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Prepared For Fevia US Workshop

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Prepared By Green Seed USA

green seed North America

where brands grow

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Introduction to David Wilson

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University of Hull

University of Dallas

McVitie's

Keebler

Quorn

Premier Foods

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Agenda

I. GREEN SEED GROUP: WHO WE ARE

II. U.S MARKET BACKGROUND & CONSUMER TRENDS

III. THE U.S RETAIL STRUCTURE

IV. RETAILER PROFILES

V. CASE STUDIES

VI. 10 TIPS FOR SUCCESS IN U.S MARKET

VII. SIX STEPS FOR A SUCCESSFUL U.S LAUNCH

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Introduction to Green Seed Group

Green Seed Group Overview

Since we started business in 1991, we have assisted more than a thousand clients, growing brands and selling products internationally.

Today the 'Green Seed Group' services food and drink companies from around the world. We are a unique network of privately-held sales & marketing consultancies covering 20 countries across Europe, Australasia & North America.

Green Seed North America has 16 people operating from an office outside New York City with sales staff in: Massachusetts, New Jersey, Florida, Minnesota, California and Washington states.

Our core services include international business and brand strategy, market research, sales and marketing solutions.

The entire fruit is already present in the **seed.**
Tertullian

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Green Seed Services

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DISCOVER
- Conduct **Opportunity Assessment** to provide an overview of the your market in the US and assess the size of the market opportunity for products and brands.
- Provide **Route to Market Overview** to outline the US retail and supply chain structure and begin to determine what is the optimal route to market for *you*.

CREATE
- Evaluate product concept for US market based on Opportunity Assessment findings.
- Identify US based pack design agencies, if required, and brief and manage design process to establish packaging and US proposition.

PLAN
- Recommend **Market Entry Strategy** including product proposition, price, range, channel strategy. Provide detailed rollout plan including **Partner Search,** retailer recommendations, sales & profitability projections.

VALIDATE
- Conduct **Qualitative** or **Quantitative Research** to validate product proposition with US consumers and understand category need gaps and opportunities. Understand consumer usage and attitudes, shopper behavior, price elasticity, communication elements

LAUNCH
- Provide **Sales Account Management** and **Marketing Execution**. Act as in-market Sales & Marketing team to ensure smooth launch and drive ongoing growth and profitability through effective account management, trade and consumer marketing activities and business management.

TRACK
- Provide analysis of monthly/quarterly consumption and sales data for fact-based selling tools and management review.

Some of Our Clients in Green Seed USA:

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RYVITA, Aunt Bessie's, Jordans, Materne (www.materne.fr), siggi's, Tyrrells, Delacre, Quorn, Jacquet, Sharwood's, Burton's Biscuit Co, Bakkavör, dorset cereals (honest, tasty and real), Darrell Lea, Premier Foods, nairn's oatcakes, Ella's kitchen, Walkers, McVitie's, Gü, Royal Dansk, Wedgwood, Twinings, Fox's, Green & Black's Organic, Thorntons, Stateside Foods, Taylors of Harrogate, greencore, Young's, Wissotzky Tea, The Health Food Company Sanitarium, The Israel Export & International Cooperation Institute

Introduction to Heather Iafrate

Fashion Institute of Technology
State University of New York

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US Country Profile

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US Country Profile

<u>Huge market</u>

- 315 million and growing - 130 million Households – 82% urbanized
- Canada - another 33.2 million people
- 3,000 miles from Boston to Los Angeles
- Largest 5 Cities based on Population: New York N.Y., Los Angeles, CA, Chicago, IL, Houston, TX, Philadelphia, PA.
- Four time zones; Eastern, Central, Mountain and Pacific

<u>Rich market</u>

- $14.58 trillion GDP - $49k per capita ($511.53 billion, $48.1k per capita in Belgium)
- Food & beverage store sales: $534 billion to Sept 2012 - from 165,000 outlets

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US Market Demographics

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US Country Profile

People	
Age structure	• 0-14 years: 20.1% (male 31,257,108 /female 29,889,645) • 15-64 years: 67.1% (male 101,825,901 / female 102,161,823) • 65 years and over: 12.7% (male 16,263,255 / female 22,426,914) • Median age – 36.7 years
Ethnic groups	white 79.96%, black 12.85%, Asian 4.43%, Amerindian and Alaska native 0.97%, native Hawaiian and other Pacific islander 0.18%, two or more races 1.61%
Religion	Protestant 51.3%, Roman Catholic 23.9%, Mormon 1.7%, Jewish 1.7%, Muslim 0.6%, other or unspecified 2.5%, unaffiliated 12.1%, none 4%
Languages	English 82.1%, Spanish 10.7%, other Indo-European 3.8%, Asian and Pacific island 2.7%, other 0.7%

2012 Fact: Women now outnumber men in the workplace

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US Population Concentrations

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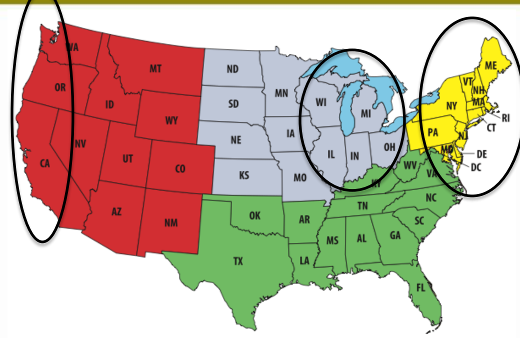
US Country Profile



#1,2 & 3 markets for Specialty food: Northeast, Midwest and West coast products due to Population, Income and Urbanization

Region	Population (millions)	Percentage of USA Population
South	117	37%
Northeast	56	18%
Midwest	69	22%
West	73	23%
Total	315	

2010 USA Census

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Impact following US Recession in '08-'09

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US Country Profile

Shoppers have migrated towards retailers with strong value for money credentials e.g. Walmart, Trader Joes

Rapid decline in casual dining / food service in favour of QSR's, retail purchases and entertaining at home

Lowering inventory levels has been a key element of improving supply chain efficiencies

Increased propensity amongst shoppers to purchase private label products

Restructuring of corporate structures to eliminate the duplication of activities and generate cost savings e.g Kroger and Supervalu

Radical new strategies have been formulated including new pricing initiatives (EDLP, BOGO, Multi-buys, couponing)

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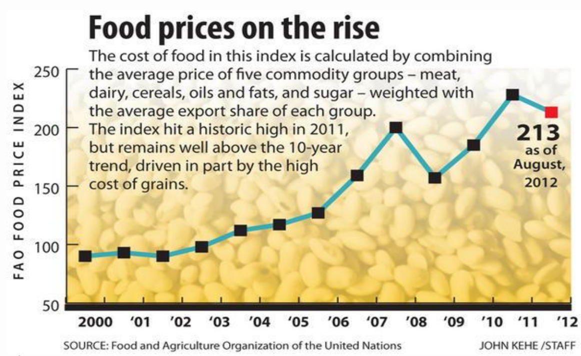
Consumer Trend: Value

Food Price Inflation

- The rising cost of fuel has driven inflation in feed, raw materials, packaging
- Increase food safety requirements have increased costs
- Higher demand for export
- All the above have factored into higher retail prices on the shelf
- Combined with recession…….



