

Hello and welcome to another episode of the IP-ODCAST presented by the Specialty Soya and Grains Alliance. My name is Shane Frederick. I am the Communications Manager for SSGA. And with me today is Dave Miller, our deputy executive and a leader of our specialty grains Action Team. Welcome to the podcast, Dave.

Dave Miller 0:26

Yeah, thanks. Thanks for having me.

Shane Frederick 0:28

You bet. Since this is started, we've spent a lot of time talking about soybeans and food grade soy. But as everyone knows, half of our name is Specialty Grains. And so today we're going to talk about the specialty grain side of things and you're our expert on that. And so what, let's start off real simply and broadly, what exactly are specialty grains, Dave?

Dave Miller 0:54

Sure. Sure. Absolutely. Well, you know, I mean, we think about most of our members or a lot of our members, they've built a lot business, selling traditional soybeans for traditional soy foods, right, tofu, natto, miso, things like that. But many of those same folks and others are involved in the segment that we call specialty grains and there's, you know, there's really no formal definition. I think if you were to look that up somewhere else, you'd get a different definition of what we have, but in reality what they really are is you know, specific grains that are sort of individually identified either the grain or the variety for a very specific ingredient purpose in a food or even feed application. You know, for example, like in making soy sauce, you need wheat and soy sauce maker might want a particular variety of wheat in order to aid their production. Or if you roll over to like the brewing and distilling side of things, a craft brewer may want a very specific variety of barley or other grain in their production that imparts a, you know, a new unique flavor or aroma or mouthfeel to their to their product. You know, what is common to Our food grade soy business, as we think about specialty grains, is really, that they share a lot of the same sort of business characteristics, in terms of, you know, these products are specified and contracted by our customers. They are, you know, they're going to our customers in a fully IP system from the farm to being containerized. Ultimately, so they're, at the end of the day, able to deliver that special characteristic or benefit to the end user.

Shane Frederick 2:31

So how would this be different than the food grade business, the specialty grain business?

Dave Miller 2:36

Sure, sure. Well, you know, for starters, we really work both in food and non-food uses, as I mentioned, you know, so in addition to the food crops, our members are focused on non-GMO feed markets as well, you know, particularly with non GMO corn and soybeans. You know, if we think about that market, it's a little bit more bulk in nature, right, in terms of how it gets delivered, but it's a growing opportunity where folks are looking for a very specific, attribute, right, and that's really driven by consumers wanting clean labels and pushing back up the supply chain on the issue of GMO. For example, Dannon, in their yogurts, they use all non-GMO feed to feed their animals that produce milk for their yogurt. Or for Hormel-owned Applegate foods, they've gone to completely non-GMO feed as part of their meat components that go into their products. You know, it's a big opportunity. Looking at some Technavio data not too long ago, if we look at that market, it appears to be growing somewhere around 8% year on year. And it's a big domestic market, but it's also really big from a foreign perspective at, you know, more than half of the business in foreign markets. And that's growing faster. So that's one spot, in terms of food versus nonfood, in our use. The other thing is that there's just a lot more crops that we get, right? You know, if we think about again about soy, I mean fundamentally it is soybean and then there are varieties that are pointed towards various crops. For us, you know, we're dealing with grains, oilseeds, pulses, ancient grains, cereals. You know, just looking at our list on the website, our members deal in more than 40 crops. And then there's obviously multiple varieties underneath each one of those.

Shane Frederick 4:30

And that's where you mentioned, you know, where you mentioned corn earlier and, and, you know, that might seem like, not necessarily specialty until you start really breaking it down. And then you have, you know, all these different varieties within corn or within other, other specialty grains.

Dave Miller 4:49

Yeah, even things like you know, like you say, like corn and wheat, right. I mean, you think about corn and everybody, I think it's fairly commoditized and they're thinking pretty quick in terms of feed corn or, you know, just a standard serve a sweet corn that's grown for consumption or canning. But a lot of our members are working in the world of like the colored corns like a blue corn that might be used for tortillas or breads or even to impart like a natural coloring as food manufacturers get away from using artificial colors and are looking for natural sources of colorants for their products or red hard wheat, which, you know, has a higher protein content. And so products like that being more interesting for an artisan baker to be making a more hearty, more rustic style of bread and say a, you know, a soft wheat being used into the Wonder breads the world and more sort of mass-produced type breads.

