ASOEX – Arandanos 2012

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The Challenge:

Increase consumption (demand) for blueberries in advance of the expansion in blueberry production.

- Clearly there is a need to grow the number of consumers and per capita consumption. This can be accomplished through:
  - **Expanded distribution**
    - *More locations where to buy / consume blueberries*
  - **Increase penetration**
    - *More blueberries in more locations*
    - *Increase velocity of purchases*
  - **New product innovation**
    - ***Think differently about our berries***

<u>FRUIT QUALITY & CONDITION</u>
at the consumer level needs improve

- **<u>Quality AND taste</u> are KING**
  - *Consumers expect great taste – especially when comparing domestic vs import prices*

- **Compare the difference in <u>quality</u>**
  - *<5 days (**Domestic**) vs >28 days (**Import**)*
  - *There is no good market for berries that looked aged, wrinkled, dehydrated, soft, mold & mildew.*
  - *There are alternatives that can replace Chilean blueberries*
  - *The locally grown effect*

- **<u>New Varieties (Genetics) and Organics</u>**
  - *powerful ways to differentiate*

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FRUIT QUALITY & CONDITION
at the consumer level needs improve

Consider **US Grade #1** the starting point – **the minimum standard**

The expectation from Retailers is Grade Standard "U.S. No. 1"

- *Anything less than that is exception receiving only.*
- *If they find production that can make this standard they will purchase that first.*
- *Buyers are defining their standards based on their customers, their markets, competitors and* **where their wives friends shop**

AVOID DELAYS getting berries from the Chile to the consumers

- Increase production **requires improve coordination** with the best customers
  - **Pre-planned selling programs** with the top volume retailers
- **Keep fruit moving** – use largest customers to move the crop when inventories build
- **Do not** depend on the weekly spot market as your primary way to sell berries
  - The entire industry requires a **pre-committed** volume base and only sell into a spot market when conditions are right **– be proactive!**

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RETAIL CONFIDENCE

drives ads, larger displays and increased sales

- A retailer wont risk putting **weak fruit** on display
  - Can causes consumers to not shop at his store
  - If a consumer has a bad experience with produce, they stay away for 4-6 weeks
  - Consumer complaints are seen by upper management and taken seriously.
  - Increases shrink (loss) 2-3% is expected $ average for department – higher priced berries can make that number jump up fast
  - Produce department is more important than blueberry sales
- Need to keep Chilean blueberries top of mind in a positive tone
  - Avoids the retailers from building displays and go on ad with other fruits

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ATOMIZED SELLING BASE

creates a price driven marketplace

- The industry (sellers) must be **focused on expanding consumption** not filling orders for the fruit "on the boat"
- **Too many sellers** allows the buyers to wait until the last and lowest seller sets the price
- The produce industry has many examples where **unity in the grower base** creates more stable markets
  - Less intermediaries who create unstable market prices and volumes
  - Common standards of quality, rewarding the growers who deliver high quality berries, consistently, reliably.

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IMPROVED PLANNING

with largest and best customers (retail and foodservice)

- **Long Term Growth Strategies (3+ years ahead)**
  - Top to Top level engagement
  - Buyers and grower are committed to support each other
  - Establish Berry growth goals, plans, products
- **Mid Term Sales Planning (Upcoming season)**
  - Compare sales forecasts to “last year”
  - Sell the same products and hope for better prices to set by the market leaders
  - Let the buyers set the ads – timing and volume
  - Sell what is packed vs pack what the marketplace wants
- **Short Term Sales (Day to Day, Week to Week, Ship to Ship)**
  - Spot markets pricing
  - Fill orders vs create demand
  - Rely on third party intermediaries to find a “home”

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The Opportunity:

Make it easier for consumers to
Find, Buy, Consume and Enjoy
FRESH BLUEBERRIES

Follow the Coca-Cola example:

"To be within arms reach of desire"

