

Prepared For Fevia US Workshop

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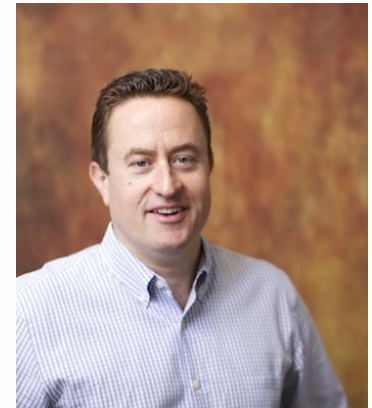
Prepared By Green Seed USA



Introduction to Neil Turpin



OXFORD
BROOKES
UNIVERSITY



- 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**



Introduction to Green Seed Group



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, Arizona 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



Some of Our Clients in Green Seed USA:



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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



US Country Profile

Huge market

- 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



Rich market

- \$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

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%

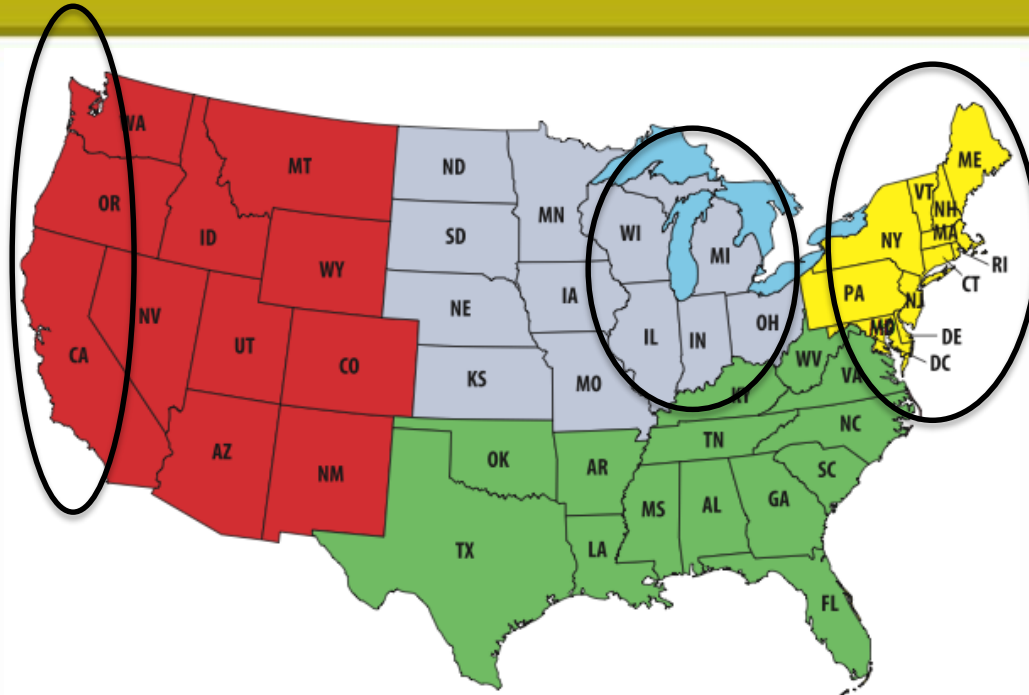
Religion

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%

US Population Concentrations



#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

Impact following US Recession

*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

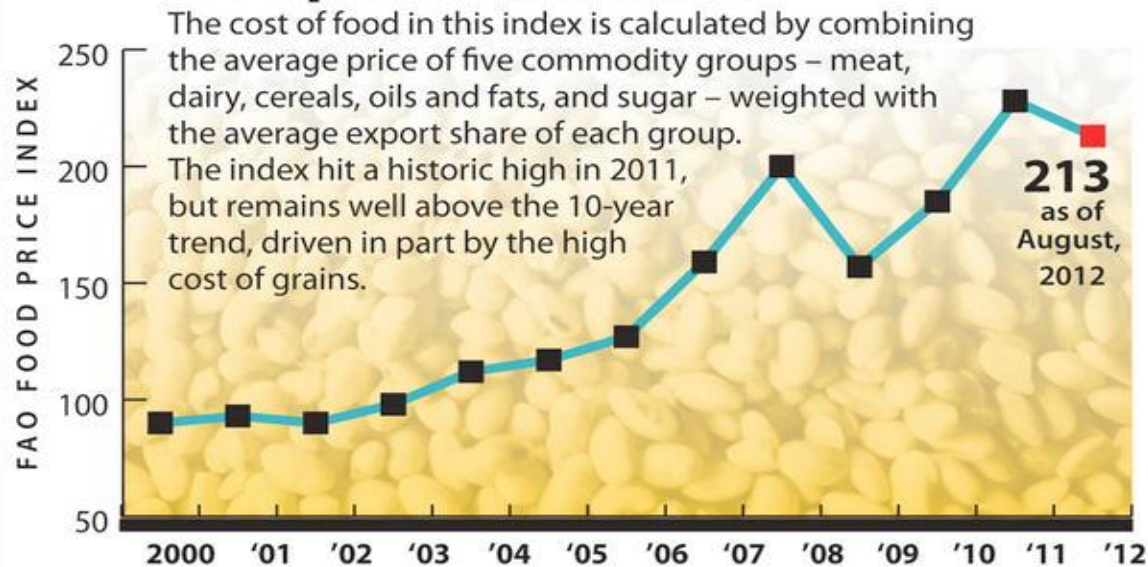
*Restructuring of corporate structures to eliminate the duplication of activities and generate cost savings
e.g Kroger and Supervalu*

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

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.....

Food prices on the rise



SOURCE: Food and Agriculture Organization of the United Nations

JOHN KEHE /STAFF

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**



USA Key Consumer Trends

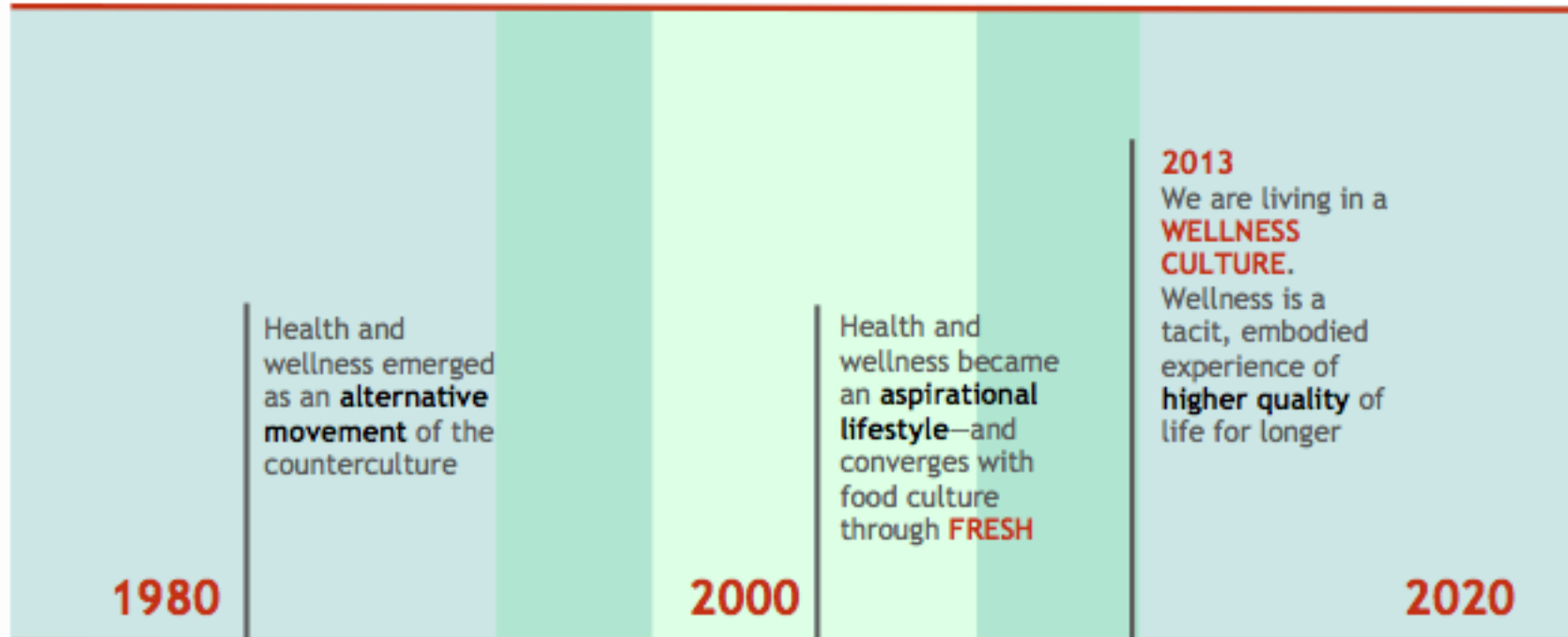
Strategic Trends Driving the Natural Products Industry

- Natural and organic foods becoming a larger portion of total food sales

1. **Consumers shifting to protein enriched foods**
2. **Active lifestyles driving growth in the snack bar category**
3. **Nut sales increasing – retailers move the category outside of candy aisle**
4. **America is in the middle of a snack epidemic**
5. **Americans reluctant to change dieting habits**
6. **Sports nutrition and chia sales experiencing gains**
7. **Emerging brands reshaping the dessert aisle**
8. **Branded products are becoming less important for household items**
9. **Ecommerce grocery sales on the rise; Wal-Mart and Target expand offering**
10. **Public markets reward high growth natural and organic stocks**

THE RISE OF FRESH

Enjoying fresh and delicious food is the dominant consumer route to health and wellness.



