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natural solutions

new product opportunities + marketing strategies

:: organic

:: all-natural

:: locally-sourced

DATASSENTIAL

Organic, All-Natural and Locally-Sourced foods are hot! Purchased by over 60% of consumers and nearly 50% of foodservice operators, these "feel good" food categories are booming in both retail and foodservice channels – providing excellent business opportunities for well-positioned companies.

Big Opportunities... And Natural Solutions. But just what are the specific opportunities, and how do they impact your company?

Which new products do consumers and operators most want? How quickly will the trend grow, and in which ways should we anticipate it extending into new product categories and onto more store shelves and menus?

What types of marketing, promotional, and pricing strategies will be most effective? Who are the most likely buyers of these products, and can they be targeted most effectively?

How can your company fully leverage these opportunities?

These questions and more are answered vigorously in **Natural Solutions**™, a new study for both foodservice and retail channels that builds on critical learnings from 2007's Natural Profits™.

The breadth of organic all-natural, and local products extends across a vast spectrum of foods and dishes.

Accordingly, **Natural Solutions™** covers an expansive array of product categories including:

Food Items & Ingredients

- Dairy
- Meat
- Poultry
- Fruits & Vegetables
- Breads & Grains
- Beverages
- Baked Goods
- Snacks
- Soups
- Condiments & Sauces
- Spices

Dishes & Menu Items

- Appetizers & Sides
- Entrees
- Desserts
- Beverages

* Other categories may be added based on sponsor participation

With **Natural Solutions™,** your company will receive:

- a **general study** [2,500 consumers + 500 operators & retailers + manufacturer interviews + menu insights]
- a **5-question custom survey** for your company [1,000 consumers or 300 operators]

Please take a few moments to review this document. In it, you'll learn how the research is conducted (☛ page 3), which questions are answered (☛ pages 4&5), and what you'll receive (☛ page 8).

STUDY COMPONENTS

Key Industry Learnings Coupled with Proprietary Intelligence

Natural Solutions™ consists of two parts: (1) a general study encompassing consumer, operator, manufacturer, and menu insights, and (2) a short-form consumer survey custom-designed for your company. This approach is designed to deliver a cost-effective and actionable solution that provides both a thorough understanding of market dynamics and a focused analysis of your product categories, customers, and strategic options.

The general study. Data from **2,500 consumers, 500 foodservice operators, manufacturer interviews, the MenuTrends DIRECT™ system, and secondary research** are synthesized into a comprehensive analysis of the issues, opportunities, and challenges relating to organic, all-natural, and locally-sourced foods. The multi-component design ensures a well-considered assessment of the various market forces, the perceptions and behaviors of various groups, and the degree of attitudinal consistency between them.

Your proprietary questions. As a sponsor, your company will also receive a short form 10-question survey conducted with your choice of either 1,000 consumers or 300 foodservice operators. Depending on your company's specific business objectives, these proprietary questions can be applied in many different ways – such as new product evaluation, category specific analysis, or ideation. The results of your proprietary questions will be encapsulated within your custom final report and will also be available through **iDEA™**, the on-demand survey analysis tool.

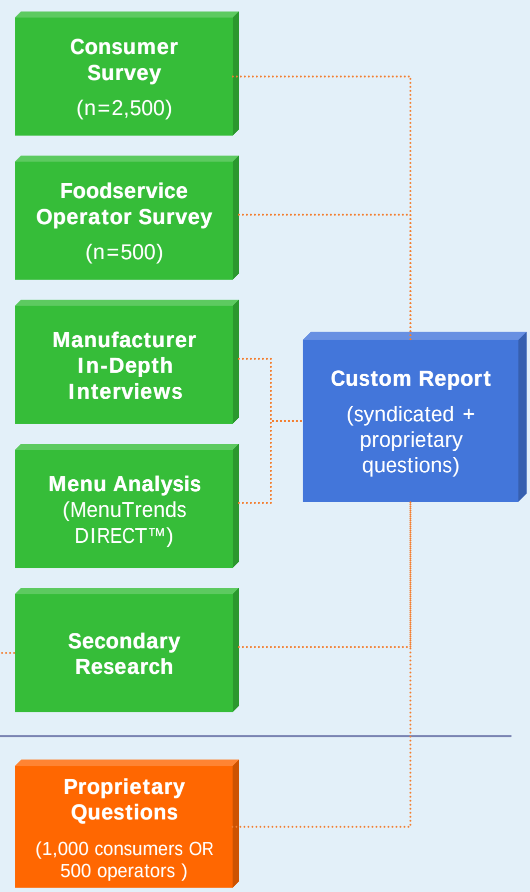
Natural Solutions™ utilizes large sample sizes to achieve a high degree of statistical reliability. You can be confident the findings represent actual market dynamics, attitudes, and behavior.