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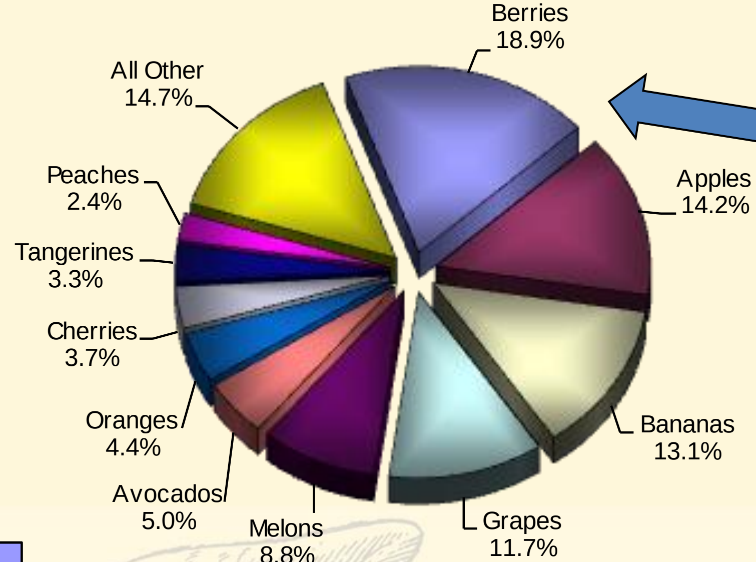
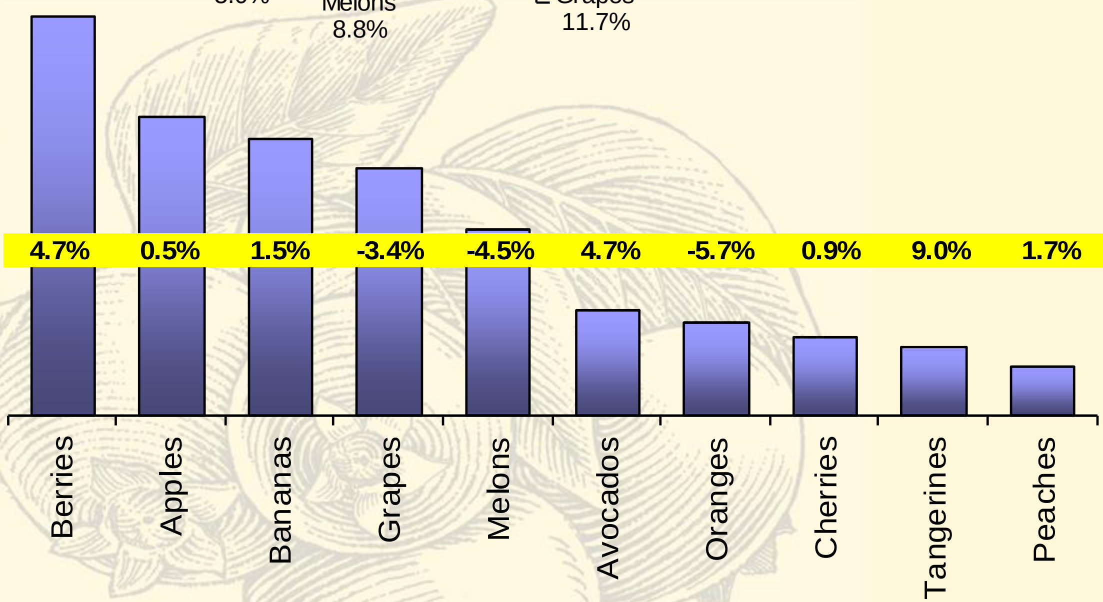
Total US Retail - FRUIT



The Berries category accounts for 18.9% of Total Fruit dollar sales:

And Berries saw a +4.7% increase in dollars vs. the previous year:

Dollars	Current 52wks	% Change
Berries	$3,571,879,288	4.7%
Apples	$2,685,832,173	0.5%
Bananas	$2,473,021,108	1.5%
Grapes	$2,214,993,412	-3.4%
Melons	$1,664,709,514	-4.5%
Avocados	$945,801,560	4.7%
Oranges	$831,404,258	-5.7%
Cherries	$693,304,583	0.9%
Tangerines	$624,929,967	9.0%
Peaches	$449,235,223	1.7%
Total Fruit	$18,940,641,167	0.6%



52 Weeks ending 2/26/2012 – FreshLook Marketing (FLM)

Top 10 Fruit Categories - Dollars

Who Are Top 20 Retailers

Rank	Retailer	Rank	Retailer
1	Walmart	11	H.E. Butt
2	Kroger	12	Sobey's
3	Costco	13	7- Eleven
4	Safeway	14	Meijer
5	Supervalu	15	Dollar General
6	Loblaws	16	Wakefern
7	Publix	17	Metro
8	Ahold	18	B.J.'s Wholesale
9	C&S	19	Whole Foods
10	Delhaize	20	Giant Eagle