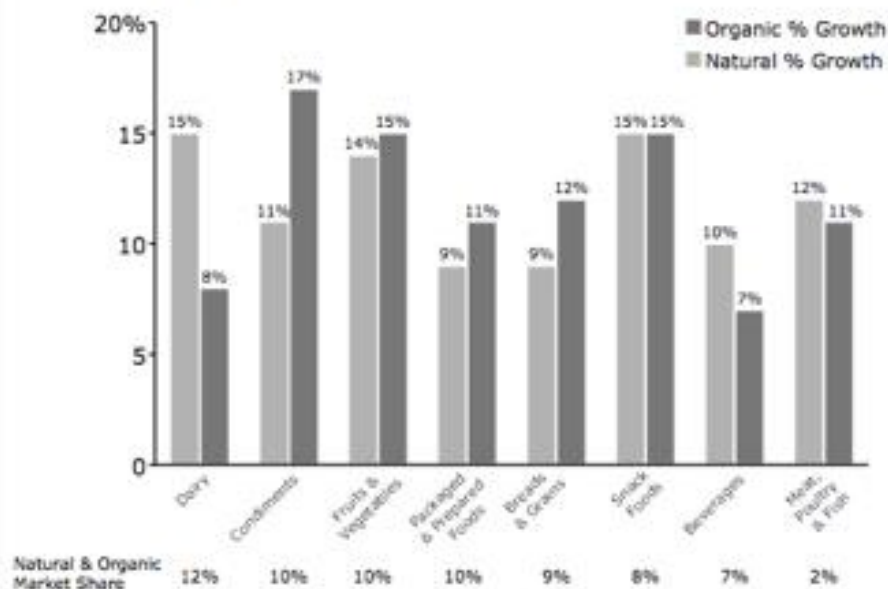
Natural & Organic Continue to Grow

Consumers Buy More Natural and Organic Products

- Public discourse over the safety of GMOs and pesticides continues to increase
- Total natural and organic market share stands at 8%; this number continues to increase as the natural and organic category grows faster than the broader food/beverage market in many segments

U.S. Natural & Organic Sales Growth and Market Share by Product Category in 2013

Source: NBJ



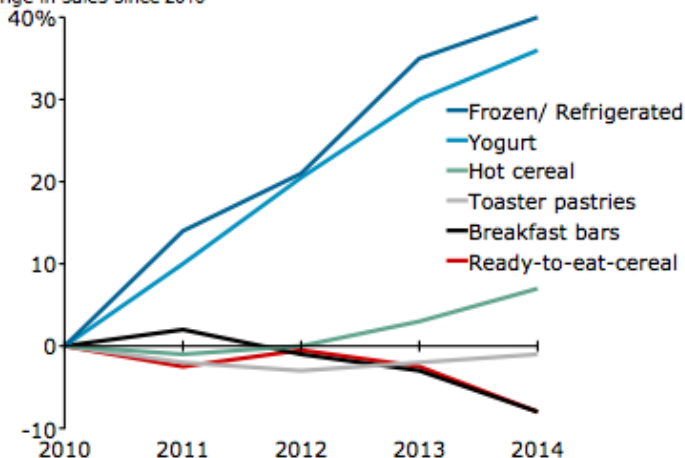
- Natural and organic dairy products lead the way with 12% market share of the total food market for its category
- All categories post very strong YoY sales growth
- Organic offerings grew 11.4% in 2013 vs. 2012 and are expected to grow at a CAGR of 14% to 2018

Consumers Shift to Protein Rich Food - Breakfast

- Protein rich breakfast foods outpace carbohydrate based competitors as societal shifts drive the time-starved nature of the morning meal
- More mothers with young children seek fast, convenient, and healthy ways to prepare breakfast: last year, 57.3% of mothers with children under the age of one were in the workforce, up from 53.7% in 2003 – highest level in 16 years
- Leading quick-serve restaurants focus on the breakfast day-part

Breakfast Battleground

Consumers' shift from carbohydrates to protein is changing the breakfast landscape. Change in sales since 2010*

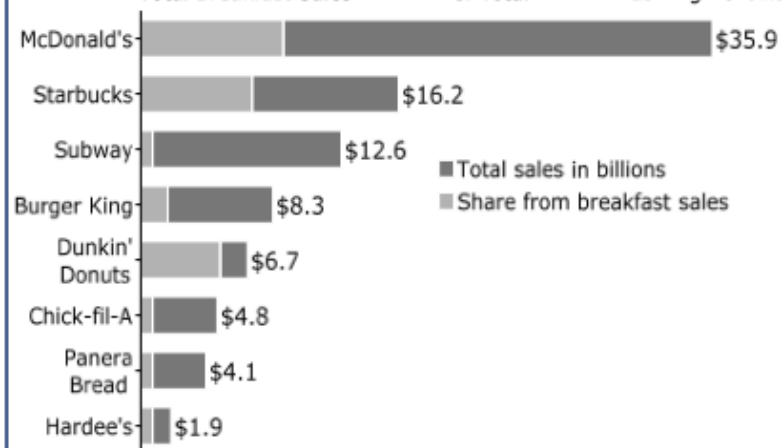


*Change in sales for the 12-month period ending in July of each year
Source: Bernstein analysis of Nielsen's data

Source: WRI

Breakfast Sales of Large Chains

Total Breakfast Sales - Portion of Total Revenue at Large Chains

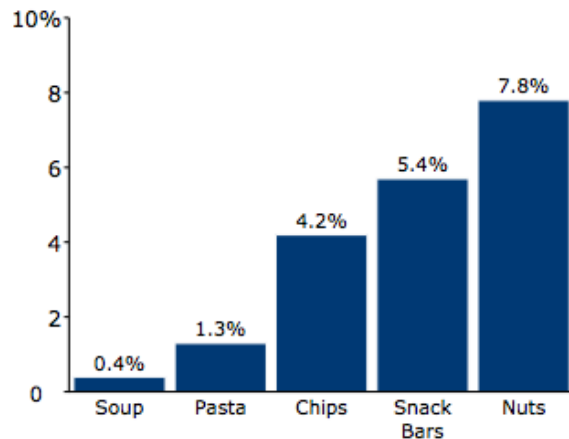


Snacking Epidemic

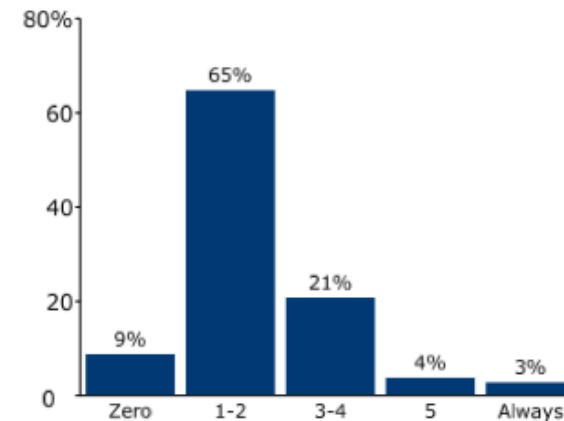
Americans Snacking More Than Ever

- In 2013, snacking accounted for 50% of American eating occasions
- In 2013, Americans skipped three meals a week and 65% of Americans decided what to eat just a half an hour before eating
- 91% of Americans snack daily, of which:
 - 25% snack three to five times a day
 - 3% are always snacking

Category Growth Rates (CAGR 2008-2013)



Survey: How Many Times do You Snack Per Day



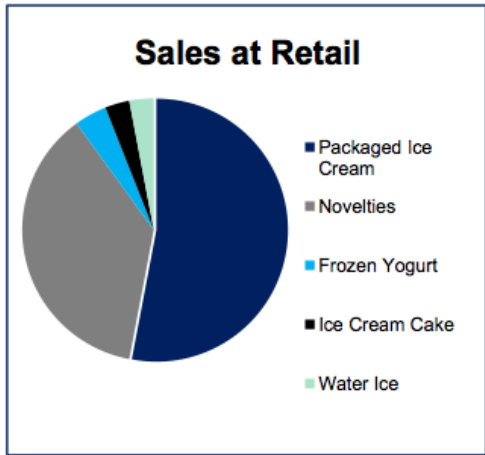
Healthy Dessert Options Growing

- Nine Out of Ten Households Regularly Purchase Frozen Desserts**
- Ice cream and frozen dessert sales reached \$2.5B in 2013, up 1% compared to 2012
 - Retail sales reached \$11B, a 1% decrease from 2012
 - Foodservice sales were \$14.6B, up 1% vs. 2013
 - Private label sales down 13% YoY

Innovative Brands at Two Ends of Health Spectrum

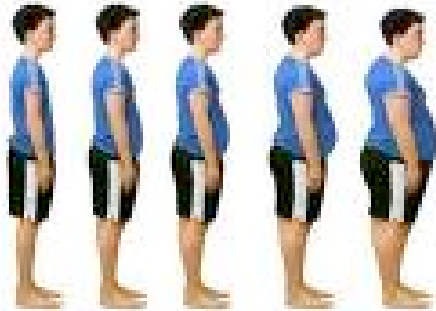
All natural, low calorie frozen Greek Yogurt

Ben & Jerry's type play, high calorie, highly indulgent



- Ice Cream Companies by Market Share**
1. Unilever
 2. Nestle
Good Food, Good Life
 3. Wells
A FAMILY COMPANY SINCE 1891
 4. Ben & Jerry's
 5. Turkey Hill

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!”

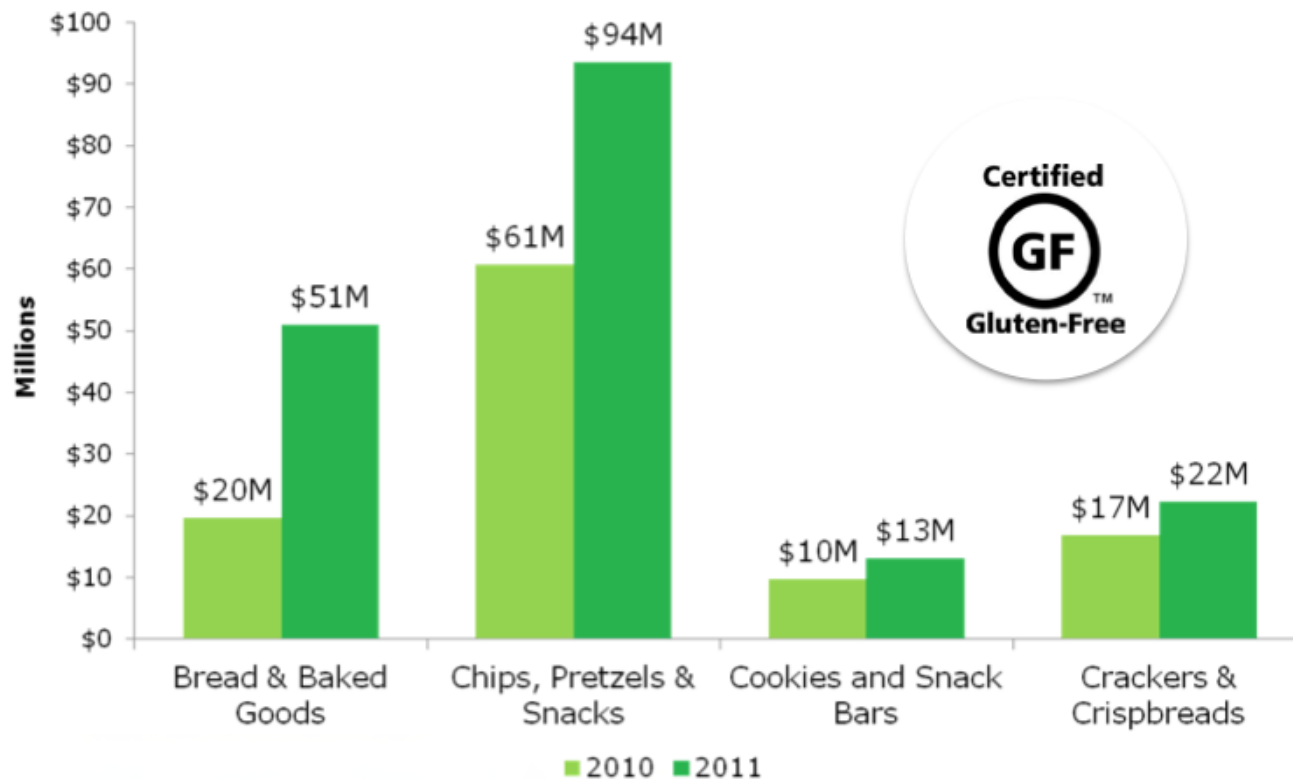
HEALTHY HALO

Consumers are seeking out food items with descriptors that make them feel better about their choices such as “lower fat”, “fresh”, “house-made”, “authentic”, and “seasonal”.