Source: Supermarket News, 2012

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So what?

- Many of the savings tactics most shoppers deployed in 2007 as the recession began are still being used today: coupons, frequent shopper cards, shopping lists, comparison shopping etc.
- Consumers are eating out less and entertaining at home
- Consumers will augment their recipes with less expensive bulk items: whole-wheat pasta, lentils, brown rice, etc.
- **Those who provide value will win**

Walmart Save money. Live better.

TRADER JOE'S

COSTCO WHOLESALE

WHOLE FOODS MARKET

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USA Key Consumer Trends

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Market Trend: Indulgence

Key Market & Consumer Trends

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Market Trend: Local Sourcing

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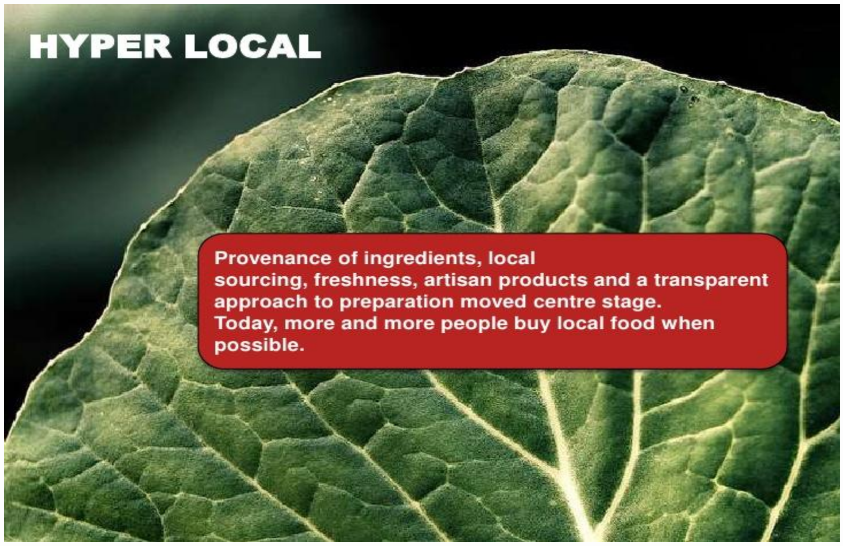

Key Market & Consumer Trends

Market Trend: Visibility & Trust

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Increased Emphasis on the 'Farm to Fork' Journey

- Concerns over food safety and animal welfare
- Consumers have become increasingly interested in knowing where their food comes from.
- Grocery retailers are embracing the "Buy Local" movement – and consumers are inspired to be apart of it.
- Whole Foods has loaned $6m to small business

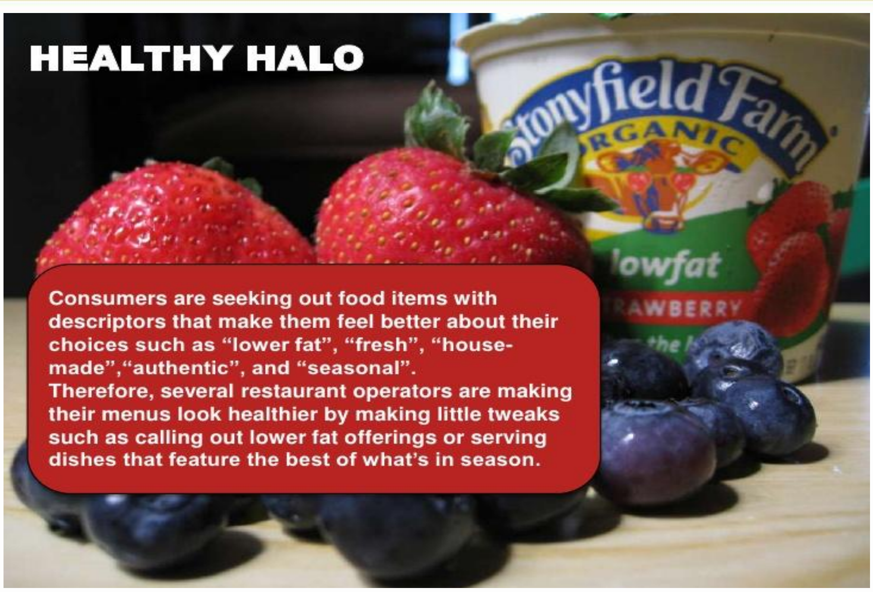
WHOLE FOODS MARKET local PRODUCER LOAN PROGRAM EST. 2006

Source: Supermarket News, 2012

Consumer Trend: Obesity

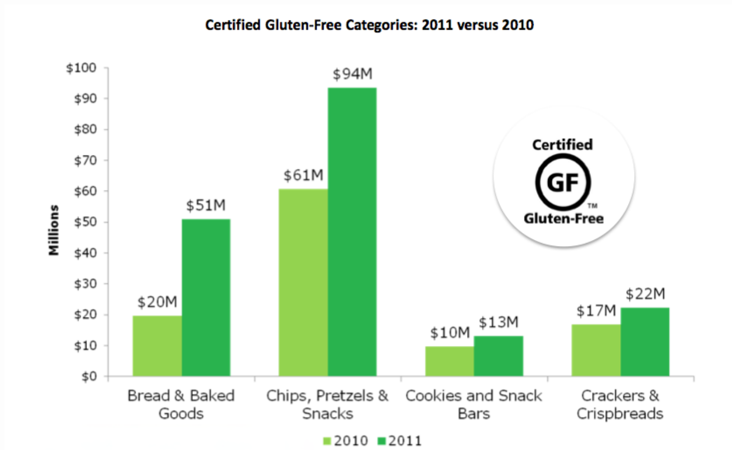
- Obesity is more prevalent in the United States than any other country, including other Western industrialized regions like the UK and Europe
- In the US: 19% of children and adolescents aged 2 to 19 years were overweight in 2012.
- 32.2% of adults suffer from obesity (that's almost 90 million)
- Another 30% of Americans are simply overweight
- Dr. Marion Nestle has deemed the obesity epidemic "astronomical, we may not be dealing with just a health problem in America – but a health emergency!"

Consumer Trend: Healthy Foods are Growing



Consumer Trend: Gluten Free

Certified Gluten Free Categories are Growing



Consumer Trend: Eating Together

Never Shop or Eat Alone Again

- The rise of blogs has set a foundation for group food experiences. *Everyone's a critic!*
- Food trucks tweet their locations and flash food raves assemble underground at midnight. It's all about the connection, conversation, and a sense of community.
- Food trucks are replacing gourmet and specialty stores as the channel to experiment and discover new food experiences – especially when it comes to ethnic foods.
- Apps like Foursquare, Living Social have shown how "group" is better than "self".

Source: Supermarket News, 2012

Food Trend: Experimental Cooking at Home

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FOOD CONSUMERS IN THE GLOBAL MARKET

EXPERIMENTAL COOKING RULES

With the rise of home cooking, food consumers are becoming more experimental. Studies show that even men have embraced time spent in the kitchen and that majorities of consumers are highly focused on eating from a diverse range of foods.