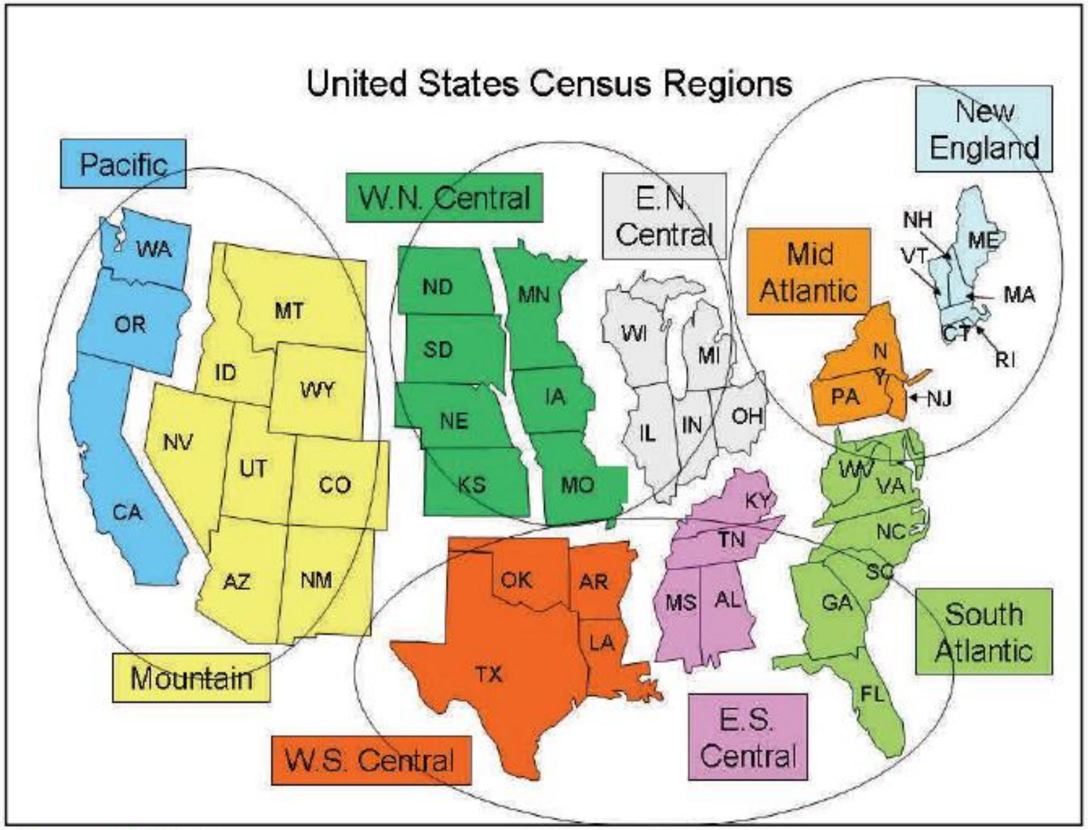
Source: Supermarket News

Understanding US Consumer Demand for Blueberries

- Retail sales to consumers has been growing from East to West
  - Better display space / size / ads +
  - Regional differences
    - How to increase depth of sales
      - Sales per store >
      - Consumer per capita

Consumers are NOT Alike

CONSUMPTION BY REGION



Eatings by U.S. Region (%)		
	Fresh	Processed
North East		
New England	7.4	4.7
Mid-Atlantic	13.4	14.6
Central		
East North Central	20.1	25.4
West North Central	8.2	6.6
South		
South Atlantic	21.4	18.3
East South Central	2.7	2.7
West South Central	4.6	6.8
West		
Mountain	6.8	10.6
Pacific	15.3	10.3

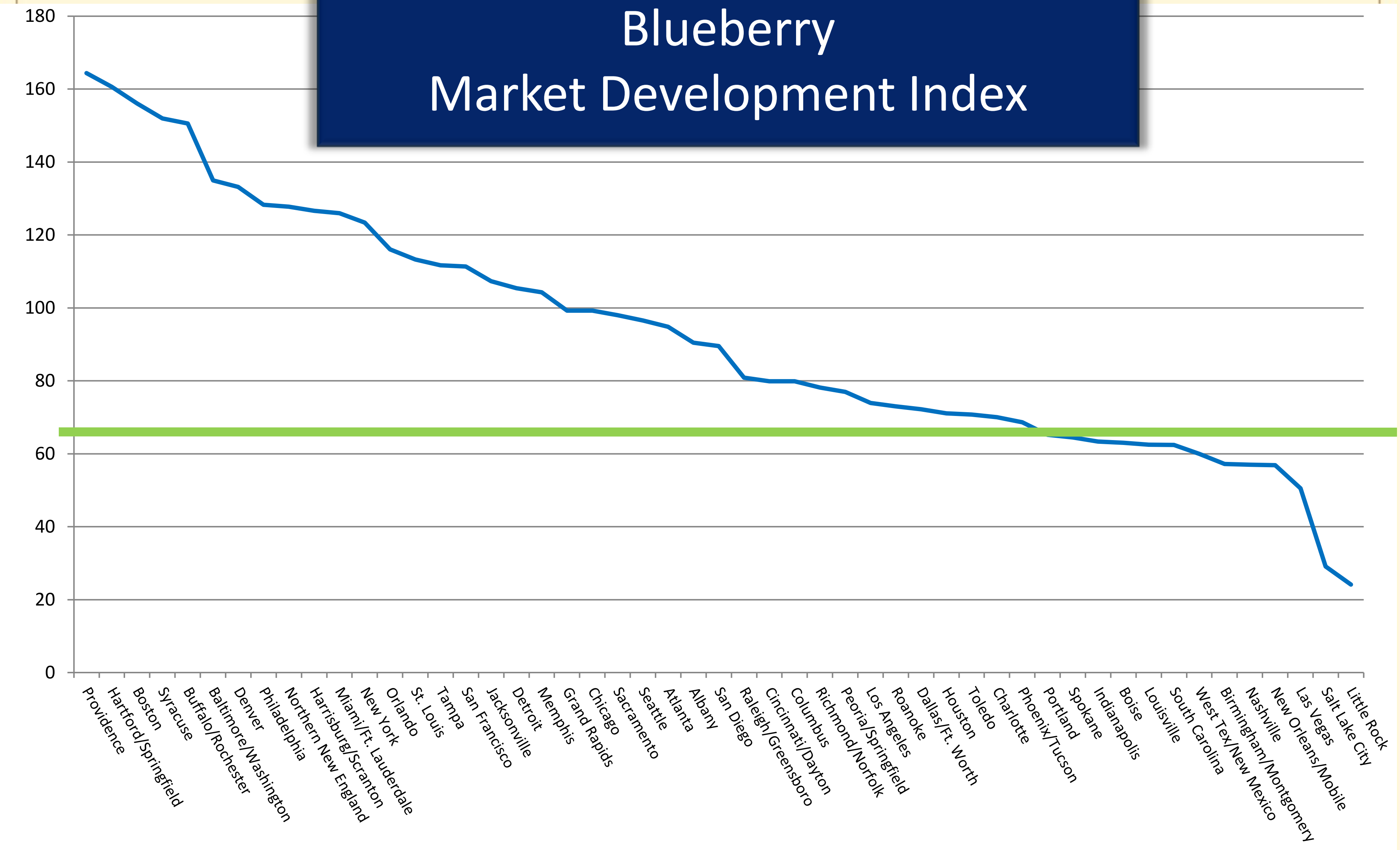
Source: *NPD Group.*

Retailers are NOT Alike.