Part I: The General Study

Based on 3,000 consumer and operator surveys, manufacturer feedback, menu analysis, and secondary research, the general study provides a thorough understanding of the effects, challenges, and opportunities generated by organic and natural food trends in both retail and foodservice environments.

This study utilizes a broad scope and deep sample size to deliver the definitive assessment of the state of the industry and future potential.

The study also includes an analysis of the natural and organic products currently offered by foodservice manufacturers and restaurants.



Part II: Your Proprietary Questions

In addition, you will receive a **5 question custom survey** conducted with your choice of either 1,000 consumers or 500 foodservice operators.

CONSUMER INSIGHTS

Retail & Foodservice Learnings

Feedback provided by a nationally representative sample of 2,500 consumers will generate specific insights in four functional areas:

- Measure the **strength** of organic, all-natural and locally-sourced food trends
- Identify **profitable opportunities** for suppliers, operators, and retailers
- Determine **key product focus areas** for fully leveraging these opportunities
- Develop **best-in-class marketing strategies**

Consumer data will be combined with operator, retailer, manufacturer, and menu insights to deliver a thorough and well-considered analysis of market dynamics, covering both foodservice and retail channels.

Your Custom Research. Remember, in addition to the research topics indicated below, your study will also include five proprietary questions conducted with 1,000 additional consumers (which includes reporting and a proprietary analysis tool) .

/ / / Areas of Exploration

Product Development

- **Measure consumer demand** for all-natural, organic, and locally-sourced items within your product categories
- Identify **target product categories** (retail) and **menu applications** (foodservice)
- Determine consumers' **qualification standards and product expectations** with regard to all-natural, organic, and locally-sourced items

Marketing, Promotion & Pricing

- Determine **best-in-class promotion strategies** (product labeling, advertising / messaging, menu call-outs, etc.)
- **Profile core consumer target groups** for both retail (at-home) and foodservice (away-from-home) channels
- Determine appropriate **price premiums** for both retail products and foodservice menu items

Segmentation & Forecasted Opportunities

- **Isolate opportunities** relative to specific consumer segments – by demographic, psychographic, and behavioral attributes
- Identify **further product opportunities** based on the anticipated evolution of natural / organic / locally-sourced food trends

consumer SEGMENTATION

In addition to core demographic cross-tabs, consumers are further segmented according to psychographic and behavioral factors.

Lifestyle attributes are also rated such that consumers can be targeted based on behavior and mindset.

Demographic Variables

- Age
- Gender
- Ethnicity
- Household size
- Household income
- Location
- Geography type (urban / rural)

Psychographs & Core Behavior

- Lifestyle segmentation
- Food purchase motivators
- Grocery shopping frequency
- Dine-out frequency
- Segment visitation
- Day part meal consumption
- General food price sensitivity
- General menu price sensitivity
- Diet and fitness
- Eating objectives
- Ethical considerations
- Political / economic activism

OPERATORS & MANUFACTURERS

Key Opportunities & Strategies

In addition to consumer data, **Natural Solutions™** also features insights from foodservice operators and industry manufacturers. Synchronized, these distinct data sources deliver a realistic framework of market dynamics – relevance of the issue, areas of product demand, and compatibility between consumer, operator, and manufacturer perspectives.