Therefore, several restaurant operators are making their menus look healthier by making little tweaks such as calling out lower fat offerings or serving dishes that feature the best of what’s in season.

Certified Gluten Free Categories are Growing




Certified Gluten-Free Categories: 2011 versus 2010



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U.S Retail Channel Overview

Channel	Definition	Leading Customers*
Supermarket/ Grocery 	<ul style="list-style-type: none"> • Large self-service retail market that sells food and household goods. 	<ul style="list-style-type: none"> ➤ 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 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ➤ Walgreens ➤ CVS ➤ Rite Aid
Mass 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> ➤ Walmart #1 ➤ Target ➤ Kmart

*Rank by sales value

U.S Retail Channel Overview



Channel	Definition	Leading Customers*
Club  	<ul style="list-style-type: none"> • 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) 	<ul style="list-style-type: none"> ➤ Costco #5 ➤ Sam's Club #6 ➤ BJs
Natural 	<ul style="list-style-type: none"> • A type of grocery store that primarily sells health food, organic foods, local produce, and often nutritional supplements 	<ul style="list-style-type: none"> ➤ Whole Foods ➤ Sprouts ➤ Natural Independents
Specialty Food 	<ul style="list-style-type: none"> • A store carrying premium-priced food products that provide an added-value appeal for: quality of ingredients, sensory appeal, presentation (branding or packaging), origin. 	<ul style="list-style-type: none"> ➤ Trader Joe's ➤ Balducci's ➤ Andronico's ➤ Mollie Stones

*Rank by sales value

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

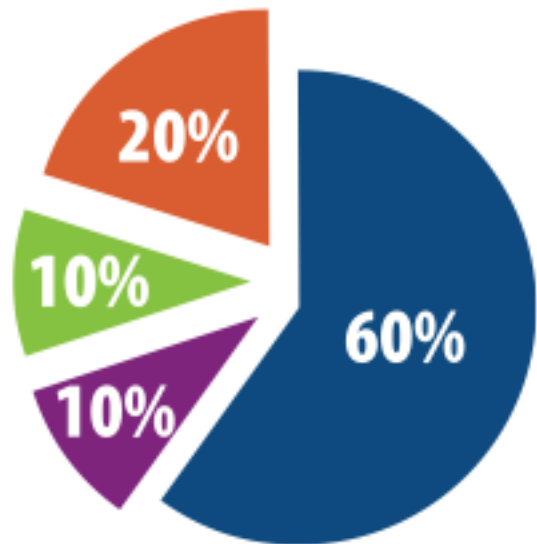


Retailer	USA Sales (\$ billions)	Stores
1 Walmart SC.	200	3,100
2 Kroger	90	2,450
3 Safeway	36	1,450
4 Super Valu	36	2,350
5 Publix	28	1,054
6 Ahold USA	26	774
7 Delhaize	19	1,541
8 HEB	17	340
9 Meijer	15	200
10 Shop Rite	14	255
11 Winn Dixie	10	700
12 Giant Eagle	10	230
13 Hy Vee	7	212
14 A & P	7	336
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

Sales By Channel: USA Brands vs. Imported

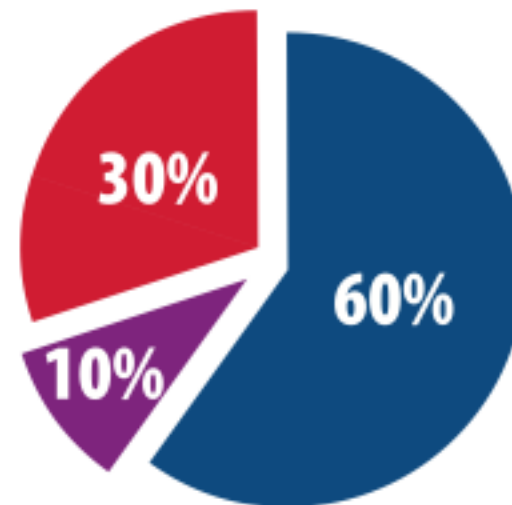
Sales By Channel

USA Food Brands



Sales By Channel

Imported Brands



Retail Industry Trends

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

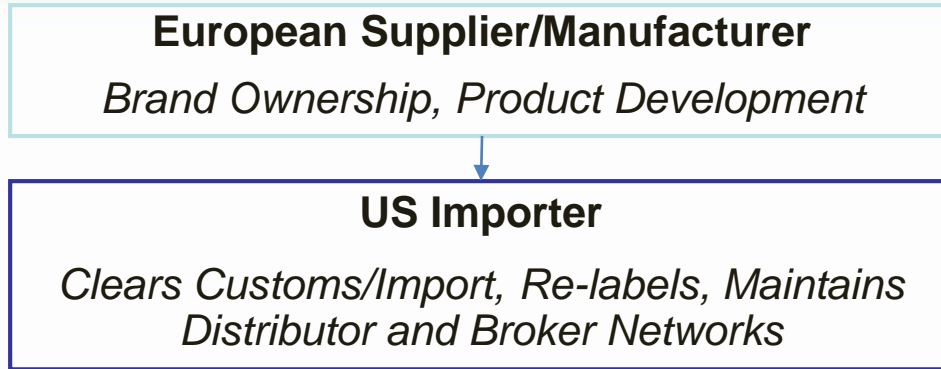
- *Range rationalization to reduce inventory and drive volumes/productivity*