EPICUREAN DISHES ARE INSPIRING

Inspired by cooking TV shows such as Top Chef and Food Network, cooking has evolved from chore to passion pillar. 69% of all Americans identify themselves as "cooking enthusiasts".

TRADITIONAL TASTES ARE HERE TO STAY

Everyday food choices are still anchored by tradition and familiarity. America's casual diners prefer burgers and pizzas prepared traditionally, and are less likely to order ethnic variations.

Source: CMI Data, March 2011; Datamonitor's *"Experimentation: Consumer & Innovation Trends"* Report, April 2012

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U.S Retail Channel Overview

Channel	Definition	Leading Customers*
Supermarket/ Grocery	• Large self-service retail market that sells food and household goods.	➢ Kroger #2 ➢ Safeway #3 ➢ Supervalu #4 ➢ Ahold - Stop & Shop/Giant #7 ➢ Publix #8, Delhaize - Food Lion/Hannaford #9, HEB #10, Albertsons, A&P, Wegmans
Drug	• A store where prescriptions are filled and drugs and other articles are sold; pharmacy. Leaders in this channel are expanding and increasing the number of stores rapidly.	➢ Walgreens ➢ CVS ➢ Rite Aid
Mass	• A retail store that seeks to sell large quantities of goods quickly through such means as discounting, customer self-service, or unadorned display and packaging, as in a warehouse.	➢ Walmart #1 ➢ Target ➢ Kmart

*Rank by sales value

U.S Retail Structure

U.S Retail Channel Overview

Channel	Definition	Leading Customers*
Club	• Low-price retail outlets selling annual memberships to consumers and businesses. Normally in warehouse-type buildings where merchandise is displayed without frills. • Nearly 80% of sales are consumables; 75% of which are edible goods. Consumers look for every day value / treasure hunt. • Large basket ring (1.6X Grocery & Mass)	➢ Costco #5 ➢ Sam's Club #6 ➢ BJs
Natural	• A type of grocery store that primarily sells health food, organic foods, local produce, and often nutritional supplements	➢ Whole Foods ➢ Sprouts ➢ Natural Independents
Specialty Food	• A store carrying premium-priced food products that provide an added-value appeal for: quality of ingredients, sensory appeal, presentation (branding or packaging), origin.	➢ Trader Joe's ➢ Balducci's ➢ Andronico's ➢ Mollie Stones

*Rank by sales value

U.S Retail Structure

Top US Grocery Retailers

USA Fast Facts

Population	315 million
GDP/Per Capita	$49,000
Number of Supermarkets	40,000
Gross Margin (Supermarket avg.)	26%
Slotting Fee (avg. per store/item)	$50
Food Brokers	364
Food Importers/Distributors	349

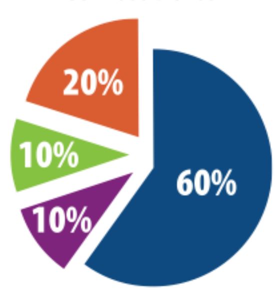
Top 20 USA Grocery Chains

	Retailer	USA Sales ($ billions)	Stores
1	Walmart SC.	200	3,100
2	Kroger	90	2,450
3	Safeway	36	1,450
4	Super Valu	36	2,350
5	Publix	28	1,054
6	Ahold USA	26	774
7	Delhaize	19	1,541
8	HEB	17	340
9	Meijer	15	200
10	Shop Rite	14	255
11	Winn Dixie	10	700
12	Giant Eagle	10	230
13	Hy Vee	7	212
14	A & P	7	336
15	Wegman's	6	79
16	Winco	5	80
17	Save Mart	5	229
18	Harris Teeter	5	206
19	Roundy's	4	158
20	Stater Brothers	4	167

US Retailer Universe

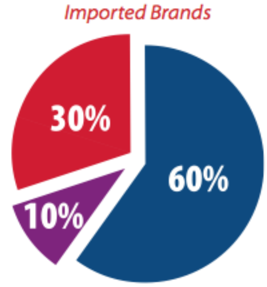
Sales By Channel: USA Brands vs. Imported

Sales By Channel
USA Food Brands



Supermarkets
Clubs
Supercenters
All Other

Sales By Channel
Imported Brands



Supermarkets
Ethnic/Gourmet
All Other

Retail Industry Trends

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U.S Retail Structure

1. **Simplified pricing being utilized to drive effective value communication**
   - *Focusing on round dollar pricing and EDLP programs*

2. **Increasing private label penetration is a priority for the majority of retailers**
   - *In an attempt improve margins, focus on private label product and quality has increased along with consumer interest.*

3. **Fresh food investment by non-traditional grocery retailers**
   - *e.g Walgreens Drug Store Neighborhood Locations; Duane Reade testing 40% fresh food concept*

4. **Low price focus is driving format development**
   - *Proliferation of Discount/Dollar stores, Supervalu “Save-A-Lot”, Aldi (private label focused) expansion*

5. **Efficiency-based measures are the focus of cost-cutting initiatives**
   - *Range rationalization to reduce inventory and drive volumes/productivity*

Source: IGD Retail Trading Analysis, Feb 2010

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Key Differences between USA & European Retail

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U.S Retail Structure

1. US has bigger supermarkets, listing more products (40k v 18k)
2. US shoppers may visit 5 to 6 different retailers each week
3. US retailers have category review schedules (1x or 2x per year)
4. Terms and conditions differ – US list price is the same
5. Expect to pay slotting fees in USA
6. Shelf compliance is a key issue in the USA
7. Need to support via coupons, loyalty Cards, BOGOF or EDLP
8. Role of importers, distributors & food brokers
9. Private Label different, lower share of trade and less premium in USA
10. Data transparency leads to fact based selling in the USA

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Routes to Market
The US Supply Chain

European Supplier/Manufacturer

Brand Ownership, Product Development

US Importer

Clears Customs/Import, Re-labels, Maintains Distributor and Broker Networks

U.S Retail Structure

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Routes to Market
The US Supply Chain

European Supplier/Manufacturer

Brand Ownership, Product Development

US Importer

Clears Customs/Import, Re-labels, Maintains Distributor and Broker Networks

Distributor

e.g. UNFI

Offers Category Management, In-store Merchandising

U.S Retail Structure

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Routes to Market
The US Supply Chain

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U.S Retail Structure

European Supplier/Manufacturer

Brand Ownership, Product Development

US Importer

Clears Customs/Import, Re-labels, Maintains Distributor and Broker Networks

Distributor

e.g. UNFI

Offers Category Management, In-store Merchandising

Broker

e.g. Advantage

Acts as Sales Force, Contacts Retail Team

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Routes to Market
The US Supply Chain

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U.S Retail Structure

European Supplier/Manufacturer

Brand Ownership, Product Development

US Importer

Clears Customs/Import, Re-labels, Maintains Distributor and Broker Networks

Distributor

e.g. UNFI

Offers Category Management, In-store Merchandising

Broker

e.g. Advantage

Acts as Sales Force, Contacts Retail Team

Retailer e.g. Whole Foods

Offers product to Consumers, Provides Feedback to Broker, Distributor and importer

