week if it was brought to my attention that efforts were being made on the behalf of the gluten-intolerant community. I think coffeehouses are a wonderful place to begin offering gluten-free products,” she says.

“Since very few retailers are widely reaching out to gluten-free customers, it would be very easy for them to market to us,”

says Reschke of Chicago. “We’ve been begging them to market to us for years!”

Web marketing, in-store promotions, word-of-mouth and more can all be powerful tools within your reach to target the GF and allergy-sensitive communities. “Clear and prominent signage at the point of purchase is critical to capturing the attention of GF customers,” says Kurby.

Both, 1-2-3 Gluten Free and Gluten-Free Creations, offer their assistance with marketing your new GF product lines. Posters, in-store signage and marketing to frequented GF, autism, allergen-sensitive online communities, forums and other GF-dedicated organizations and Web sites are all at your fingertips in addition to your spreading the word to customers verbally.

“Within our community, a lot of the knowledge is spread by

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word-of-mouth, either literally or electronically,” Reschke says. “If a business offers a great gluten-free product, word will spread. If I find a place like that, not only will I continue to go there, but I’ll get on the Internet and write about it on gluten-free forums where people regularly post information and questions about gluten-free places.”

Another resource to explore is the Gluten-Free Restaurant Awareness Program®, a program of the Gluten Intolerance Group of North America. This program has different levels of participation to choose from, offers many educational resources and provides marketing under a “list your restaurant” section on its Web site, www.glutenfreerestaurants.org.

GlutenFree Passport® and AllergyFree Passport® maintain a global database of restaurants and products available at www.glutenfreepassport.com. Proprietary research contained in the 2008 report *Understanding Gluten and Allergen-Free Experiences Worldwide* indicate 62 percent of hospitality and food service respondents view afflicted guests as a new and profitable consumer segment.

“Once gluten and allergen-free guests feel safe and satisfied with their eating experience, more than 80 percent return, reflecting an extremely loyal and repeat customer base,” says Kim Koeller, GlutenFree Passport president and CEO.

An obvious concern crossing your mind is the cost of implementing a GF program, with your business’ strain during our current economic situation and reduced consumer spending. It is understandable, but you might want to consider a business statistic from Rai. She says that once her customers introduce her company’s products and properly market them, they have seen between 15 percent and 60 percent, or more, growth in their profits. This leads to another important point to keep in mind, which is the consumer loyalty you will be building with the GF additions to your menu. Rai says you will definitely bring in more loyal customers who are respectful and grateful that someone has gone the extra step to offer these products. GF consumers will travel further than you can imagine to businesses that are meeting their needs.

“Gluten-free and food-allergic consumers currently have limited (or no) safe food options at coffee shops and other foodservice outlets,” says Kurby. “Retailers who recognize and respond to the unique needs of this sizable market are likely to be rewarded with increased sales, positive word-of-mouth and strong loyalty from the more than 15 million Americans affected by CD and food allergies.”

Opposite this page is a list of GF baked goods companies and educational resources to begin your journey into the world of GF and allergy-sensitive consumers. SCR



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