Comparison of Average Weekly Store LBS Sales

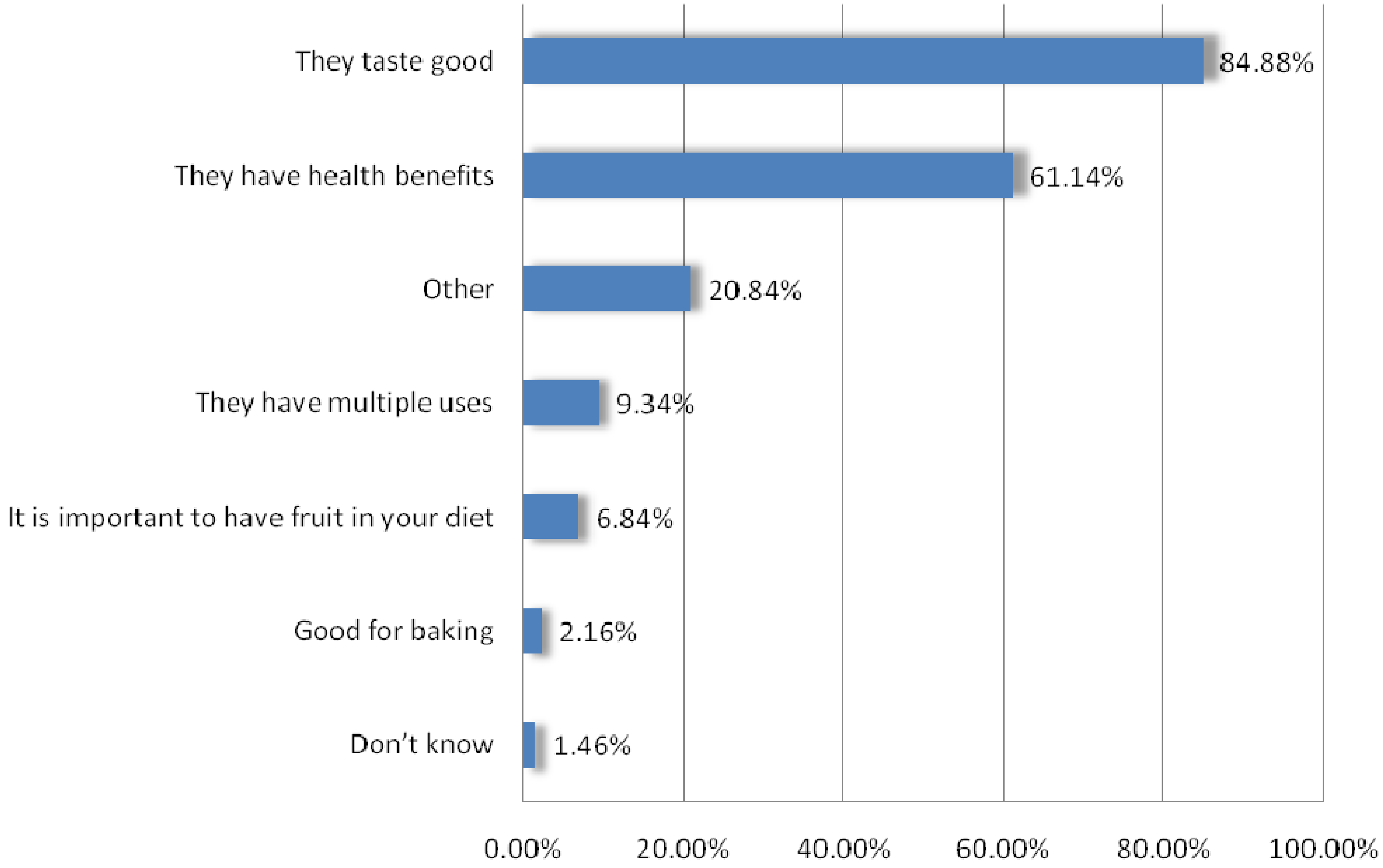
Pounds per Store Selling		2011/01/09	2011/01/16	2011/01/23	2011/01/30
	California	103	87	190	143
	Great Lakes	102	103	76	121
	Midsouth	76	64	98	91
	Northeast	167	133	185	211
	Plains	74	51	157	100
	South Central	63	75	129	119
	Southeast	152	173	177	288
	West	112	154	202	162
	Total U.S.	113	110	150	162