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Routes to Market (2): Alternative US Supply Chain

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European Supplier/Manufacturer
Brand Ownership, Product Development

Logistics Company / Importer
Clears Customs/Import, Storage ships to Distributor Network

Sales Agent
Works for Supplier as Retail Account Manager, Maintains Distributor and Broker Networks

U.S Retail Structure

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Routes to Market (2): Alternative US Supply Chain

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European Supplier/Manufacturer
Brand Ownership, Product Development

Logistics Company / Importer
Clears Customs/Import, Storage ships to Distributor Network

Sales Agent
Works for Supplier as Retail Account Manager, Maintains Distributor and Broker Networks

Distributor
Offers Category Management, In-store Merchandising

Broker
Acts as Sales Force, Contacts Retail Team

U.S Retail Structure

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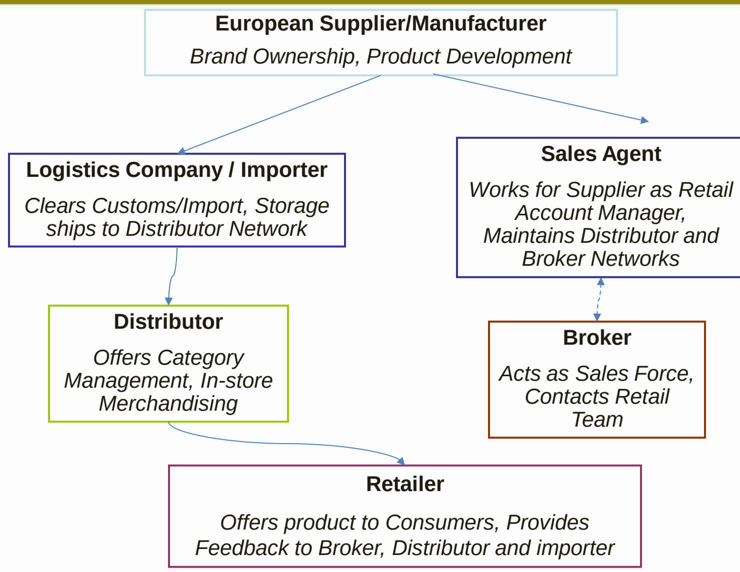
Routes to Market (2):
Alternative US Supply Chain



U.S Retail Structure

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Routes to Market:
Examples of the Key Trade Customers

	Importer	Distributor	Broker
Role	Clears Customs/Import, Re-sticker, Deliver direct Maintain Distributor and Broker Networks	Offers Category Management, In-store Merchandising	Acts as Sales Team for manufacturers. Contact Retail Team. Given the number of US retail outlets, brokers enable expanded reach.
POR	15 – 45%	8 – 35%	5 - 15% Commission and monthly retainer until sales ramp up.
Examples	➢ World Finer Foods (WFF) ➢ Liberty Richter ➢ Atalanta ➢ Source Atlantique ➢ European Imports ➢ Peter's Imports/Cheese Works	➢ UNFI ➢ Millbrook (now owned by UNFI) ➢ Kehe ➢ Tree of Life (now owned by Kehe) ➢ DPI ➢ Haddon House ➢ Pescatore ➢ Wild Edibles	➢ Advantage Sales & Marketing ➢ Acosta ➢ Crossmark
Comments	These importers have been traditionally focused more on the Specialty and Gourmet' market with Olive Oils, Pasta, Condiments & the "international sets"	These are the key distributors, although UNFI dominates, particularly in natural. The Retailer will nominate a primary and secondary distributor by category.	Consolidation amongst brokers has created 3 truly national brokerages (above), however there are many smaller regional firms.

U.S Retail Structure

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Routes to Market: Key Issues

U.S Retail Structure

Issue	Implications
• Fragmentation of retailers	Must have focused strategy
• Power of distributor	Build relations with the key ones
• Key role of brokers	Be selective and manage day to day
• Complexity of retail chains	Be patient, budget for travel
• Slotting	Build into budget and plan ahead
• Other support costs	Necessary to build into budget and plan
• Slow rate of introduction	Be patient with the distribution 'cut in'
• Slow rate of sale	Build sensible assumptions into plan
• Bureaucracy	Be ready to fill in the paperwork!
• Insurance	Be ready – 'no cover no PO'
• Deductions	Have administration and finance resource in place to handle

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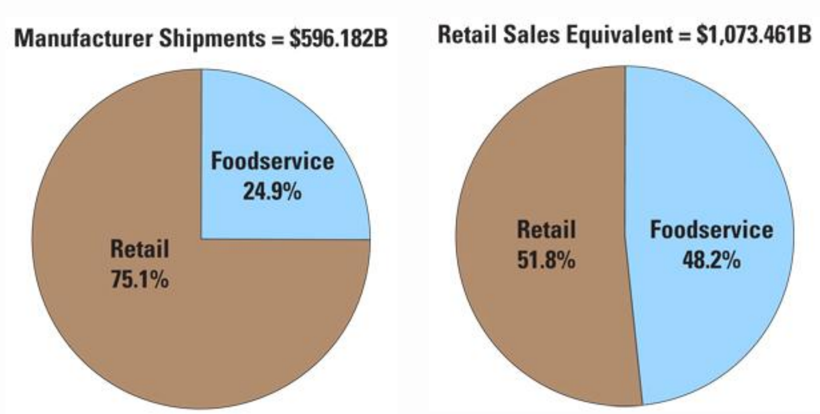
US Retailer Structure: Foodservice/Retail Share of Shipments



Source: U.S. Bureau of the Census; Technomic, Inc 2011.

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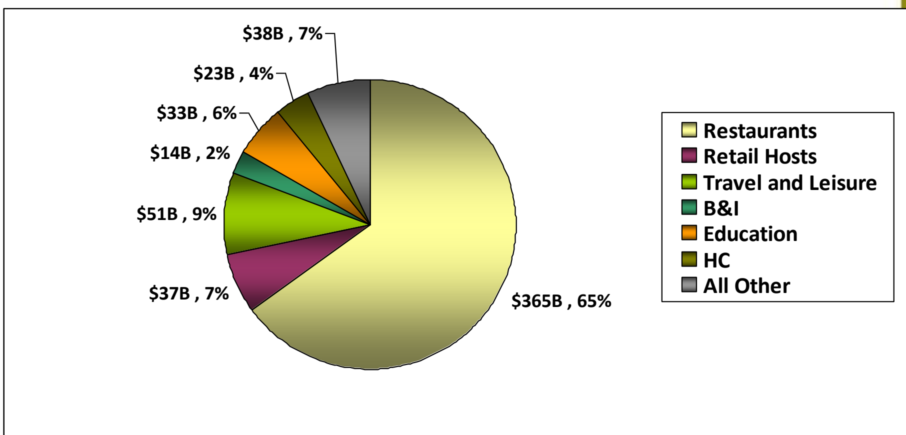
US Foodservice - Size and Segments

