

# REIMAGINE PRODUCT DEVELOPMENT

## HOW TO BE NIMBLER AND MORE RESPONSIVE

### **SPEED, AGILITY AND LONGEVITY HAVE ENABLED SOKOL CUSTOM FOOD INGREDIENTS TO THRIVE**

Elite athletes rely on experience combined with exceptional speed and agility to separate themselves from the competition. The same goes for food and beverage product development, where the same attributes that help elite athletes succeed are required to separate exceptional service providers from those with lesser capabilities. SOKOL Custom Food Ingredients, Countryside, IL, embraces experience, speed and agility to help its customers succeed in a fragmented, rapidly changing marketplace.

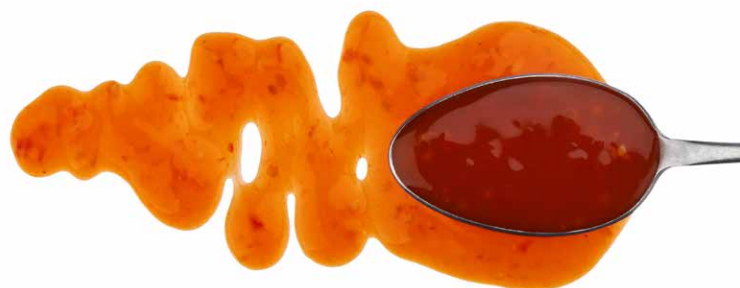
“Speed to market is critical,” said John Novak, chief executive officer. “Being at the forefront of new trends is key to capturing market share. This requires not only rapid product development but also a robust and efficient process to commercialize.”

Speed has become a central tenet of the food and beverage product development process.

Many large and mid-size manufacturers have reorganized their innovation processes to be more efficient, to be able to keep pace with smaller, more agile competitors that are able to quickly capitalize on emerging trends.

Larger companies are removing layers from their product development infrastructure that may create inefficiencies and slow speed to market. But as the layers are removed manufacturers are relying on supplier partnerships to support trend analysis, ideation and execution.

These companies also are seeking partners who will help them stay ahead of their competition. SOKOL Custom Food Ingredients is one such partner. The company manufactures sauces for a variety of applications, including bakery,





way has helped build relationships with current customers.

The company is most successful when it moves beyond the traditional co-manufacturing relationship and becomes a strategic vendor partner. The organization becomes a part of the customer's team, optimizing production processes and working to achieve long-term goals.

"SOKOL is a one stop shop," Mr. Novak said. "We will handle all aspects of product development, regulatory compliance, and procurement of ingredients and packaging. Through supply agreements we manage critical inventories of ingredients and packaging necessary to meet the lead time requirements of our customers."

SOKOL's custom pouching capabilities are a new service. The pouches are suitable for sauces, nut butters, hand sanitizers and more.

"Custom pouches afford products a wide spectrum of protection and offer significant savings for manufacturers," said Shannon Pimmel, marketing manager at SOKOL. "The flexibility of plastic, aluminum and other supportive materials means that there is no wasted space in your packaging. Reduced weight of finished products shrinks transportation costs and reduces fuel emissions. This type of industrial-scale packaging protects the shelf life of your product and increases ease of handling."

Experience is baked into SOKOL's DNA. The company was founded 125 years ago and has grown and evolved with the modern-day food and beverage industry. Company management values relationships, knows the history of the food industry, understands where it is going and knows what will be required to connect with today's consumers.

**"Being at the forefront of new trends is key to capturing market share."**  
**-John Novak, CEO**

foodservice, frozen foods, meal kits, prepared foods and more. Sauce varieties include sweet, savory and ethnic.

SOKOL develops and manufactures a range of sweet to savory sauces for the food, restaurant, bakery and retail industries. The company has the capabilities to address custom needs and specializes in flexible pouch packaging from 2 oz to 8 lbs. Finished products also are available in drums, pails, bottles, jars and cans. Product development solutions include custom packaging, custom recipe development, recipe duplication, recipe improvement and co-packing.

When a customer has a time-sensitive issue, SOKOL gathers a cross-functional team to problem solve and put solutions into action. Working this

## THE TRENDS DRIVING CHANGE

When asked about significant changes his company has seen during the past 5 to 10 years, Mr. Novak returns to the topic of speed and “developing products that meet our customers’ expectations very quickly,” he said. “As consumer preferences continue to evolve so do the products we provide.”

And consumer preferences have changed significantly. Sauce and condiment makers are offering consumers the latest flavors and more, with product developers adding a variety of attributes to their latest innovations to grow sales. Approaches taken include the incorporation of fruits and vegetables, and functional ingredients, as well as bringing formulations into alignment with a specific diet trend.

Mr. Novak said global flavors, fusion flavors, more adventurous ingredients and flavor profiles have been trending.

“Over time these get more specific and regionally focused as well,” he said. “The growth of umami

as a flavor profile, plant-based protein and much more concern over transparency of ingredients and overall health benefits of foods” are also impacting product developers.”