Key Differences between USA & European Retail

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

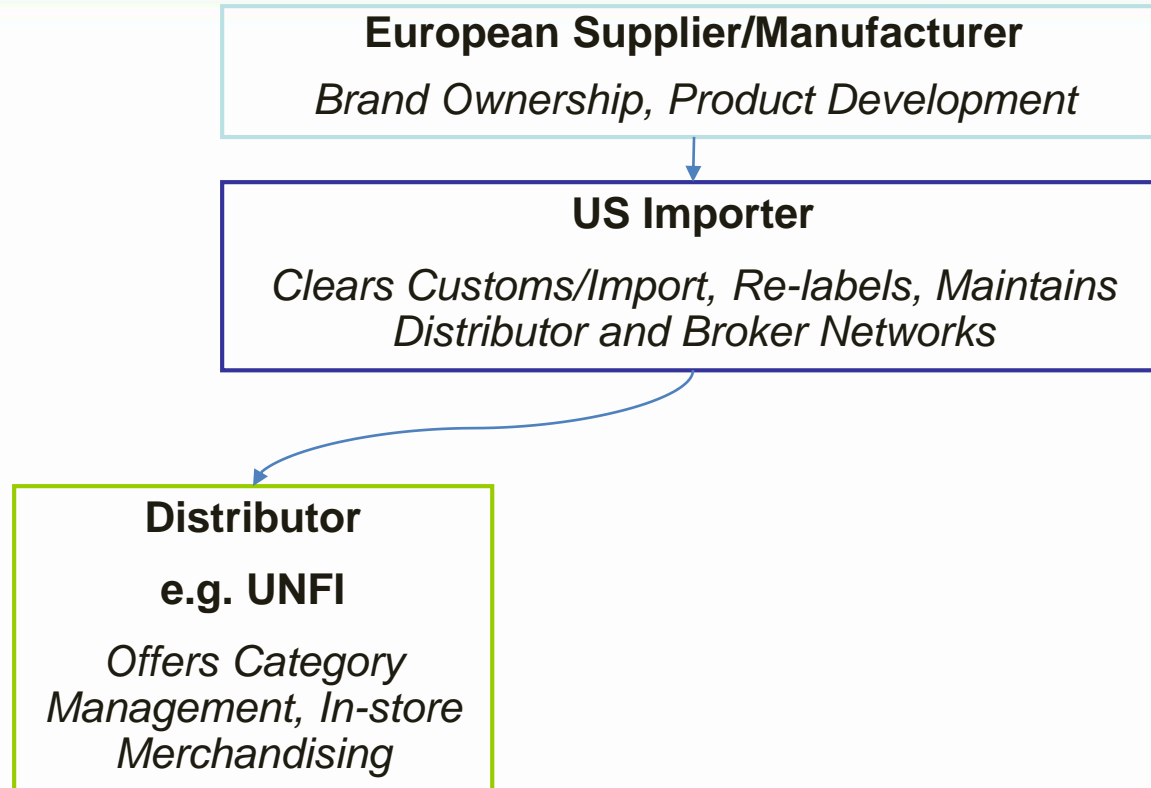
Routes to Market

The US Supply Chain



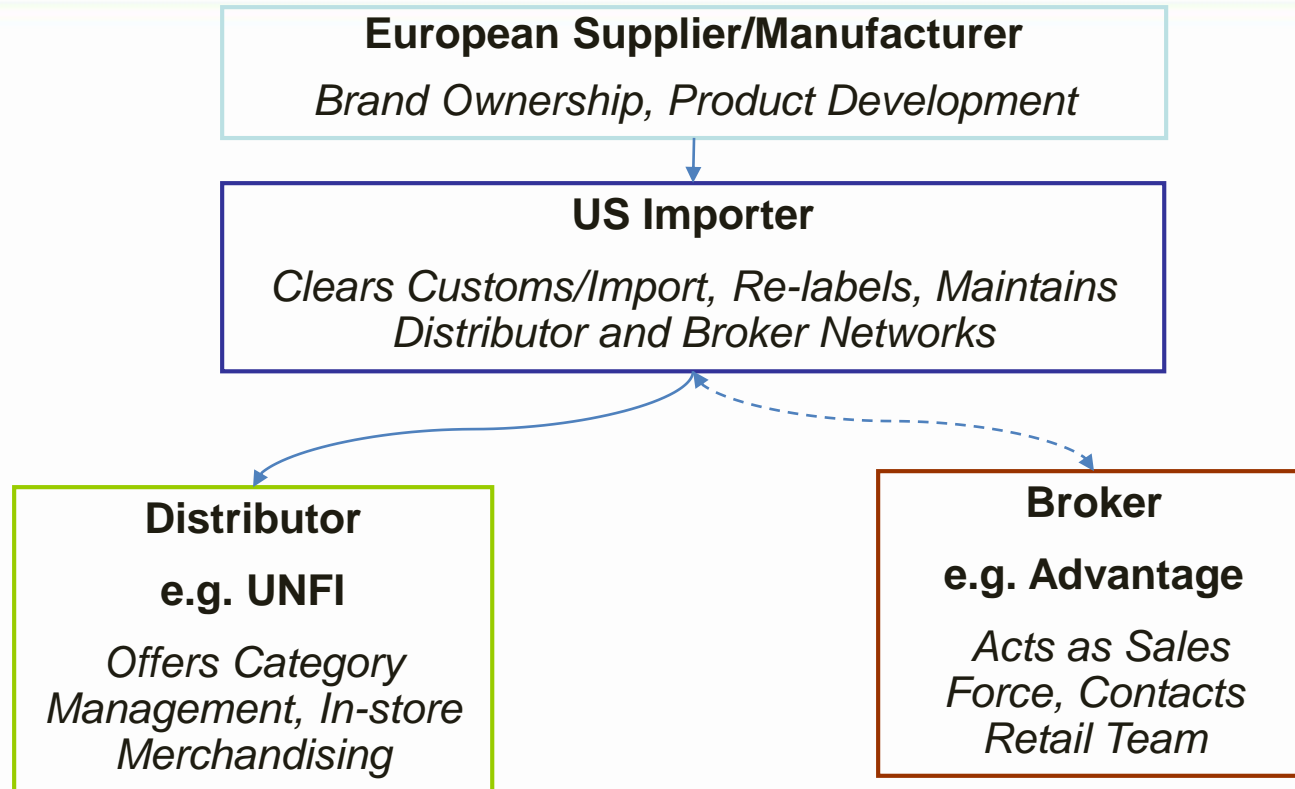
Routes to Market

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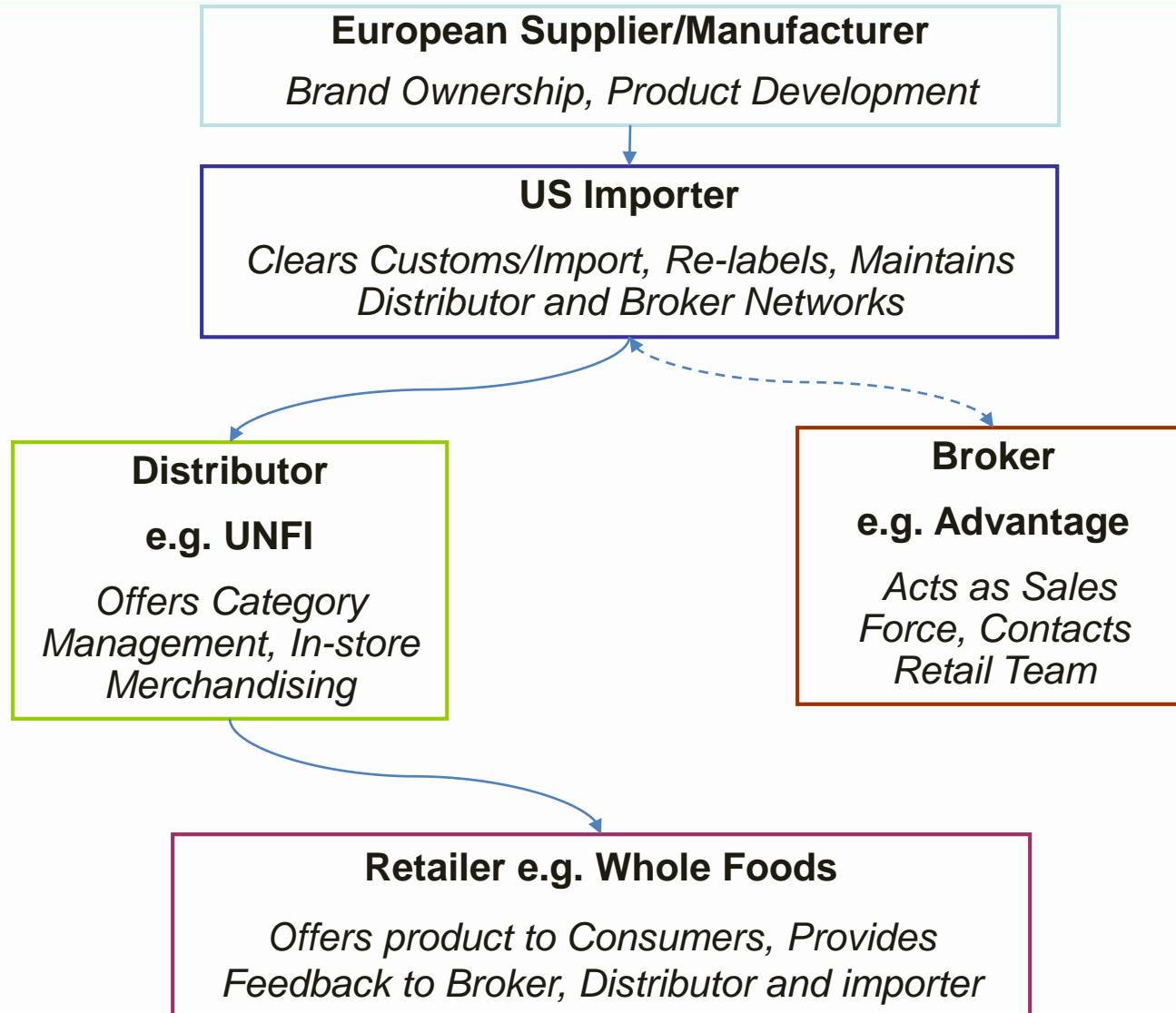
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The US Supply Chain

