



*We are excited that
spring is finally here*

and with the warmer weather, our thoughts turn to flavorful treats like

soft serve, milk shakes and cold brew coffee. Spring brings change in our environment as well, and KanPak is changing too, with the addition of a new, state-of-the-art aseptic bottling line. With this new line we increase our capabilities and capacity to serve our customers' diversifying and ever growing needs.

My 5 year journey within the GSF family of companies has brought me here to KanPak, and I'm excited to say it appears I could not have arrived at a more opportune time! Our Penn Yan, NY facility just won the 2018 GSF Chairman's Challenge Award for outstanding facility achievement in safety, customer service, employee satisfaction, efficiencies and innovation - an incredible feat when we look at our sister facilities within the entire GSF global family! This has provided even greater incentive for all of our KanPak team to continue to work hard creating all of the incredible treats that your customers enjoy, and we look forward to finding new opportunities to help serve your needs.

Thank you for your business and, more importantly, your confidence in trusting us to work with you to develop and manufacture your wonderful products.



Kevin Casto
President, KanPak US, a Golden State Foods Company

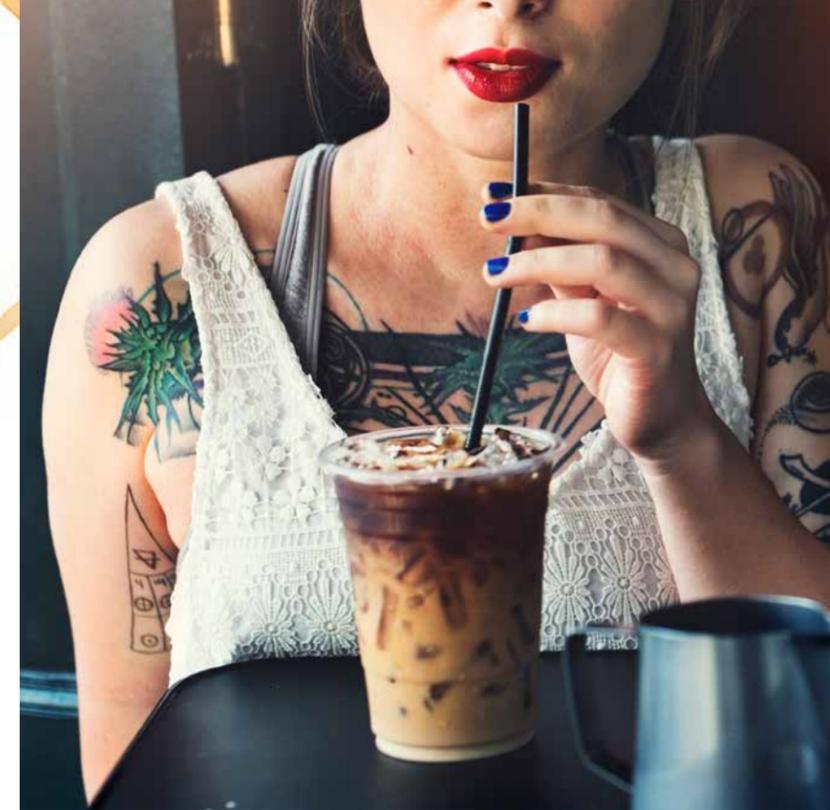
COLD BREW:

*what's hot
is cold!*



less acidic taste" and "smooth flavor without acidity" are perfect examples.

Our team recently traveled to the west coast to further explore emerging trends. While Nitro, Cold Foam and "Fog" variations are seen more frequently, we also noticed shops featuring progressive variations such as carbonated Cold Brew and Coffee Soda. New flavors are also gaining: healthy notations such as Coconut, Almond, and "Energy"; regional callouts such as Vietnamese and NOLA with chicory; and decadent flavors, like Maple Pecan, Pumpkin, and White Chocolate.



84% of consumers aged 18-34 have tried Cold Brew Coffee

Cold Brew is **undoubtedly the hottest trend** going in today's coffee segment. With menu mentions up nearly 500% in Foodservice and sales growing 53% at retail, Cold Brew has clearly made its mark. Which begs the question, why – and what's next?



Offering Cold Brew in new flavors was the reason cited most often to increase consumption



For one, Cold Brew has captured the attention of the coveted Millennial consumer. In our recent Cold Brew Coffee Insights study, we found that 84% of younger consumers had tried the beverage, significantly higher than those aged 55+. Consumers also indicated that flavor and smoothness were key attributes driving appeal.

Non-trial is most often driven by unfamiliarity: what will it taste like? To address this challenge, coffee shops highlight key Cold Brew benefits, such as smoothness and flavor. "Slow-steeped for a smooth,

We also observed the similarities between Cold Brew and specialty beer positioning. "On tap", "Cold Brew Bar", and "inspired by dark chocolate stout" callouts link the category closely with specialty brews, which may also explain the strong male appeal we found in our recent research study.

What's next remains to be seen, but we expect further growth in flavors to widen appeal, as well as an emergence of interesting descriptions to further differentiate – and explain – the category.

*Good flavor
AND smoothness
were the #1 reasons
for liking*





'GROCERANTS'

and the trends driving them



Walk into a grocery store today and you might find a sushi bar, an on-site coffee shop or even a full-service restaurant. Known as 'Grocerants', these supermarket-restaurant hybrids appeal to a population that values convenience and quality above all else.¹

Another trend driving the 'Grocerant' is the rise of the Experience Economy. Over the last 30 years, U.S. spending dedicated to experiences has increased by 70% - and nearly 80% of millennials would choose to spend money on an experience over an object. 'Dinertainment' has increased expectations around the grocery shopping experience.²

According to market research firm NPD Group, grocerants generated 2.35 billion visits in the US in the year ending June 2018, while Mintel has found that two in five consumers are more likely to shop at a store that offers an experience. Sandwich stations and coffee shops are the most appealing concepts to consumers, according to Mintel, while around one in five are interested in a full-service sit-down restaurant and 10% would like to see a bar at their local grocers.¹

nearly
80% of millennials would choose to spend money on an **EXPERIENCE** rather than an object



In the C-store space operators are also capitalizing on the trend, with Wawa, Sheetz and QuickChek all sell fresh, custom prepared sandwiches, salads and beverages. With foodservice delivery sales growing by 20% over the last five years as well,¹ retail and foodservice continue to evolve to meet the ever changing needs of today's consumer.

1. Four foodservice trends for 2019, ktchrebel.com 2. Definition and Examples of a Grocerant, thebalancesmb.com, June 06, 2018



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

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