Umami is a specialty area for SOKOL. The company offers anchovy as part of its Savory product line. The ingredients provide savory qualities that produce flavor bursts that can differentiate products in the market. The ways anchovy products can affect the flavor system is by accentuating top notes and component flavors, improving flavor balance, providing clean brothy and meaty flavors, stabilizing the flavor system and reducing total sodium requirements, according to the company.

Better-for-you is a burgeoning attribute in the sauce category. Rising claims include plant-based, vegan, organic, keto-friendly, non-GMO, zero added sugar and made with vegetables. The efforts play into data showing one in five adults is trying to manage a health condition with their food and beverage choices, according to The NPD Group’s annual “Eating patterns in America” report. The inclusion of fruits and vegetables is particularly popular as consumer interest in plant-based eating accelerates.





The International Food Information Council Foundation's 2019 Food & Health survey showed that adding fruits and vegetables into their diet was a key goal for some consumers. When asked what was different about their diet compared to 10 years ago, the top three answers were limiting sugar intake, eating more fruits and vegetables, and eating fewer carbohydrates. In the same manner product developers have responded to consumer aversion to sugar and carbohydrates, IFIC is highlighting the addition of fruits and vegetables.

"We have customers requesting clean products, whole ingredients, and gluten-free or non-GMO formulations," Mr. Novak said. "We're also seeing a resurgence and new emphasis on 'americana' flavor profiles and return to local, while at the same time seeing a lot of global fusion and adventurous flavors.



"Additionally, our customers are more interested in functional ingredients, superfoods, or value-add foods. On the packaging side, we're seeing more portion-sized packages for snacks, meal kits, etc. all based on new ways of eating, especially amongst millennials."

## **PANDEMIC ALTERS CURRENT TRENDS**

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SOKOL's flexibility and experience has served it well since the coronavirus (COVID-19) pandemic started. The company was able to quickly pivot with its customers and the marketplace to serving the extreme level of demand that developed at retail.

"As for most companies the pandemic has created many challenges," Mr. Novak said. "Everything from depleted supply chains for ingredients, packaging shortages, and labor interruptions to name a few. This environment has also created huge shifts in product type demands particularly at the retail grocery channel.

"We began a relationship as a copacker for one of the premier specialty brands of sauces in November of 2019. Once the COVID-19 outbreak

and subsequent lockdowns occurred the volumes on these sauce products increased by 700%. Additional equipment and additional shifts were needed quickly to realize the opportunity and satisfy our customer. It was a big win for both SOKOL and our customer.”

The pandemic also has reinvigorated the center of the supermarket, a section that had seen declining sales in recent years. Frozen foods, staple products like flour and pasta, and sauces and condiments have all seen a dramatic uptick in sales for some of the industry’s largest manufacturers.

**“The two biggest factors driving change in the current market are COVID-19 ... and climate-focused dieting.”**

**-John Novak, CEO**

“The two biggest factors driving change in the current market are COVID-19, which is forcing a resurgence of home cooking, and climate-focused dieting, which is changing the way people think about protein and other ingredients,” Mr. Novak said. “This is creating a need for different sauce formulations for different at-home cooking like pressure cookers, slow cookers, and simmer sauces, as well as an increase in meal-kits and portioned out sauces. This also means more people are cooking and baking at home, which means our legacy brands, like Solo are seeing a resurgence.

“Even before COVID, but especially now, consumers are much more concerned with health and ingredient transparency, which is why our Jim Beam Sauces were all formulated to be gluten free and non-GMO with clean ingredients.



“As far as the second factor, due to an increase in ‘flexitarian’ dieting, we’re also exploring a lot of sauce options for plant-based proteins and sourcing new trending climate-friendly ingredients.”

The focus on the environment is trending. Products carrying a sustainability claim have continued growing during the COVID-19 pandemic, capturing a 17% market share during the first half of 2020, according to research from Information Resources, Inc., Chicago, and the NYU Stern Center for Sustainable Business. More than half of consumers said they are buying more or as much organic products as they did prior to COVID-19, and 7 in 10 said they are buying more or as much eco-friendly products.

Going forward, Mr. Novak predicts flexitarian products, plant-based/animal-based blends and more creativity around global flavors will continue to trend.

“The current environment is driving many new products into the retail channel,” Mr. Novak said. “Stay at home has created new opportunities for our customers branded products. Consumers at home are looking for easy to use, cleaner ingredients, while familiar legacy brands are seeing product rebirths.”



## QUALITY IN, QUALITY OUT

SOKOL Custom Food Ingredients operates a manufacturing facility that is certified SQF 2000 Level 3 and Kosher approved. Incoming raw materials are rigorously reviewed and traced continuously throughout processing through routine sampling and testing for pH levels, viscosity, color flavor, microbial levels and sensory attributes.

The company uses SafetyChain, a food quality management software platform to ensure compliance with all applicable food safety rules. SafetyChain enables real-time notifications and analysis and streamlines the process of quality assurance and food safety in manufacturing.

# SOKOL

## CUSTOM FOOD INGREDIENTS

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