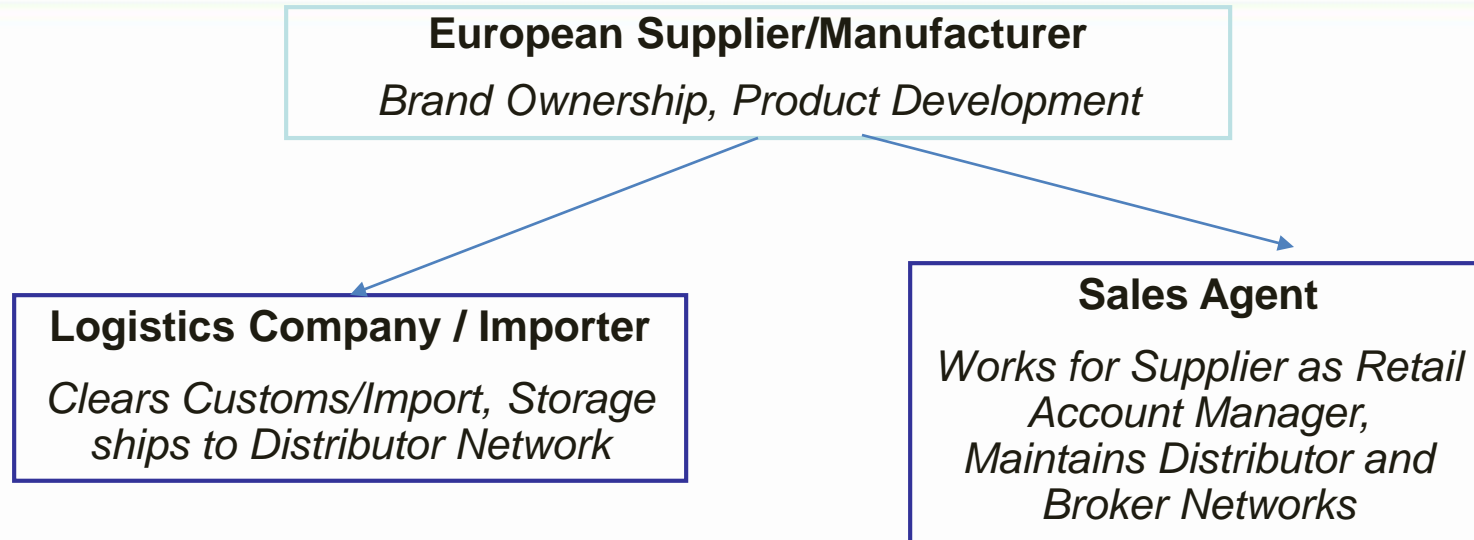


Routes to Market

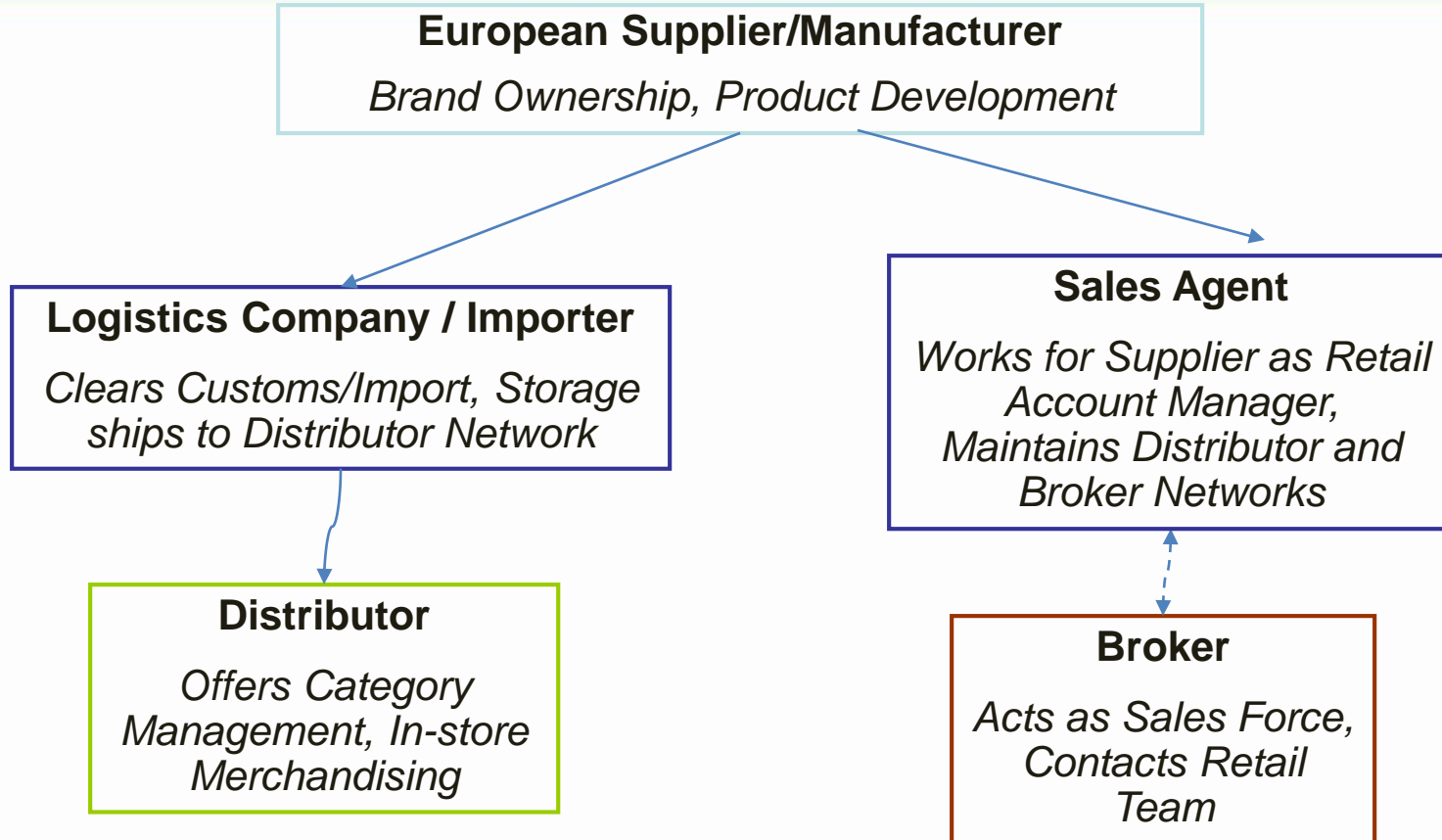
The US Supply Chain



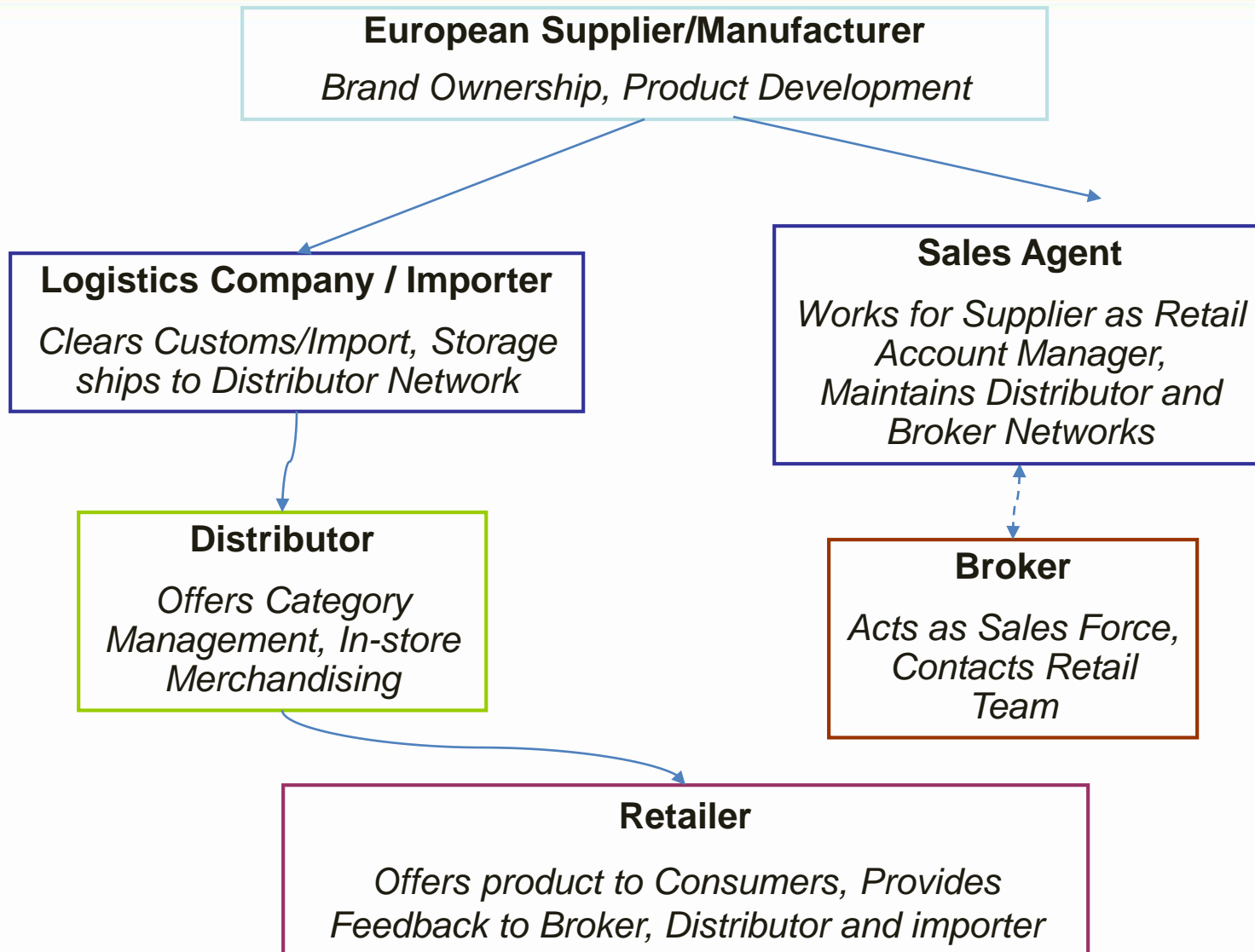
Routes to Market (2): Alternative US Supply Chain



Routes to Market (2): Alternative US Supply Chain



Routes to Market (2): Alternative US Supply Chain



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	<ul style="list-style-type: none"> ➤ World Finer Foods (WFF) ➤ Liberty Richter ➤ Atalanta ➤ Source Atlantique ➤ European Imports ➤ Peter's Imports/Cheese Works 	<ul style="list-style-type: none"> ➤ UNFI ➤ Millbrook (now owned by UNFI) ➤ Kehe ➤ Tree of Life (now owned by Kehe) ➤ DPI ➤ Haddon House ➤ Pescatore ➤ Wild Edibles 	<ul style="list-style-type: none"> ➤ 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.

Routes to Market: Key Issues

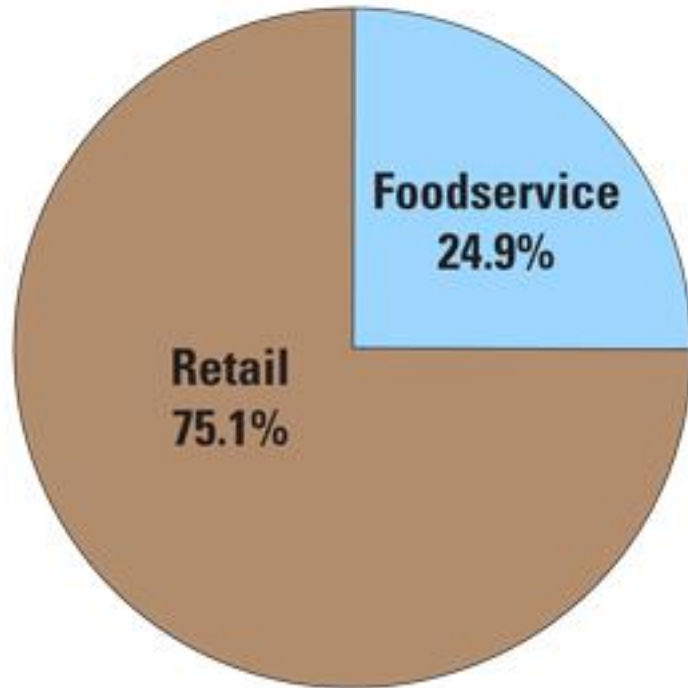
Issue	Implications
• Fragmentation of retailers	Must have focused strategy
• Power of distributor	Build relations with the key ones
• Key role of brokers	Be selective and manage day to day
• Complexity of retail chains	Be patient, budget for travel
• Slotting	Build into budget and plan ahead
• Other 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



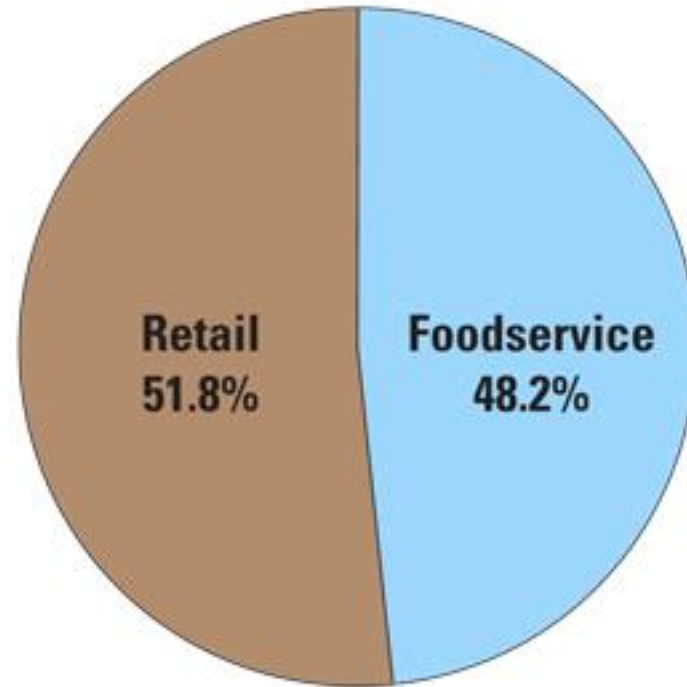
US Retailer Structure:

Foodservice/Retail Share of Shipments

Manufacturer Shipments = \$596.182B

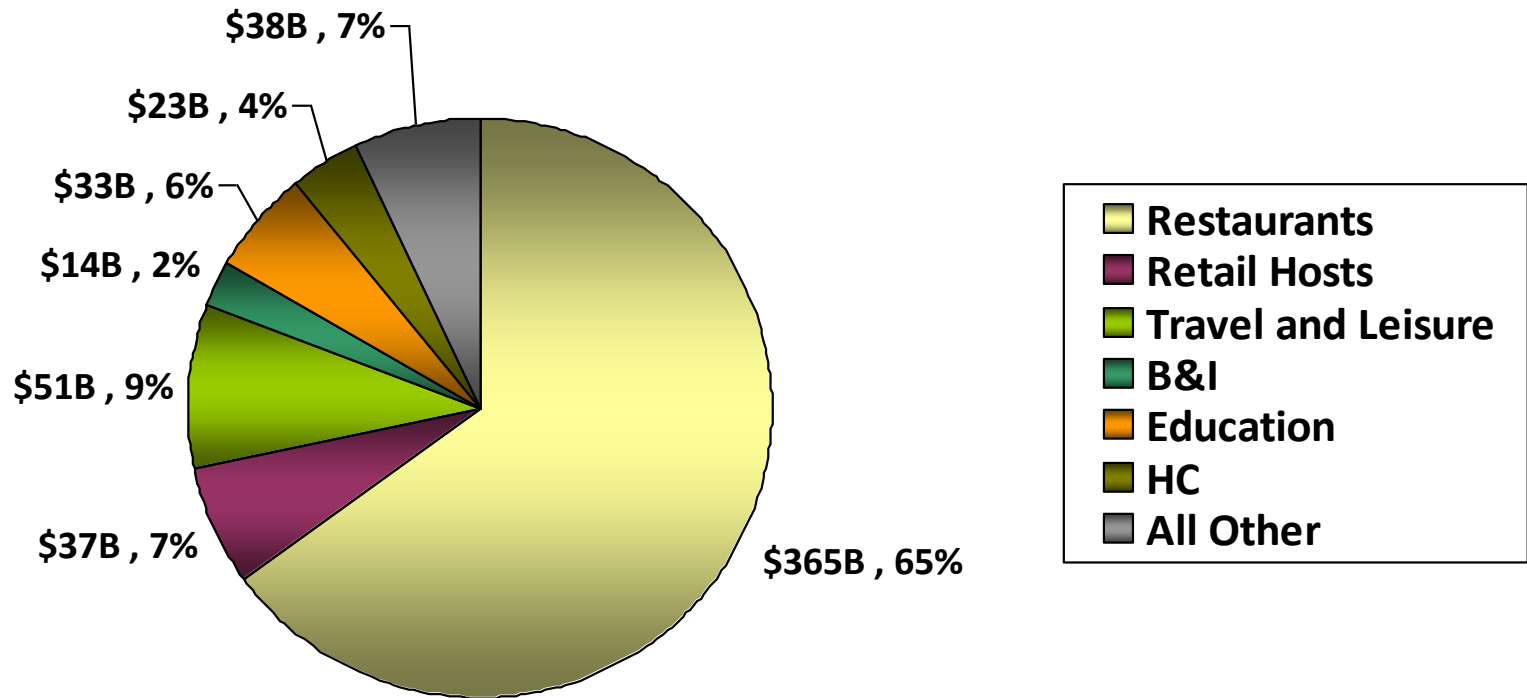


Retail Sales Equivalent = \$1,073.461B









US Foodservice - Size and Segments

Total = \$562 Billion Foodservice consumer sales



Foodservice Channel Overview



Channel	Definition	Leading Outlets/Suppliers
Limited Service Res 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ➤ McDonalds ➤ Subway ➤ Burger King ➤ Wendy's ➤ Panera Bread
Full Service Res 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ➤ Applebee's Neighborhood ➤ Chili's ➤ Olive Garden ➤ TGI Friday's ➤ Chipotle Grill
Bars & Taverns 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ➤ Hooters ➤ Bennigan's Tavern ➤ Primarily independent bars
Business Industry 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ➤ Aramark ➤ Service America ➤ Compass Group ➤ US Foodservice
Educational 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> ➤ Sodexo ➤ Sysco
Healthcare 	<ul style="list-style-type: none"> 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 	

Foodservice Channel

Menu composition Limited Service Segment



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%

U.S. Retail Structure



Foodservice Channel

Fastest Growing Limited Service chains



- 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.

FIVE GUYS®
FAMOUS
BURGERS and FRIES



Little Caesars
pizza!pizza!



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%

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Key Regional Market Focus

- 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:

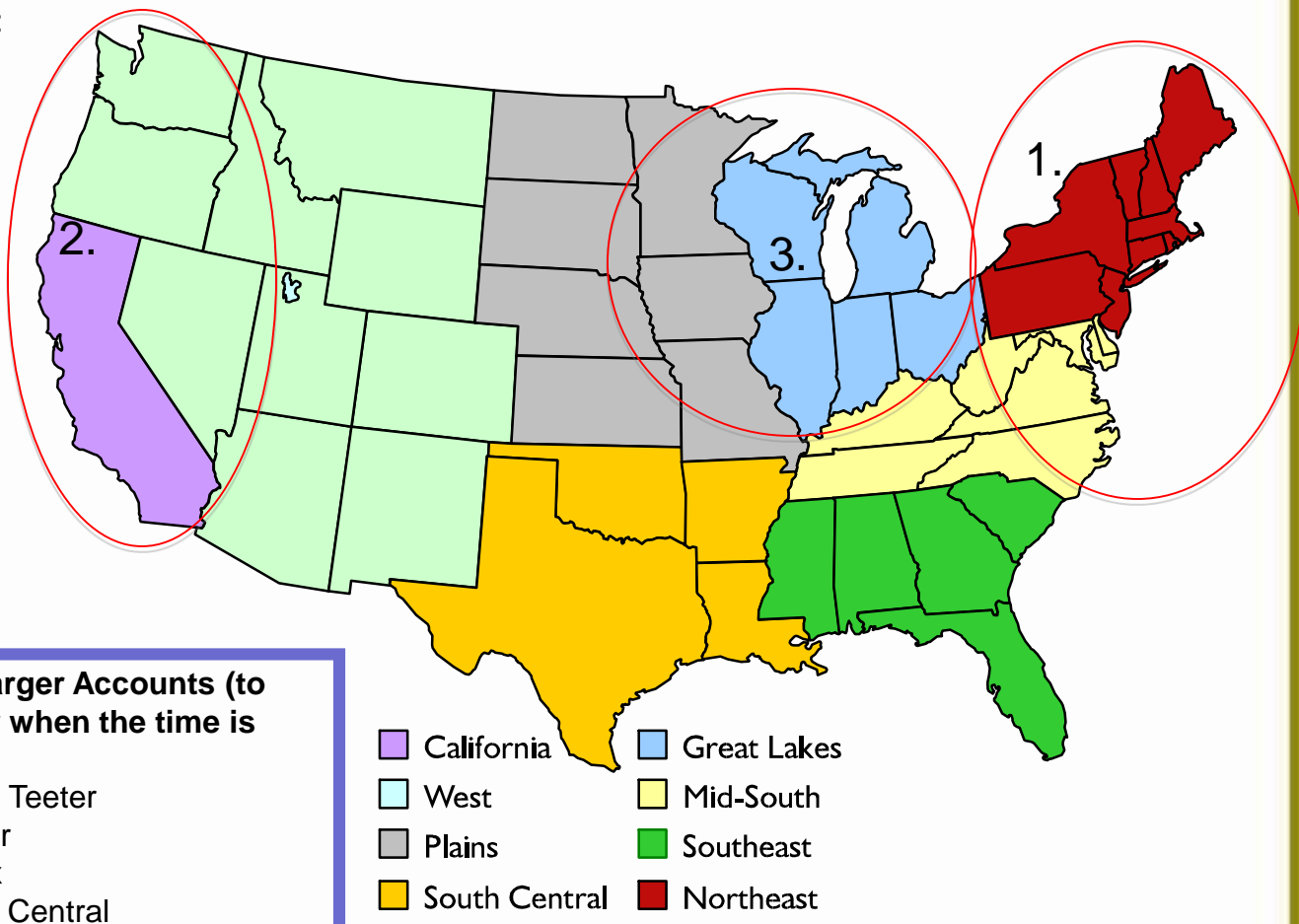
- **Whole Foods**
- **Wegman's**
- **Natural independents**
- **Specialty independents**
- Kings/Balducci's
- Shaws
- Hannafords
- Stop & Shop
- A&P
- Food Emporium
- Giant Carlisle

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



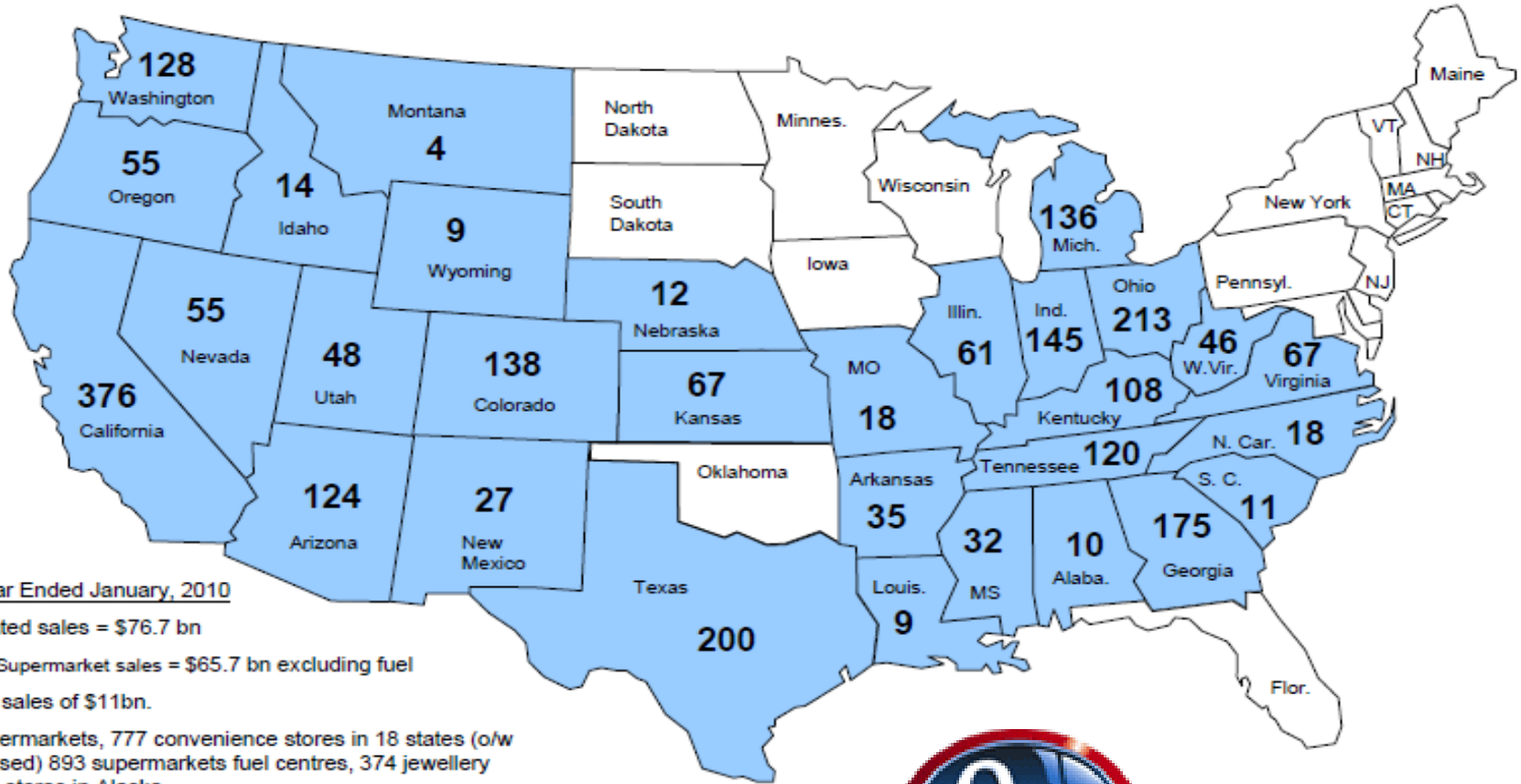
KROGER

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.