Total = $562 Billion Foodservice consumer sales



Source: Technomic FY 2012

Foodservice Channel Overview

Channel	Definition	Leading Outlets/Suppliers
Limited Service Re	• Establishments whose patrons order and pay before eating. Food and drink may be consumed on premises, taken out, or delivered to customers' locations. Includes quick-service, cafeterias, & buffets.	➢McDonalds ➢Subway ➢Burger King ➢Wendy's ➢Panera Bread
Full Service Rest	• Offer a relatively broad menu along with table, counter and/or booth service and a wait staff. These establishments offer meals and snacks for immediate consumption primarily on-premise; may also offer takeout.	➢Applebee's Neighborhood ➢Chili's ➢Olive Garden ➢TGI Friday's ➢Chipotle Grill
Bars & Taverns	• Establishments known as bars, taverns, night clubs, or drinking places primarily engaged in preparing and serving alcoholic beverages for immediate consumption. May also provide limited foodservice.	➢Hooters ➢Bennigan's Tavern ➢Primarily independent bars
Business Industry	• Employee feeding in offices, factories, and plants makes up the business and industry foodservice market. To a large extent this service is handled by contract feeding companies.	➢Aramark ➢Service America ➢Compass Group ➢US Foodservice ➢Sodexho ➢Sysco
Ed	• Public and private primary and secondary schools as well as colleges and universities offering meal service. Total consumption is based on school purchases and government contributions, which together compose the total dollar value of food.	
Healthcare	• Includes U.S. hospitals, offering both long-term and short-term care, public and private, as well as senior living. Included in foodservice retail sales equivalent dollars are: Patient feeding, Meals consumed by visitors and Catering	

U.S Retail Structure

Foodservice Channel
Menu composition Limited Service Segment

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U.S Retail Structure

Rank	Category	
1.	Mexican	20%
2.	Bakery/Café Bagel	18%
3.	Other Sandwich	16%
4.	Hamburger	11%
5.	Chicken	9%
6.	Specialty*	9%
7.	Pizza	7%
8.	Asian	6%

Source: National Restaurant Industry 2020 Factbook, Technomic

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Foodservice Channel
Fastest Growing Limited Service chains

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U.S Retail Structure

- **40 Percent of adults agree that purchasing meals from restaurants and take-out/delivery places makes them more productive in their day-to-day life.**

Rank	Chain Name	2011 U.S. Sales ($000)	2010 U. S. Sales ($000)	% Change
1.	Five Guys Burgers and Fries	$950,630	$716,105	32.8%
2.	Chipotle Mexican Grill	2,260,548	1,831,922	23.4
3.	Jimmy John's Gourmet Sandwich Shop	895,000*	735,000*	21.8
4.	Firehouse Subs	284,581	235,000	21.1
5.	Raising Cane's Chicken Fingers	206,301	174,608	18.2
6.	Little Caesars	1,480,000*	1,253,000*	18.1
7.	Noodles & Company	300,000	261,000	14.9
8.	Wingstop	381,660	332,612	14.7
9.	Chick-fil-A	4,050,992	3,583,000	13.1
10.	Qdoba Mexican Grill	531,000*	475,000*	11.8
	TOTAL	**$11,340,712**	**$9,597,247**	**18.2%**

Source: National Restaurant Industry 2012 Factbook, Technomic

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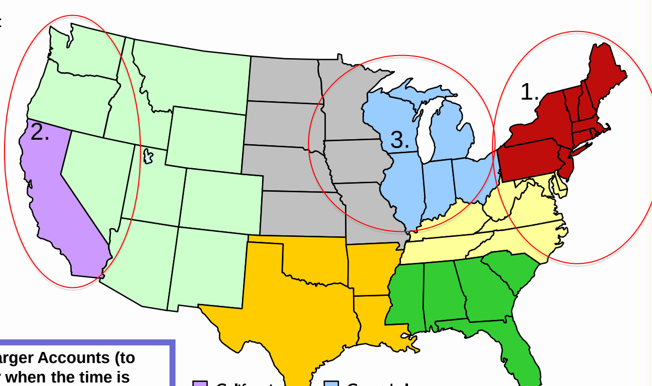
Key Regional Market Focus

U.S Retail Structure

- **Imported products often focus on a key regions based on target consumer profile:**
  - **1. Northeast, 2. California/Pacific Northwest are the most important markets and 3. Midwest**

Some Key East Retail Accounts:
- **Whole Foods**
- **Wegman's**
- **Natural independents**
- **Specialty independents**
- Kings/Balducci's
- Shaws
- Hannafords
- Stop & Shop
- A&P
- Food Emporium
- Giant Carlisle

Distributors:
- UNFI
- Kehe/Tree of Life
- Haddon House
- Steiner Foods
- Wythe Will
- C&S
- Nassau Candy
- Big Geyser



Direct Larger Accounts (to consider when the time is right):
- Harris Teeter
- Kroger
- Publix
- HEB / Central

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Morgan Stanley

MORGAN STANLEY RESEARCH
December 2010

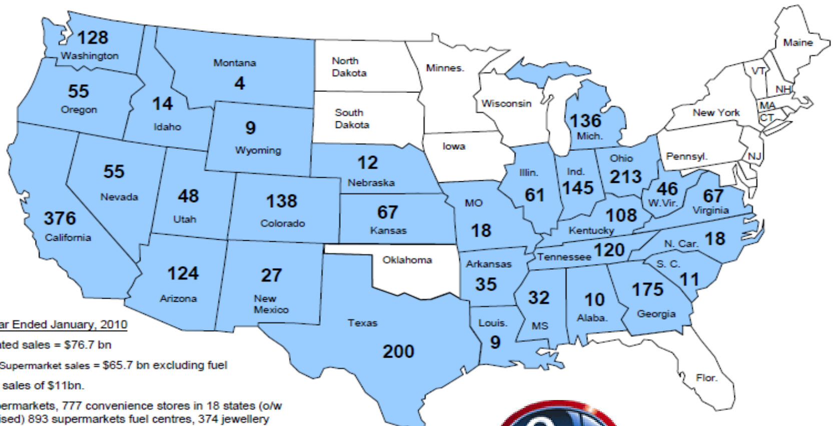
KROGER

Cincinnati, OH

Ticker: KR

Kroger is the largest traditional food retailer in the U.S. with over $76bn in annual sales. The company operates over a dozen different banners totalling 2,468 food stores in all. Kroger also has a significant convenience store (777 locations under six banners in 18 states) and jewellery store (3rd largest jewellery retailer in the U.S. with 374 locations) presence.

#2
8.8%



Fiscal Year Ended January, 2010

Consolidated sales = $76.7 bn

Of which Supermarket sales = $65.7 bn excluding fuel and other sales of $11bn.

2,468 supermarkets, 777 convenience stores in 18 states (o/w 87 franchised) 893 supermarkets fuel centres, 374 jewellery stores, 11 stores in Alaska.