/ / / Areas of Exploration: Operators

FOODSERVICE OPERATORS

Product Demand & Optimization

- **Assess purchase intent** for organic, all-natural, and locally-sourced food products
- Measure demand by specific product **sub-category, formats, and varieties**

Product Optimization

- Evaluate the importance of **key product attributes** (preservative-free, ingredient declaration, freshness, etc.)
- Determine **critical product expectations**

Menuing Opportunities & Applications

- Identify critical areas of **menu growth**
- Menu areas of planned growth / emphasis

Marketing, Promotions & Pricing

- Evaluate tactics to **induce product trial / purchase**
- Identify **product information and support** requirements
- Determine optimal and acceptable **product price premiums**

/ / / Areas of Exploration: Manufacturers

MANUFACTURERS

- In what ways will the trend impact both at home and away from home markets? Where is it headed?
- What steps should manufacturers and operators take to secure a strong, defendable footing in the market? What measures can best protect against over-commitment?
- What marketing challenges will suppliers face as the trend grows? Which types of opportunities can be seized by forward-thinking companies?

Opera™ ://instant operator feedback

Operator surveys are conducted using Datassential's **Opera™**, the largest online research panel available for foodservice.

Over 10,000 operators from all major segments and sub-segments of foodservice are represented, with respondents pre-qualified based on purchasing authority and menu influence.

RESPONDENT SAMPLING

Consumers

An analysis of **2,500 consumers** balanced against the US Census is used to identify critical new product and marketing opportunities for both the foodservice and retail channels – with further analysis for key consumer subgroups (demographics and attitudinal groups).

sample size / error	n	%	+ / -
Total Sample:	**2,500**	**100.0%**	**2.0%**
:: GENDER ::			
Male:	1,225	49.0%	2.8%
Female:	1,275	51.0%	2.7%
:: AGE ::			
15 - 24:	450	18.0%	4.6%
25 - 34:	450	18.0%	4.6%
35 - 44:	525	21.0%	4.3%
45 - 54:	425	17.0%	4.8%
55 - 65:	150	6.0%	8.0%
65 and over:	500	20.0%	4.4%
:: ETHNICITY ::			
White:	1,750	70.0%	2.3%
African American:	300	12.0%	5.7%
Hispanic:	250	10.0%	6.2%
Asian:	100	4.0%	9.8%
Other:	100	4.0%	9.8%

:: Sample Sizes

"+/-" refers to the statistical margin of error at the 95% confidence level.

Natural Solutions™ utilizes a large sample size to deliver highly reliable and projectable insights.

regional DISTRIBUTION

Unless otherwise requested, consumer and operator responses will be distributed by the four major "super" US Census Regions, as color-coded below.

Foodservice Operators

Natural Solutions™ also features insights from **500 foodservice operators** across all major commercial and non-commercial segments. The online survey is conducted with Datassential Opera™ -- the largest operator research panel for the foodservice industry.

Responses will be **weighted by foodservice segment** to provide a reliable, projectable findings.

sample size / margin of err. >>	n	+ / -
Quick Service / Fast-Casual:	50	13.9%
Family / Midscale Dining:	50	13.9%
Casual / Theme Dining:	50	13.9%
Fine Dining:	50	13.9%
Commercial Restaurants:	**200**	**6.9%**
Lodging:	50	13.9%
Business / Corporate Dining:	50	13.9%
Hospitals & Healthcare:	50	13.9%
Colleges & Universities:	50	13.9%
Primary & Secondary Schools:	50	13.9%
Recreation, C-Stores & Other:	50	13.9%
Non-Commercial Foodservice:	**300**	**5.7%**
TOTAL SAMPLE SIZE:	**500**	**4.4%**

:: Sample Sizes

"+/-" refers to the statistical margin of error at the 95% confidence level.

Natural Solutions™ utilizes a large sample size to deliver highly reliable and projectable insights.

MENU ANALYSIS

Menu Strategies

Natural Solutions™ also features an in-depth analysis of vital menu trends across all restaurant segments and types – including National Accounts, Regional Chains, and Independents.

Opportunities for manufacturers, operators, and retailers will be uncovered through this analysis of:

- **Growth Trends –** to what extent have organic, natural, and locally-sourced foods grown on menus in recent years? Which types of operators should your company target?
- **Key Focus Categories** – which products, ingredients, and dishes are hotbeds for these trends?
- **Best-In-Class Marketing –** how can organic, natural, and locally-sourced ingredients be best marketed on menus?
- **Premiums & Pricing Opportunities** – how do prices for organic and natural dishes vary from their standard counterparts, and what are the opportunities for premium pricing?

menutrends DIRECT

MenuTrends DIRECT™ is the most comprehensive menu research system available for the food industry, featuring access to:

- Over 6,000 current menus
- Over 600,000 current dishes
- Trended analysis
- Ingredient-level menu detail
- US & Canada
- Chains & independents
- All restaurant segments

Menu Applications at Top Chains...