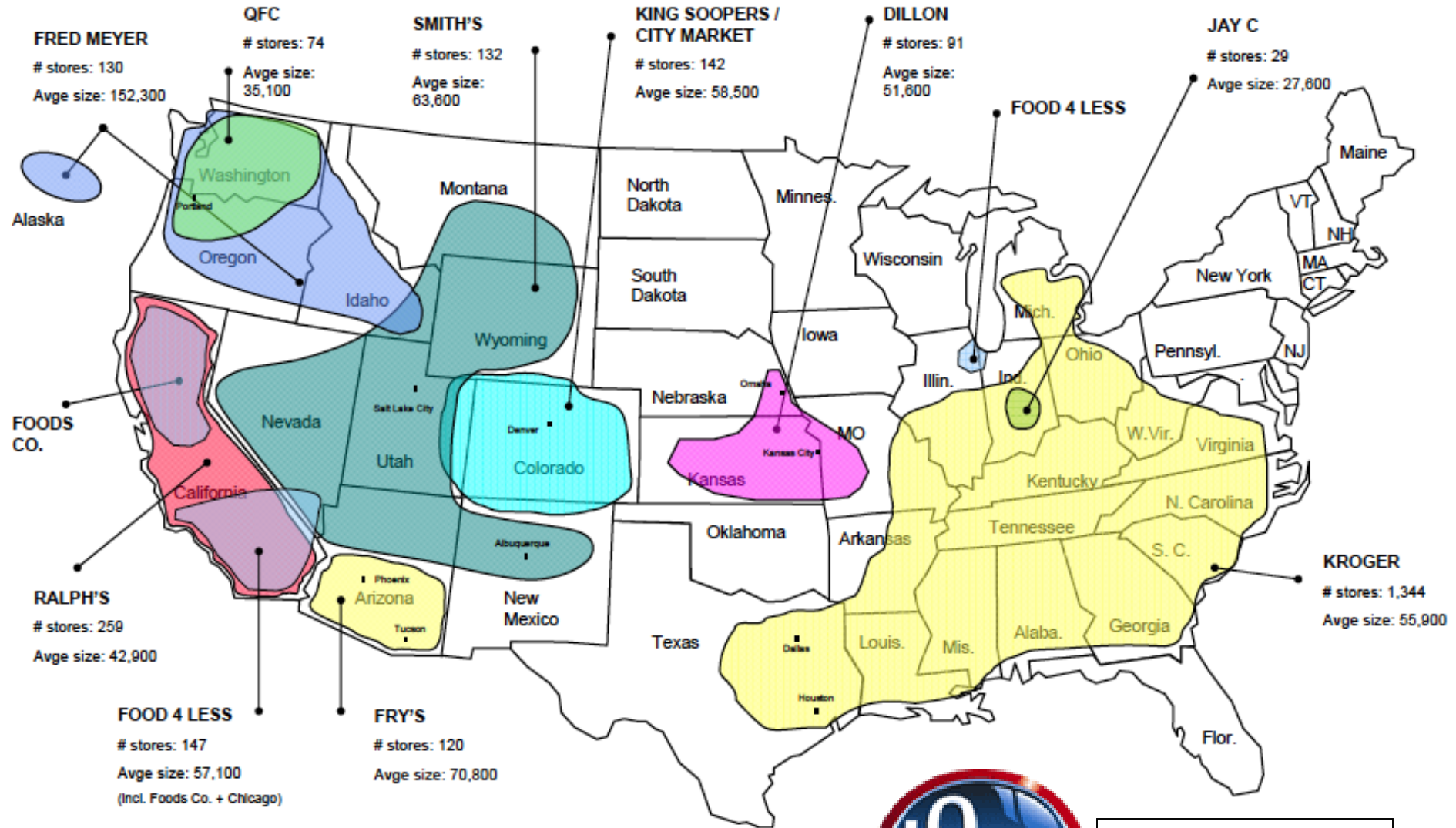
Source: Kroger Fact Book 2009



Volume Account

KROGER

Store Banners



Volume Account

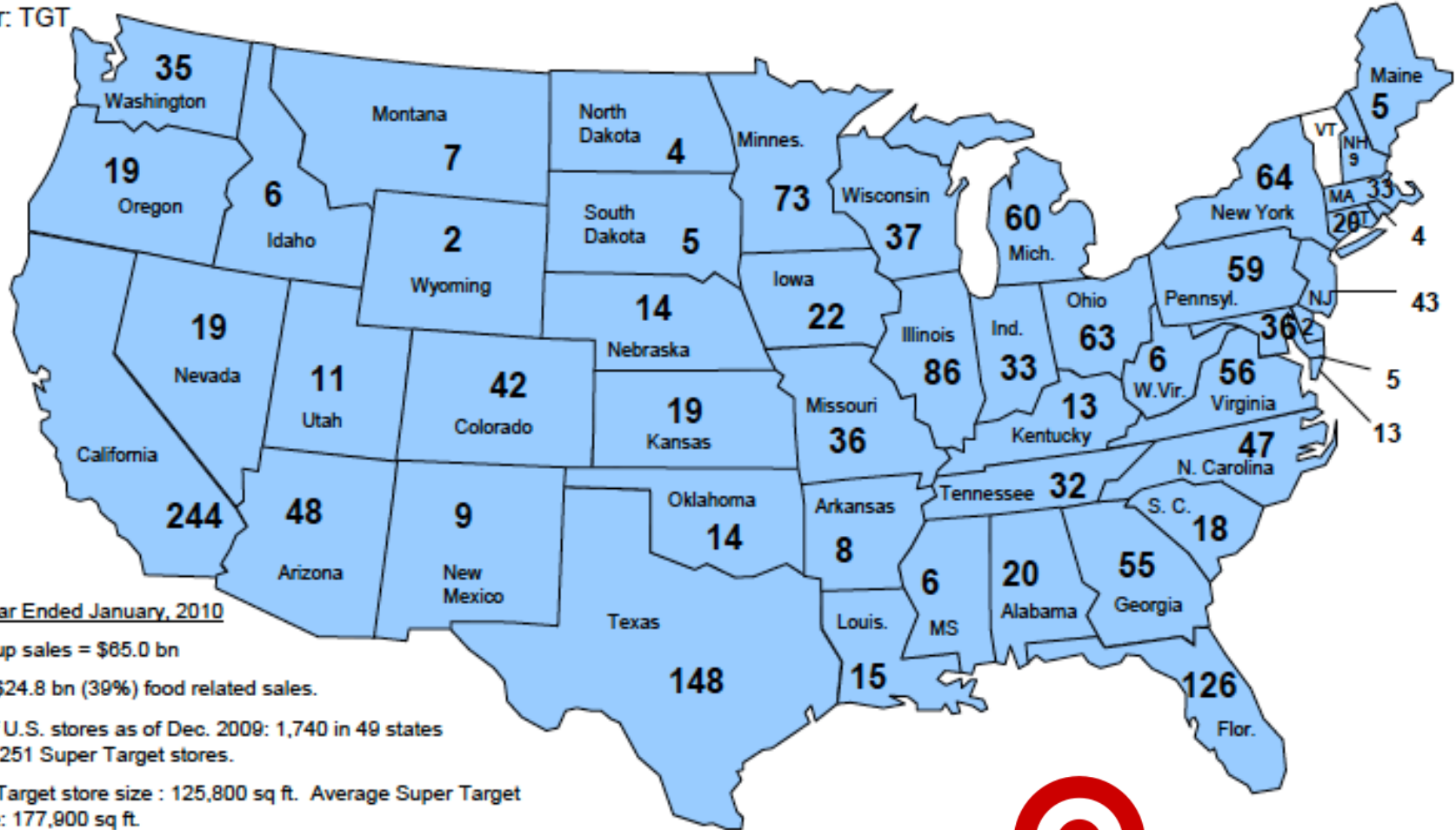
#7
3.3%

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 = \$85.0 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.



Volume Account

PUBLIX

#8
3.2%

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.

AHOLD USA

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%

Quincy, MA

Ticker: AH



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.