Shane Frederick 5:41

And from there, I mean, the possibilities in terms of what these what these produce in terms of food is endless when it comes to you mentioned baking, you mentioned brewing, obviously snack foods and distilling or other ones. I mean there's just so many end uses, right?

Dave Miller 6:01

Yeah, it's really one of the challenges for us as we think about the categories really, I think helping sort of focus on where is the biggest opportunity and how do we, you know, how do we point members towards getting some education understanding how to interact with those markets because indeed those you know, those products if you think about, you know, just in a commoditized sense, corn, wheat, you know, other cereal grains, oilseeds, pulses -- pulses, in particular with the emphasis on plant based protein in the in the short term here and then or in the more recent past -- you know, those are going into every category that you walk through the store in. And so, it really becomes a matter of helping sort of point our members towards, you know, where can they place their bets, where can they best look for new business and understanding some of these markets.

Shane Frederick 6:53

And you mentioned this, you kind of touched on this a little bit earlier in terms of what the market is, and jumping off that, but, you know, there really seems to be a strong domestic market as well as foreign market. And I know with on the soya side of things, we talk a lot about the foreign market, and we've touched a little bit on a previous podcast about the domestic market when we had Emilee Hitch from Rabbit on, but you expand on that a little bit to just that this is become, you know, again, maybe one of the challenges for SSGA and how we how we talk about specialty grains compared to the soil side of things.

Dave Miller 7:30

Yeah, absolutely. You know, if we think about, right, soy and traditional soy foods? Well, you know, I think there's a fair amount of awareness of at least tofu and a handful of the other products domestically most of that production and most of that consumption is happening overseas. There's not there's not a high household penetration rate for soy, traditional soy food products, in this country. On the other hand, specialty grains, you know, when you start to think about the products that they go into, and some of the benefits they impart, you know, there's a huge opportunity for trending categories in this country, right. Snack foods continue to grow. And, and obviously, our products play into those -- protein bars, other protein enhanced products, whether it's meat alternatives, you know, continue to grow in, in this in the domestic market as well. And all of our products or our products can fit all of those, all of those markets. Even on the brewing and the distilling style, right. There's opportunity for, you know, craft beers craft, craft distilled spirits, where our products potentially play a benefit. And again, I think it's really that opportunity where there is sort of this

connection with the categories, domestically that are maybe different than what consumers in the US have a connection for some of those traditional soy foods, right? I mean, if we think about what's driving growth in the grocery category in the States, here, tends to be small brands and it tends to be those small brands that are trading on things like clean label, locally sourced, and certainly unique health benefits or unique flavors and textures. Because at the end of the day, they need to differentiate, they need to create something new and different in order to grab that grocery store space. And a lot of our ingredients can help those folks find that uniqueness and drive a product that that helps them drive their business.

Shane Frederick 9:31

One of those things that you mentioned there is ancient grains, right? I mean, can you talk a little bit about that trend and what that's all about because I've, I'm hearing that more and more lately.