Blueberry Market Development Index



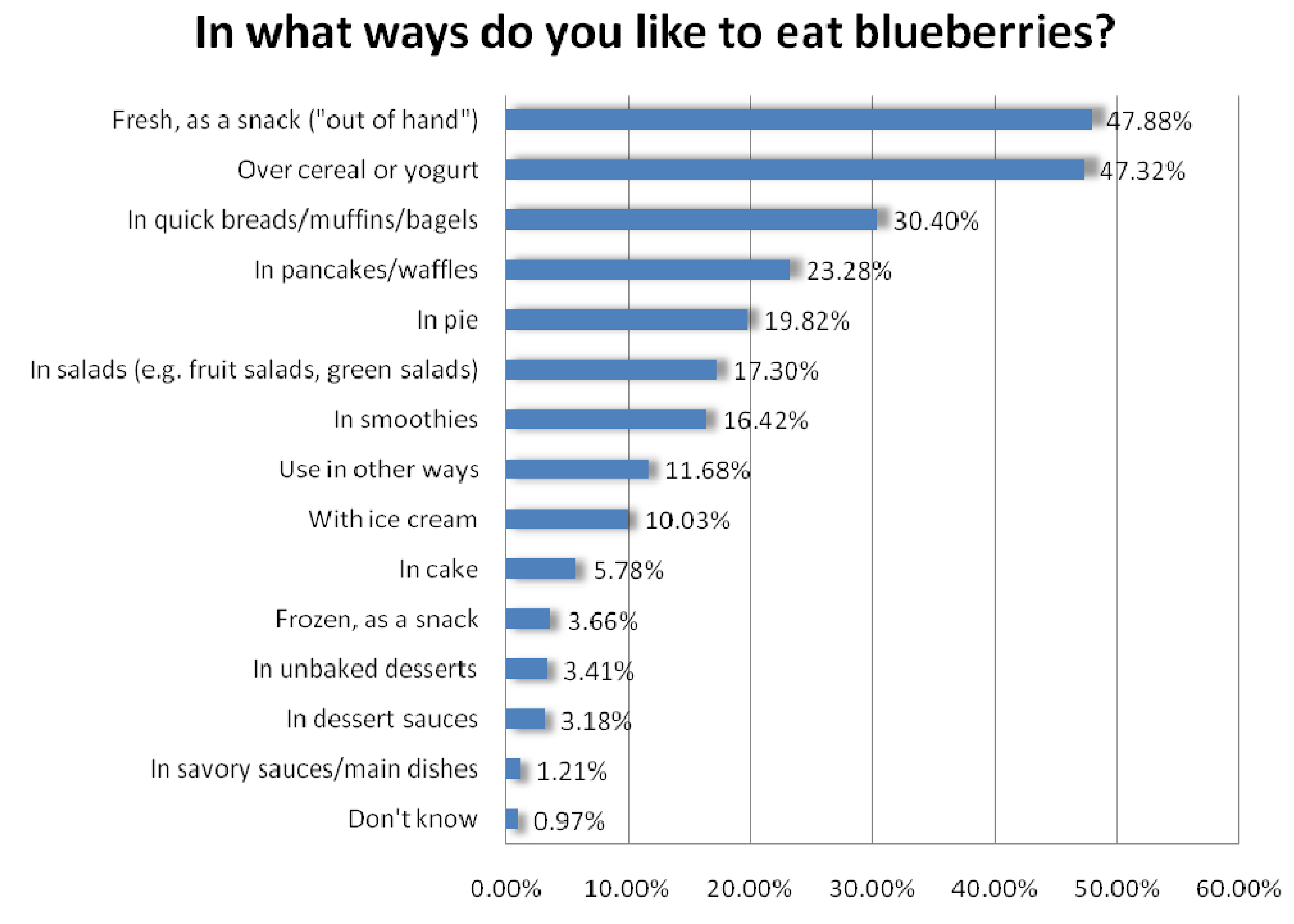
Source: IRI Retail Scan Data Year to Date thru 5/24/09 (excludes mass merchandiser & club stores)

What Drives Blueberry Consumption



Source: USHBC Blueberry Attitude & Usage Study 2008

How Are Blueberries Consumed?



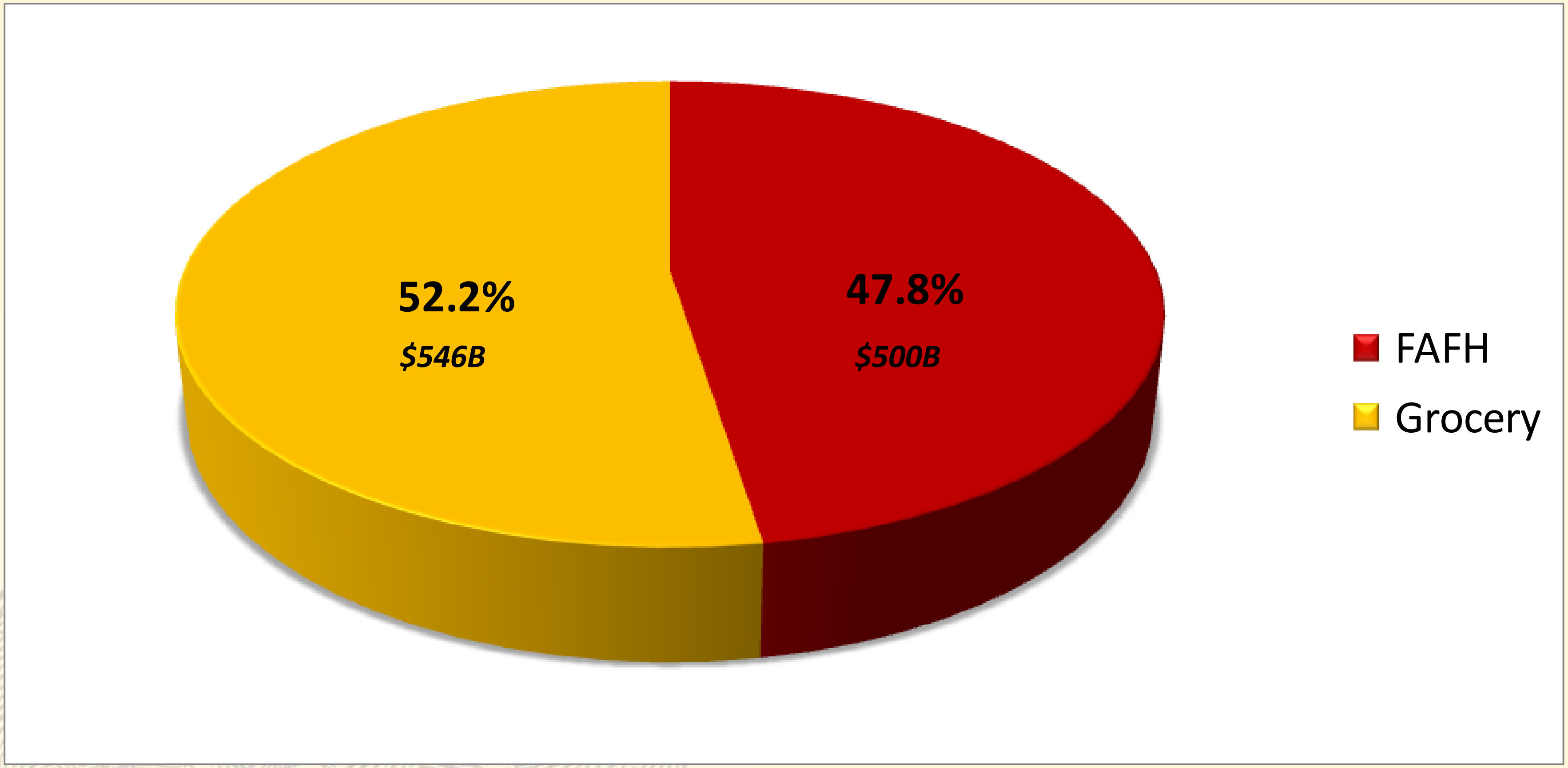
Source: USHBC Blueberry Attitude & Usage Study 2008