Source: Kroger Fact Book 2009

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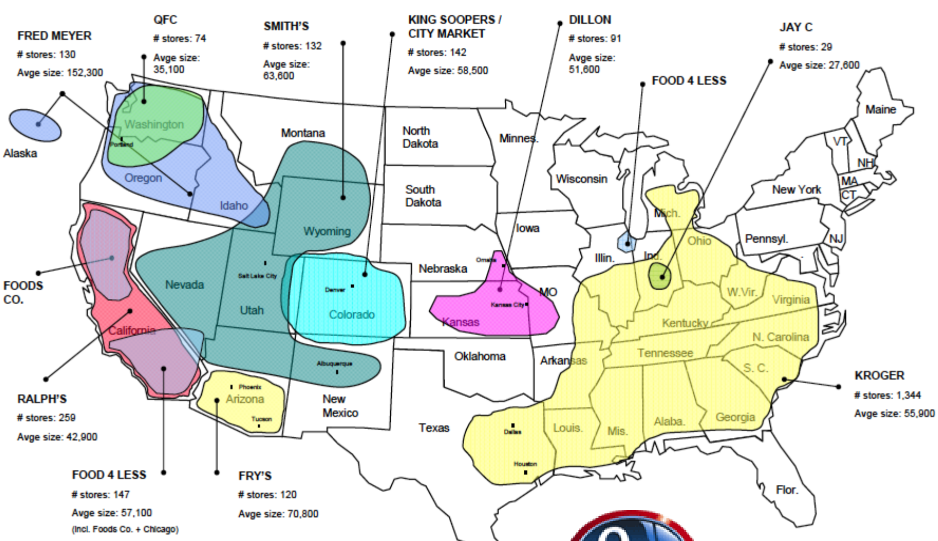
Volume Account

Morgan Stanley

MORGAN STANLEY RESEARCH
December 2010

KROGER

Store Banners



Volume Account

Morgan Stanley

MORGAN STANLEY RESEARCH
December 2010

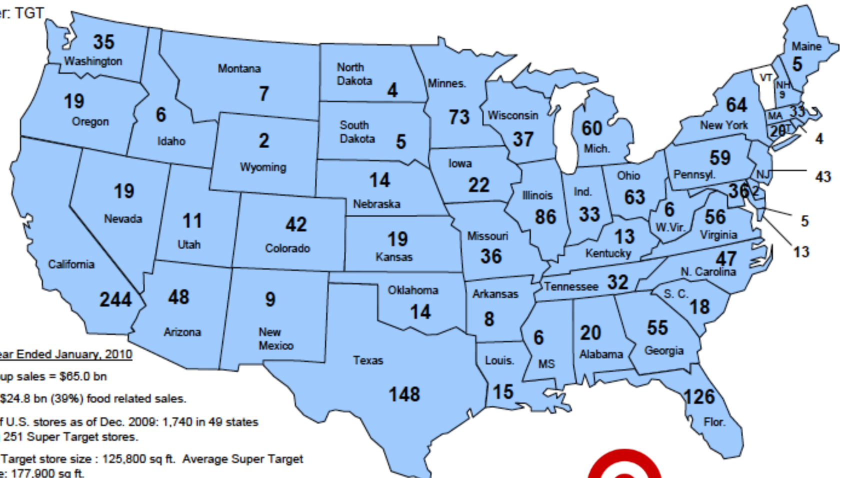
#7
3.3%

TARGET

Minneapolis, MN

Ticker: TGT

Target Corporation operates general merchandise formats, as well as a direct mail and on-line business called target.direct. In addition, the Company operates SuperTarget stores with a line of food and general merchandise items.



Fiscal Year Ended January, 2010

Total group sales = $65.0 bn

of which $24.8 bn (39%) food related sales.

Total # of U.S. stores as of Dec. 2009: 1,740 in 49 states including 251 Super Target stores.

Average Target store size : 125,800 sq ft. Average Super Target store size: 177,900 sq ft.

Map depicts the location of all 1,740 stores which includes Super Target stores also.

TARGET

Volume Account

Source: Target 2009 10-K

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December 2010

#8
3.2%

PUBLIX

Lakeland, FL

Ticker: PUSH

Publix Supermarkets operates supermarkets throughout Florida, Georgia, South Carolina, Tennessee and Alabama. It is the largest employee-owned supermarket chain in the U.S. Publix manufactures its own dairy, bakery and deli products and acts as a distributor for all of its stores.

Fiscal Year Ended December 2009

Total Sales = $24.3 bn

1014 supermarkets in 5 states

Average store size: 46,000 sq. ft.

Source: Publix Supermarkets website. As of December 2009.

Publix. WHERE SHOPPING IS A PLEASURE®

Volume Account

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December 2010

AHOLD USA

Quincy, MA

Ticker: AH

Ahold USA operates three banners: Stop & Shop, Giant Carlisle and Giant Landover. In 2009, Ahold USA recorded over $22.8bn in sales with 713 stores.

#9
3.0%

Fiscal Year Ended January 03, 2010

Total US sales = $22.8 bn

No. stores in December, 2009 (713 total)

Stop & Shop : 381
Giant Landover : 180
Giant Carlisle : 126
Martin's : 26

Source: Ahold's Annual Report, as of FY09 end.

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Volume Account

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December 2010

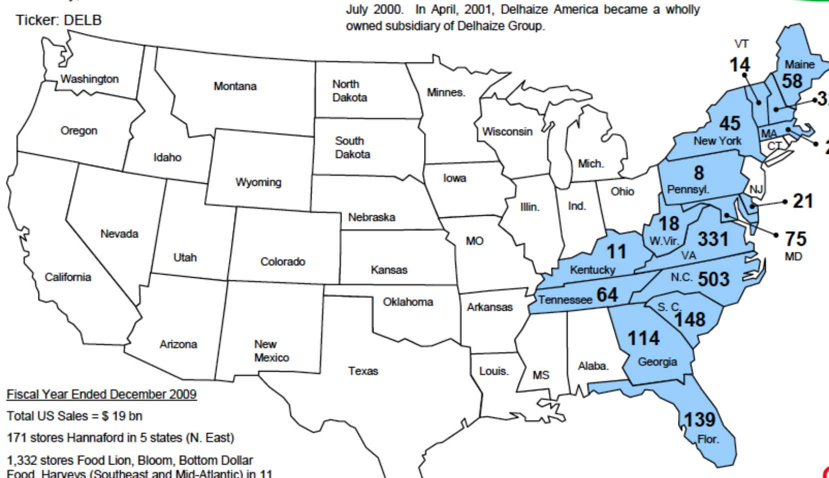
DELHAIZE AMERICA

Salisbury, NC

Ticker: DELB

Incorporated in 1957 in Salisbury, North Carolina, Food Lion reorganized as a holding company, Delhaize America, in 1999. Kash n' Karry was acquired in December 1996 and Hannaford in July 2000. In April, 2001, Delhaize America became a wholly owned subsidiary of Delhaize Group.