Stop&Shop®

Volume Account

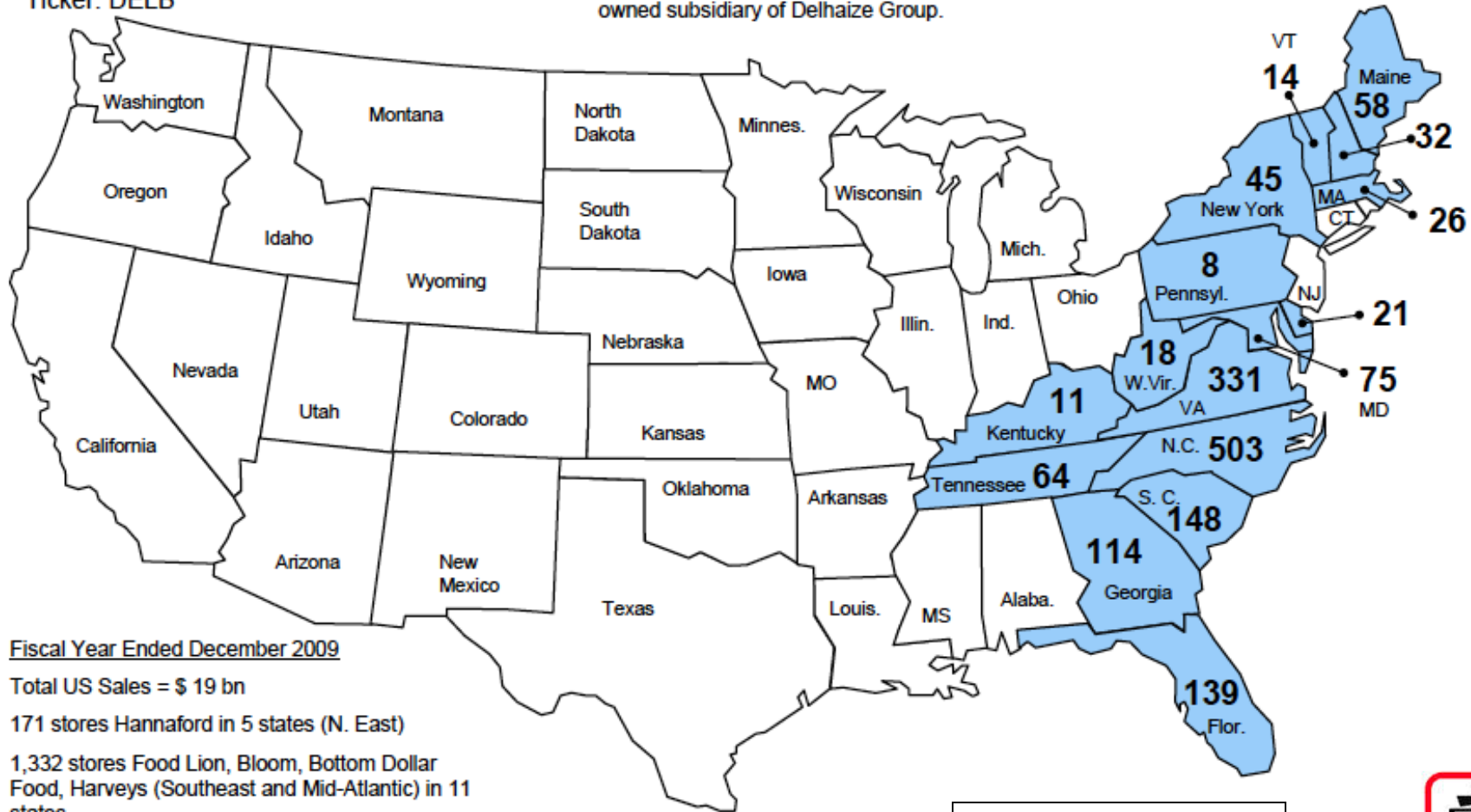
DELHAIZE AMERICA

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%



Volume Account



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

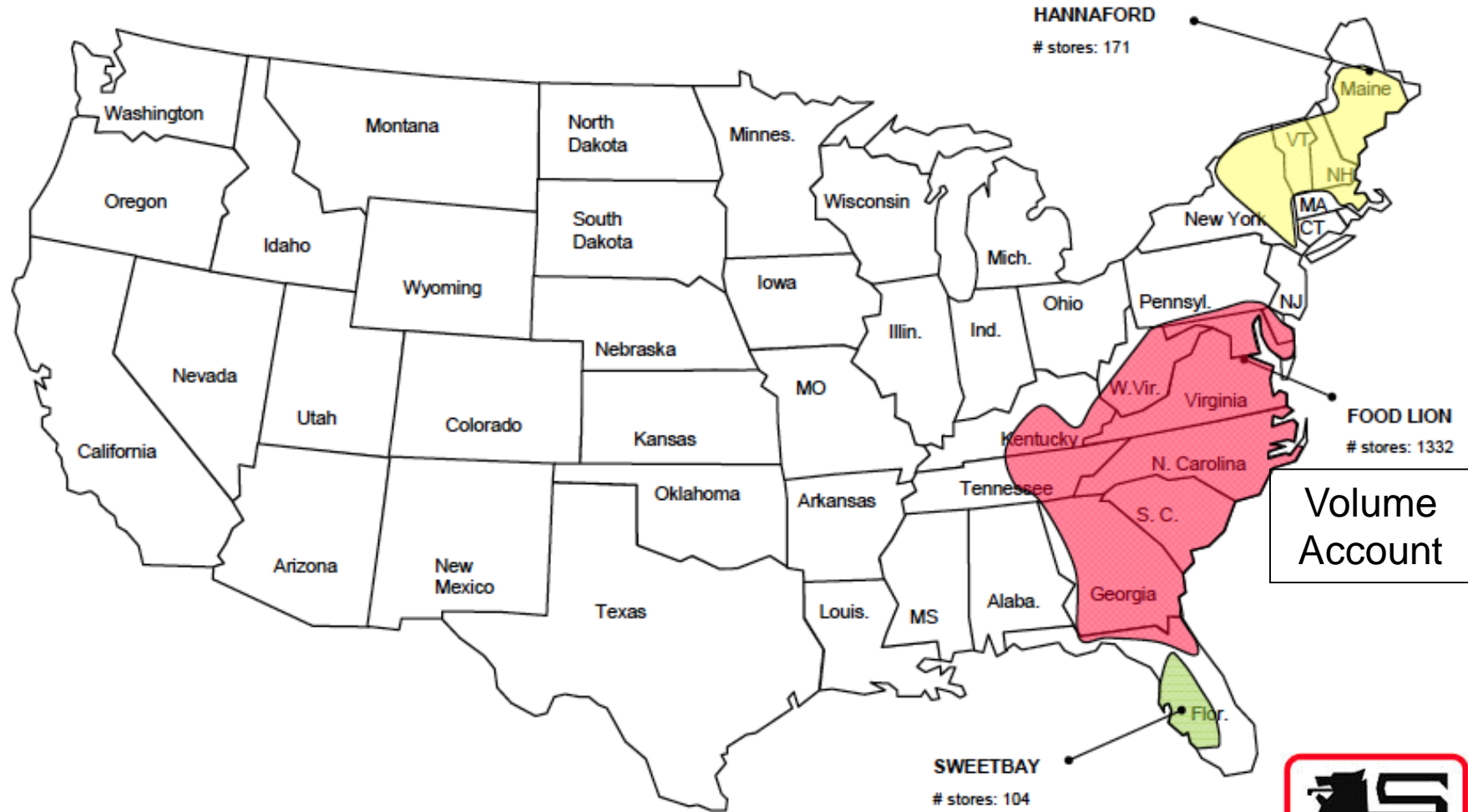
Source: Delhaize Annual Report 2009

DELHAIZE AMERICA

Salisbury, NC

Equity
Account

Store Banners



#18
1.2%

WHOLE FOODS

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 health conscious demands for nutritious, as well as safe, foods and a diversity of food offerings.

Austin, TX

Ticker: WFMI



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



Equity Account

WEGMAN'S

Rochester, NY

Wegmans Food Markets is the largest grocery store chain in the Rochester, N.Y.-area. Founded in 1918 the firm currently has 70 stores offering more than 80,000 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.

#26
0.7%



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

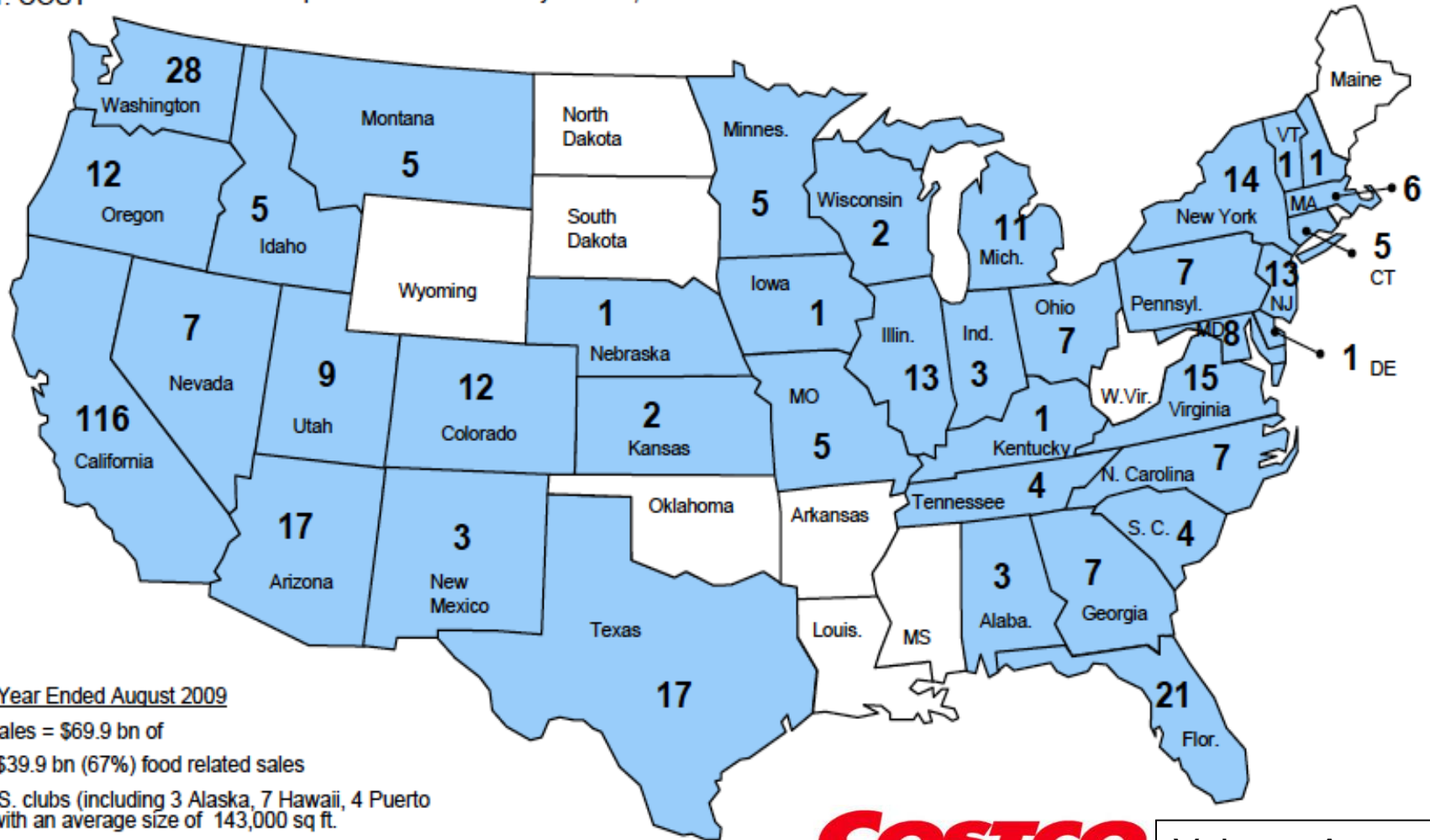
COSTCO

Issaquah, WA

Ticker: COST

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.

#3
5.3%



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.



Volume Account

- I. GREEN SEED GROUP: WHO WE ARE
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- 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



Green & Black's Organic Chocolate

➤ **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.



Green Seed Case Study: Materne Applesauce



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

- 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\$80 million ex-works
- 2014: US\$180m sales: 2 US production plants



➤ **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 \$40m of sales in the US natural and supermarket foods channel and is the fastest growing yogurt in America.



➤ **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 \$40m



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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?



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)



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?



Source: IRI Consumer Network™ 52 weeks ended 12/27/2009 and same period prior year
*Across IRI InfoScan® Reviews Categories **Wal-Mart, including Neighborhood Markets

4. Determine route to market

- 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

Our Market Entry Process

1. DISCOVER: Conduct an Opportunity Assessment to decide which export market offers the best potential. Review category dynamics and assess the size and shape of the opportunity by export market.

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

5. LAUNCH: Act as in-market Sales & Marketing team to ensure smooth launch and drive growth and profitability.

4. VALIDATE: Conduct Consumer Research to validate product proposition, price, packaging with respective market consumers and understand category needs, gaps and opportunities.



2. EVALUATE: Evaluate product concept for the respective market based on Opportunity Assessment findings and regulatory requirements.

3. PLAN: Determine the optimal Route to Market and recommend a Market Entry Strategy including product proposition, price, range and channel strategy (retailer recommendations, sales & profitability projections)

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*



Good Luck & Thank you!



We look forward to helping you grow your business!

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