Consumer Consumption Facts

- **Where do consumer spend 2/3** of their days
  - Away from home – where to they eat ????
    - Breakfast - car
    - Lunch – at the desk
    - Dinner - ?

- Did you know that **2% of Blueberries in FDS**
  - Limited long term plans / no confidence / no crop knowledge / difference between getting orders and getting on the menu / no foodservice packs & products / culinary (exec chefs) vs procurement

2009 Share of Consumer Food $$



Data: Technomic, January 2010

Foodservice Distributors – Top 7 in Growth

The Foodservice Market is Segmented by Operator Type

Total Restaurants (Commercial)
Limited Service Restaurants
Full Service Restaurants
Bars & Taverns

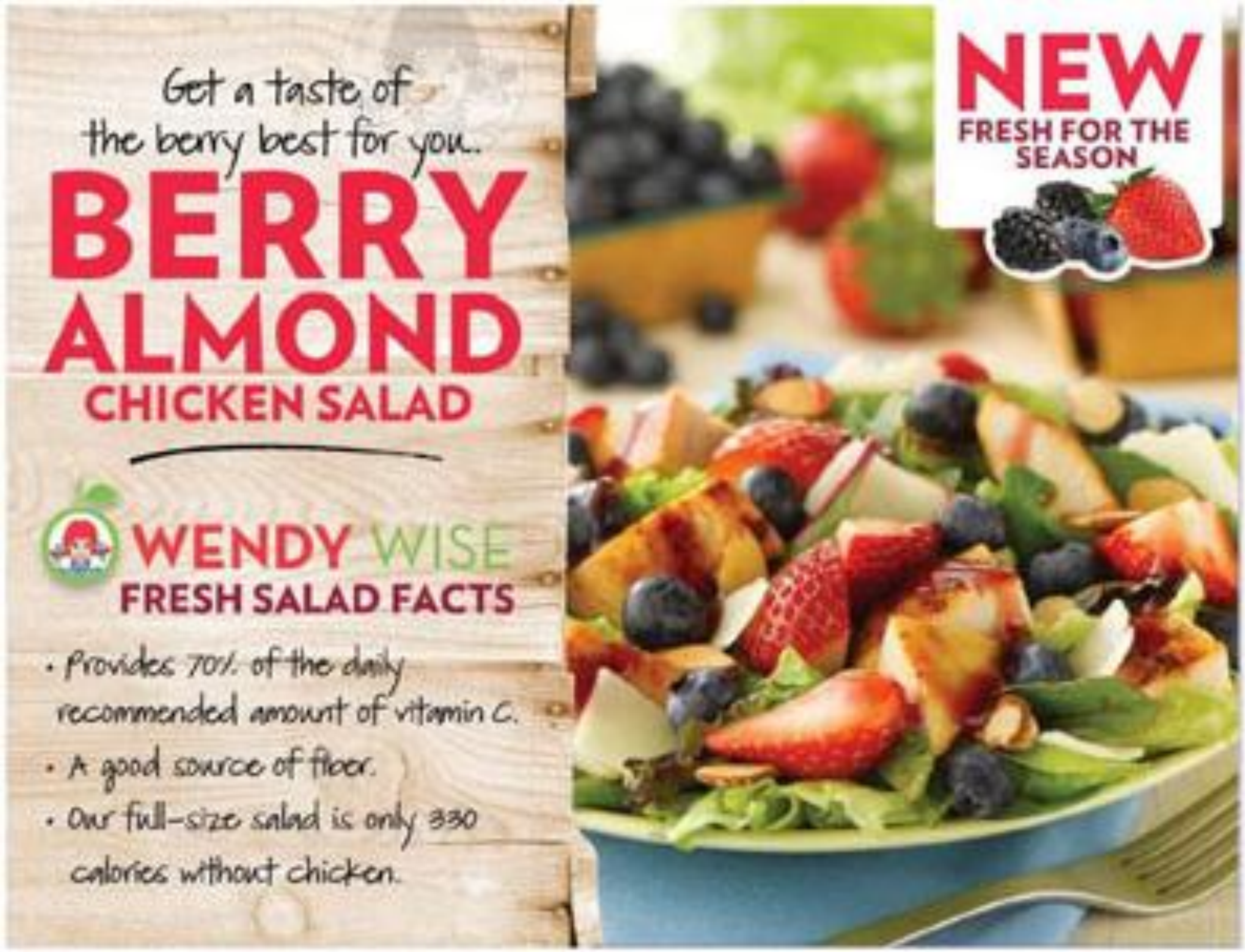
Beyond Restaurants (Non-Commercial)	
Business & Industry	Travel & Leisure (Lodging, Air)
Healthcare	Retail Hosts (Grocer, C-Store)
Education	Other (Vending, Military)