#10
2.5%



Fiscal Year Ended December 2009

Total US Sales = $ 19 bn

171 stores Hannaford in 5 states (N. East)

1,332 stores Food Lion, Bloom, Bottom Dollar Food, Harveys (Southeast and Mid-Atlantic) in 11 states

Store count updated as of December 2009

Source: Delhaize Annual Report 2009

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Volume Account

Morgan Stanley

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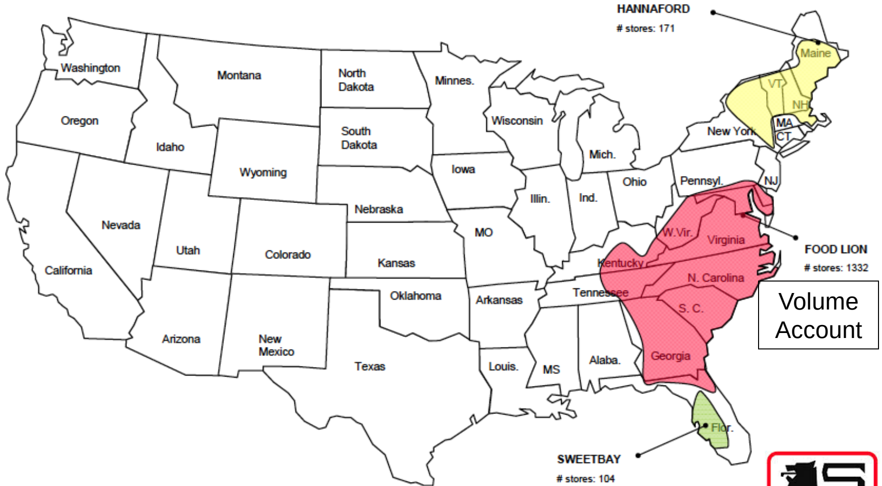
December 2010

DELHAIZE AMERICA

Salisbury, NC

Equity Account

Store Banners



Volume Account

Source: Delhaize 2009 Annual Report

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Morgan Stanley

MORGAN STANLEY RESEARCH
December 2010

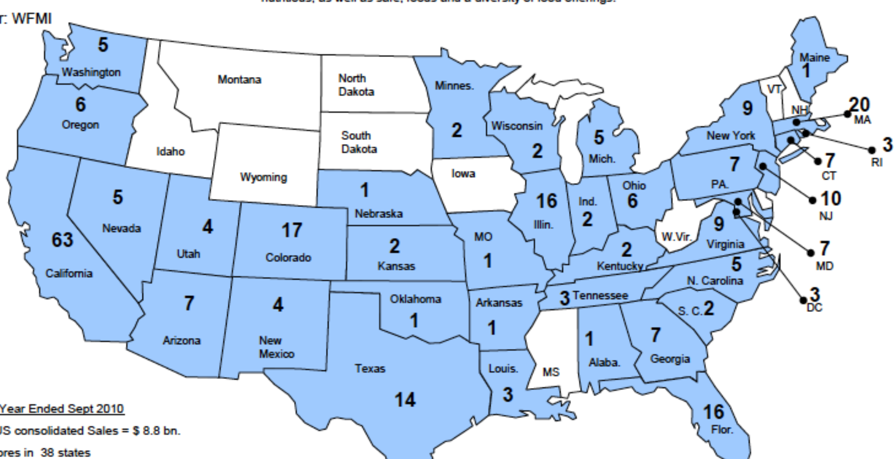
WHOLE FOODS

Austin, TX

Ticker: WFMI

Whole Foods is the country's largest specialized retailer of natural and organic foods. The specialty grocer has grown rapidly over the years, capitalizing on consumers' increasingly heath conscious demands for nutritious, as well as safe, foods and a diversity of food offerings.

#18
1.2%



Fiscal Year Ended Sept 2010

Total US consolidated Sales = $ 8.8 bn.

288 stores in 38 states

Average size 37,000 sq.ft

Map excludes 6 Canadian and 5 UK stores.

Store count updated as of September, 2010

Source: Whole Foods Market, Inc. Form 10-K

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Equity Account

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Morgan Stanley

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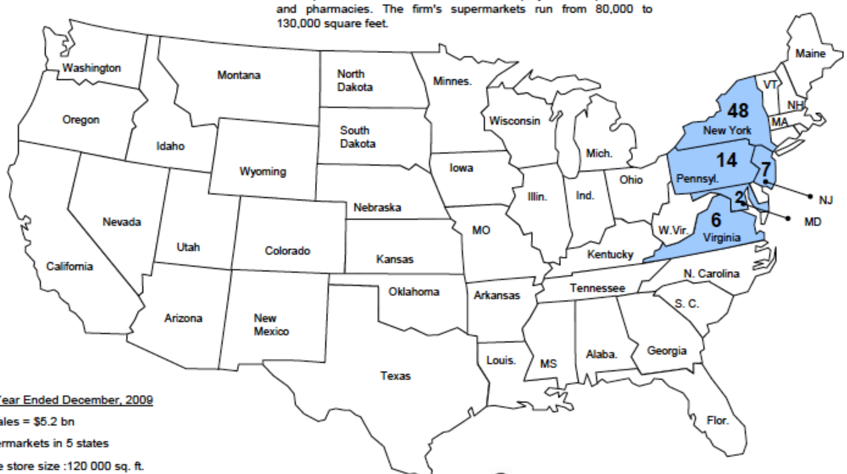
December 2010

WEGMAN'S

Rochester, NY

#26
0.7%

Wegmans Food Markets is the largest grocery store chain in the Rochester, N.Y.-area. Founded in 1916 the firm currently has 70 stores offering more than 60,000 products. Wegmans was one of the first supermarkets to introduce in-store child play centers, photo labs and pharmacies. The firm's supermarkets run from 80,000 to 130,000 square feet.



Fiscal Year Ended December, 2009

Total Sales = $5.2 bn

77 supermarkets in 5 states

Average store size :120 000 sq. ft.

Store count updated as of December, 2009

Source: Wegman's and Supermarket News

Wegmans

Equity Account

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Morgan Stanley

MORGAN STANLEY RESEARCH
December 2010

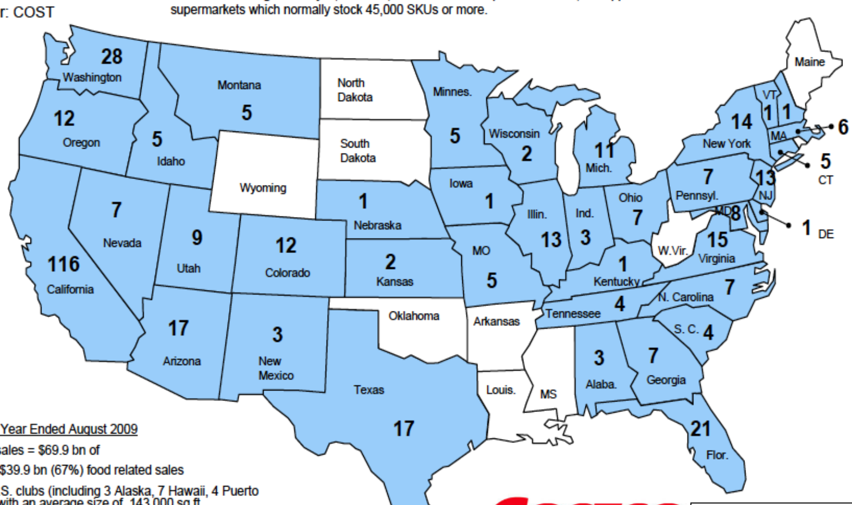
COSTCO

Issaquah, WA

Ticker: COST

#3
5.3%

Costco's merchandise selection is designed to appeal to both the business and consumer requirements of its members by offering a wide range of nationally branded and selected private label products, often in case, carton or multiple-pack quantities. The company carries an average of only 3,700 to 4,500 active SKUs per warehouse, as opposed to supermarkets which normally stock 45,000 SKUs or more.