Dave Miller 9:41

Yeah, absolutely. So, you know, again, ancient grains not unlike the way we talked about specialty grains, it doesn't have a formal definition, right? You're not going to be able to go find a, you know, a USDA-approved list of ancient grains, but generally speaking, what people think about them as sort of like heritage or heirloom grains that really haven't been changed over time or bred into new hybrids, the way you know, things like typical corn and wheat or soybeans have evolved over time and been sort of built to to produce the demands of a modern agricultural system, right. And so we kind of look at the ancient grains in a couple different buckets, right? There's a lot of it that is related to the wheat category, whether that's spelt, bulgur wheat, farro, corn, emmer, you know, and a lot of those are, you know, they are wheat products at the end of the day, wheat crops that can be used for much the same purposes, but they provide you know, some different texture and some different flavor. And then you've sort of got the cereal grain side of that ancient grain with barley, teff, oats, you know, even millet and sorghum where, you know, they've got some benefits for again parting different flavors, textures, nutritional value for cereal and brewing. And then there's the -- and maybe some of the more common things that people think about -- and they're really classified as pseudo cereals. The seed crops like quinoa or amaranth or chai that are, you know, we see them a lot obviously, in just being used whole as part of, say, a salad or, you know, a recipe, you know, for a finished meal, but also seeing those more and more into chips or bars, and other snack foods or snack mixes in the grocery store as well. And again, you know, in a lot of cases, you're getting a whole food, a lot of cases, you're obviously getting enhanced nutritional benefits versus some of the mass produced grains. You know, I think they're kind of it's an interesting category in that, you know, some of these ancient grains are interesting on the production side just because they can help the grower diversify their risk by growing something different, much like some of our guys get into doing food grade soy a portion of their business. Also, there's certainly I think some of the interest being driven around what it does from a genetic diversity standpoint, crop rotation standpoint, soil health, and those things that are important to the producer, but also some consumers start to have an eye on. And then certainly for the food manufacturer and the consumer. You know, it's really these benefits around health and sensory, whether it's unique taste, the texture is obviously a lot of, you know, non-GMO sort of opportunity within this space. And then you know, just what they do from a nutritional standpoint with fiber or protein sources maybe being rich or different than what they might use in a commodity crop.

Shane Frederick 12:48

You know, let's kind of get you out on this. The, you know, SSGA you know, can you talk a little bit about what we're doing as an organization to help support the specialty grains business segment.

Dave Miller 12:59

Yeah, absolutely. So we've been, we've been working for a few months on the Action Team. I've been with the organization since February of this year. And really what we spent a lot of time doing in the first few months is doing a lot of connecting with other trade associations, trying to understand where their members could benefit from knowing SSGA and where our members could benefit from knowing their members and really trying to connect folks, you know. So SSGA, as an entity recently became a member of the whole grains Council, because well, they're focused on whole

grains very broadly. There's some of their folks that are in sort of the specialty segment and it provides a good opportunity for us to connect with them, for them potentially to support what SSGA does, and also when they're looking for sourcing obviously be able to turn and be aware of SSGA members. Same thing with a relatively artisan group called the Bread Bakers Guild. They're focused on specialty baking so instead of the Bimbos of the world that are making, you know, mass-produced breads that we that we buy in the commercial aisle, these are everything from in-store bakery to even individual bakeries or bakery groups in towns and communities all over the country. They're interested in looking for special, special grains, special varieties and the flours that come out of them. And it's a challenge for them. And so we've been able to connect with them and point them towards our membership. In addition, we're trying to drive awareness of SSGA and the specialty grains portion of that with tradeshow. We recently sat and participated in a virtual sense in a Bridge 2 Food summit all about plant proteins. And then just last week, spending some time with both the IFT the International Food Technologists trade show and the American Distillers Institute. You know, in both of those latter cases, really trying to understand how can we connect our membership with their memberships and how we can our members can benefit their members' business practices and figure out where we fit. You know, certainly as we go through the next few months, we've got a lot of trade shows, including some overseas, that we're just trying to figure out how we participate, as those are sometimes moving from being a live show to being delayed and being moved virtual. It's, you know, it's sort of the nature of the beast at the moment, but looking to get a little bit more involved in some of the overseas markets as we start to understand kind of how to work in this little more virtual world.

Shane Frederick 15:34

Well, is there anything else that you want to touch on Dave? We've, we've kind of gone through our time here.

Dave Miller 15:41

No, this has been this has been great. I've appreciated the opportunity to talk specialty grains with you and with the membership kind of at-large here.

Shane Frederick 15:49

Yeah, absolutely. It was great to have you on and appreciate it. And we'll probably have you on again in the future to talk more about this. Maybe we get a little bit more specific into, since there are so many of these specialty grains, maybe we get a chance to break it down a little bit. But yeah, check out the SSGA website. soyagrainsalliance.org where we have a specialty grains page that really breaks down what they all are and shows who some of the members are who work with these with these grains. I think it's pretty informative, right, Dave?

Dave Miller 16:21

Absolutely. Yeah.

Shane Frederick 16:23

All right. Awesome. Thanks a lot. Appreciate you being on and I'll talk to you soon.

Dave Miller 16:28

Yeah. Thank you.