Restaurants

(QSR)Quick Service / (LSR) Limited Service

2009 Sales: $189.3B

Nominal Growth: 1.5%



Get a taste of
the berry best for you..
BERRY
ALMOND
CHICKEN SALAD
WENDY WISE
FRESH SALAD FACTS
• Provides 70% of the daily recommended amount of vitamin C.
• A good source of fiber.
• Our full-size salad is only 330 calories without chicken.
NEW
FRESH FOR THE SEASON

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Restaurants Chains

(FSR) Full Service

2009 Sales: $136.7B

Nominal Growth: (4.1%)

Education

College & University

2009 Sales: $12.9B

Nominal Growth: 3.0%

Schools
Kindergarten-12 Grade

2009 Sales: $16.9B

Nominal Growth: 2.0%

Healthcare

Hospitals

2009 Sales: $9.8B

Nominal Growth: 1.5%

Nursing Homes

2009 Sales: $5.0B

Nominal Growth: 3.5%

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Business & Industry

2009 Sales: $13.4B

Nominal Growth: (2.6%)

Convenience Stores

2009 Sales: $10.4B

Nominal Growth: 1.5%

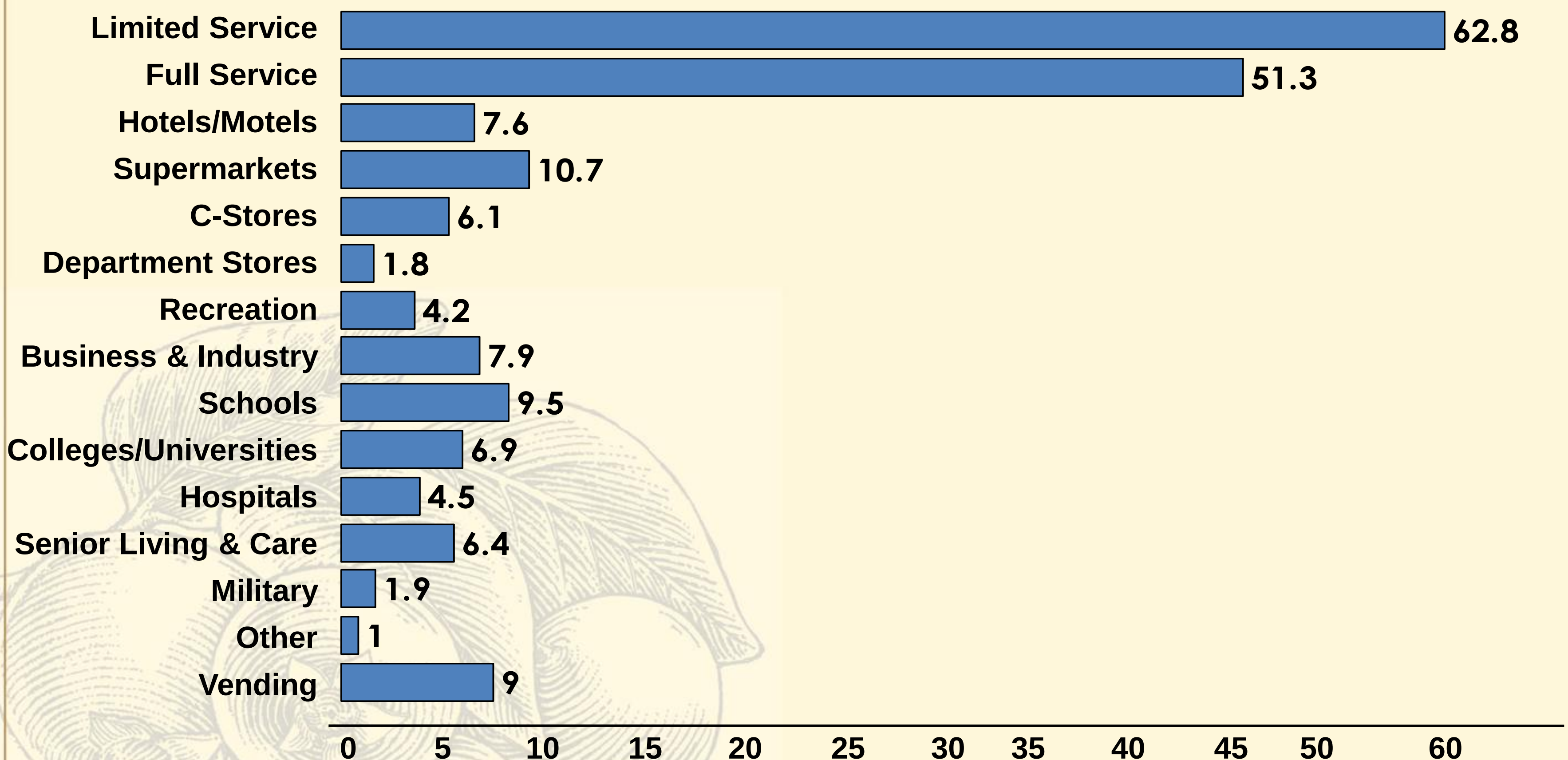
Hotel/Lodging

2009 Sales: $25.7B

Nominal Growth: (5.6%)