Fiscal Year Ended August 2009

Total sales = $69.9 bn of which $39.9 bn (67%) food related sales

413 U.S. clubs (including 3 Alaska, 7 Hawaii, 4 Puerto Rico) with an average size of 143,000 sq ft.

COSTCO WHOLESALE

Volume Account

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VI. 10 TIPS FOR SUCCESS IN U.S MARKET

VII. SIX STEPS FOR A SUCCESSFUL U.S LAUNCH

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Green Seed Case Study: Materne Applesauce

Green Seed Group Overview

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Materne USA - $0m to $45m in 5 years

green seed

- **2007 : Created GoGo Squeez name and tested concept**
- **2008 : Supply chain set up & introduced to Whole Foods**
- **2009 : Started sales in premium grocery supermarkets like Wegmans & HEB**
- **2010 : Mass market seeding with Costco and Target**
- **2011 : Explored local manufacturing and Materne Inc.US team**
- **2012 : Mass expansion; Sales US$45 million ex-works**

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Dorset Cereals

green seed

- **Situation**:
  Under new ownership, Dorset re-designed their packaging in the UK which attracted international consumer interest tracked via emails. Export strategy changed from sales approach to marketing led.

- **Action**:
  Purchased comprehensive IRI & SPINS market data and a tailored sales plan targeting key US retailers, helping them re-define their marketing mix.

- **Result**:
  Within eight months of a re-launch Dorset Cereals could be found nationwide in Whole Foods. Within 18 months it was widely distributed in the natural and premium grocery channel.

Case Study

60

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Icelandic Milk & Skyr Company

green seed

Case Study

- **Situation**:
  Client had some great Icelandic yogurt recipes, but importing from Iceland was prohibitively expensive and challenging on a short shelf-life product

- **Action**:
  Undertook a partner search, identifying a dairy partner in Upstate New York, Sunrise Farms. Developed Icelandic yogurt recipe under a contract manufacturing agreement. Developed packaging to suit US consumer.

- **Result**:
  Brand has achieved $7m of sales in the US natural foods channel and is the fastest growing yogurt in America.

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Quorn Foods Inc

green seed

Case Study

- **Situation**:
  Quorn Foods UK wanted to take it's meat-free Quorn range to America, managed from North Yorkshire, with no additional recruitment

- **Action**:
  Established a six person cross-functional US project team: board level marketing led with senior logistics, purchasing, systems, product development and finance members.
  Developed an outsourced US team to execute plans.

- **Result**:
  Quorn US made it's debut in Jan 2002, & now has national US sales of over $35m

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Green & Blacks Organic Chocolate

Case Study

- **Situation**:
  In the late 90's Green & Black's started in the US with a niche Specialty importer but recognized potential of the natural channel
- **Action**:
  In 2002 at the US Natural Products trade show, G&B assembled the assumptions for a robust 3 year P&L and business plan, to gain commitment to expand their US business
- **Result**:
  Between 2003 and 2006 Green & Black's drove 90% distribution of the US natural channel and 30% distribution in premium grocery, growing the brand from <$1m of sales to >$15m in just three years.

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Tips for US Business Development Success

1. Invest in the market with brand/product support
2. Visit the market, but not too often
3. Develop plans where US partners can make money
4. Set realistic lead time & growth expectations
5. Keep your commitments & pay your bills on time
6. Focus on the priorities
7. Keep the supply chain filled
8. Present new ideas to customers & respond to local ideas
9. Share best practices and network with your exporting peers
10. Recognize achievement & say thanks!

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1. Determine if there is a market

- Who is your intended consumer?
- What is your product’s point of difference?
- Why will it appeal to American consumers?
- Are the trends in your favor?
- What might you need to adapt to meet American tastes?

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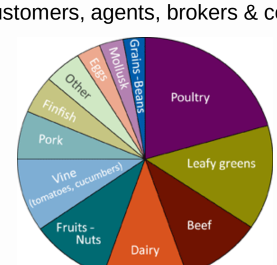
2. Determine the size of the opportunity

- Performance in international markets
- Do you get any international interest?
- Desk research: trends, category and define the competition
- Buy US research: IRI, Nielsen, SPINS data, category analysis, pricing, regional analysis, benchmark versus the competition
- Visit the market, store checks, trade shows and gather competitive intelligence, feedback from the experienced (customers, agents, brokers & consultants)



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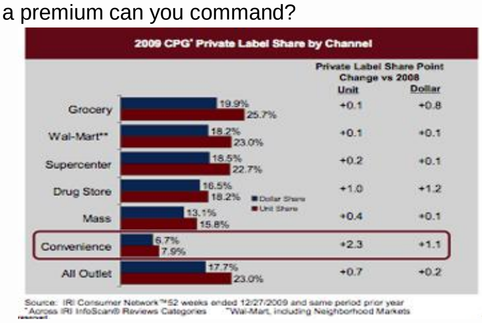
3. Establish competitive price point

- Collect competitor RSP data
- Buy IRI/SPINS data and analysis national and promotional pricing
- Decide on your “mode of entry”
- Develop “value chain” assumptions
- How much of a premium can you command?



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4. Determine route to market

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- Do you want to keep it simple, and have a small but profitable market position?
  Then find a US importer
- Can you commit time to visit US customers and build your brand in the US, for larger sales and margins?
  Then consider outsourced warehousing and sales management
- Do you think you have a brand property that could be licensed, or manufactured in the US with a partner?
  Then consider a partner search

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5. Dedicate resources for commitment

- **Do you have funds to invest in market development?**
  - Travel
  - Samples
  - Legal
  - Research
  - Product and packaging adaptations
  - Marketing printed materials
  - Website
- **Do you and your team have time to invest?**
  - Is it a business priority?

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6. Write a US entry plan and start a P&L

- **Develop realistic market entry assumptions:**
  - *RSP, Rate of Sale, Number of Stores, Time Frame for roll out*
  - *Retailer margin*
  - *Distributor margin*
  - *Importer margin (or transport, duties and storage)*
  - *Temporary Price Discounts*
  - *Slotting and Free-fill*
  - *Early pay discount*
  - *Spoilage*
  - *Trade Marketing Support (demos, adv. Allowance, POS)*
  - *Consumer Marketing Support (website, brochure, trade shows, coupons, samples)*
  - *Legal*
  - *Travel*
  - *Research*
  - *Personnel, Agents, Brokers*

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Good Luck & Thank you!

We look forward to helping you grow your business!

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