Summary of the Industry

2010 Purchases – $ Billions



Source: Technomic, Inc. & NRN

Berries on the Menu

Taste

Health

Color

Texture

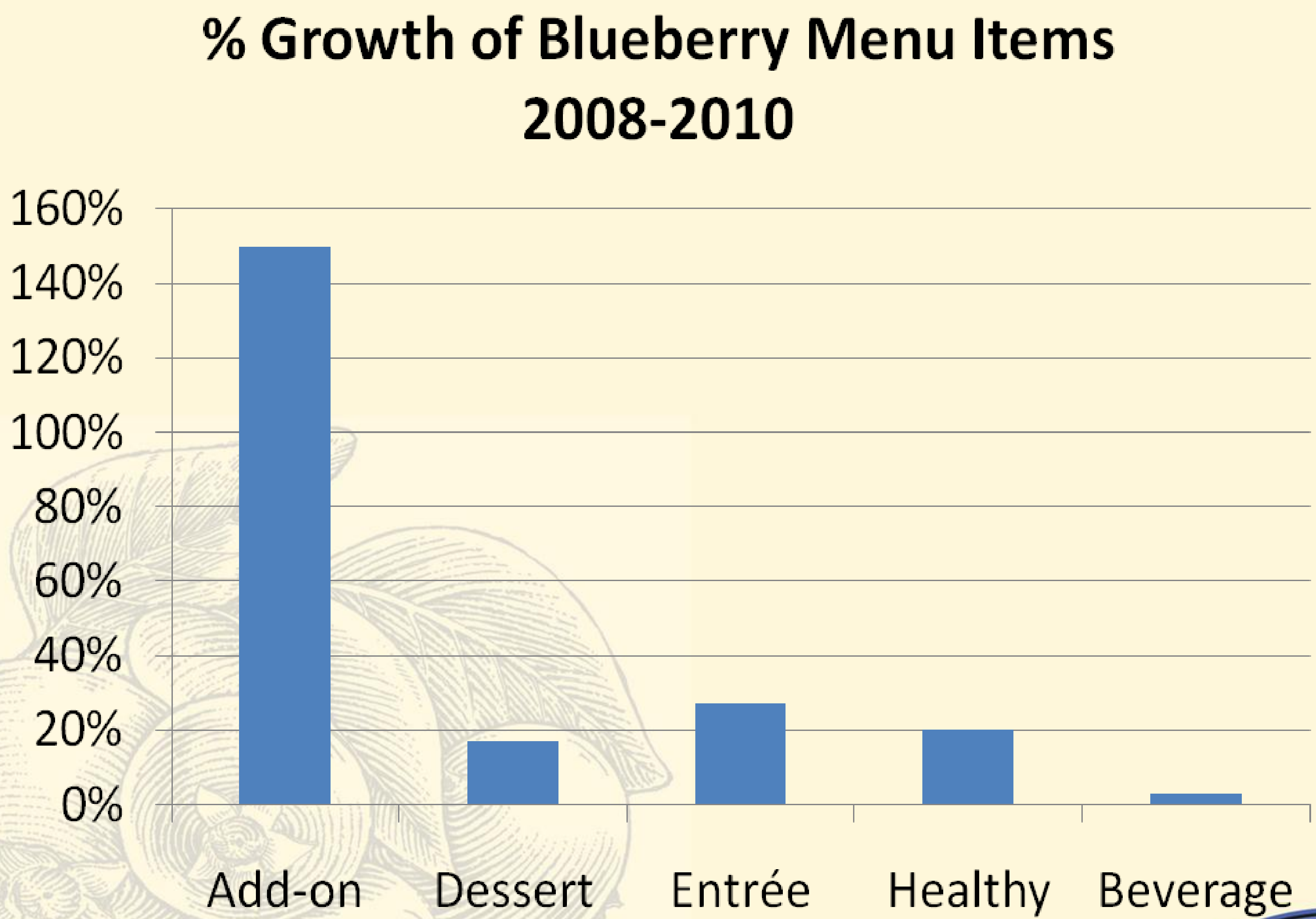
Aroma

Indulgence

Fresh – Quality

Elegant

Blueberry Menu Items are on the Rise



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Data: Technomic 2010

KIDS' MENU CONCEPTS

NUTRITION • VALUE • FUN

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MOMS' PRIMARY GOAL:
RAISING HEALTHY KIDS
84% INCREASE
IN MENTION OF "FRESH" ON MENUS IN 2 YEARS!
KIDS AND CUISINE
86% kids who will try fruits at restaurants
TREND WATCH
Berry mentions are showing up on LSR Trendsetter menus
77% kids who will try vegetables at restaurants

Pre Washed – Ready To Eat

Retail and Foodservice Packs

Disney – Magic of Healthy Living

Growing the category requires new approaches, new thinking and developing new possibilities


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From Our
Family Farms
To Your
Family's Table
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