Arby's	SOUTHWEST MINI EGG ROLLS	filled with a zesty combination of **100% natural chicken**, bell peppers, corn, black beans and jalapeno peppers flavored by a spicy Southwestern seasoning. Served with a creamy Monterey Jack and Cheddar Cheese blend.
Krystal	CHOCOLATE-COVERED CHERRY MILKQUAKE	made with **all-natural ingredients** including premium chocolate or vanilla ice cream, real cherry flavoring infused with 100% pure cane sugar, all mixed with HERSHEY'S Magic Shell.
Panera BREAD	ITALIAN MEAT CLASSIC CRISPANI	fresh out of the oven, we top it with **organic Muir Glen® tomatoes**, smoked mozzarella, peperoncini and a trio of meats - pepperoni, Canadian bacon and salami.
Round Table	PROSCIUTTO ARTISAN	**organic sauce**, premium prosciutto, roasted artichoke hearts, creamy fresh mozzarella, caramelized onions, roma tomatoes, lemon feta cheese, garden fresh basil and a cornmeal dusted crust.

... And Independents

CLASSIC NACHOS	**organic tortilla chips** smothered in black bean chili, fresh guacamole, salsa and live vegan sour cream.
STEAK & EGGS	premium australian **free-range, all natural and hormone-free organic beef filet**, grilled tomatoes, and two eggs any style. toast & potatoes available upon request.
BANANAS FOSTER FRENCH TOAST	with **all-natural challah bread** from great harvest bakery topped with myer's rum brown sugar caramel sauce and sauteed organic / fair trade bananas.
BAKED PANKO CRUSTED SCALLOPS	**fresh local sea scallops** lightly baked in a buttery, panko crumb crust. served with rice and vegetable.

DELIVERABLES

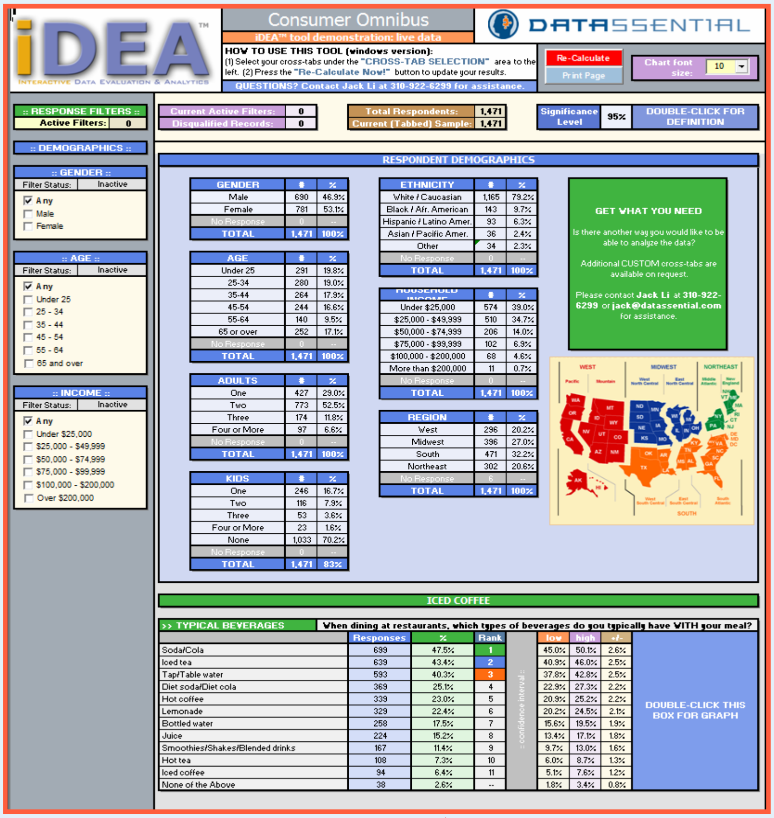
Descriptive & Interactive Market Intelligence

Your subscription to **Natural Solutions™** includes a comprehensive set of deliverables:

1. The **Natural Solutions™ BRIEF**, a topical executive summary of key study findings for the general study, coupled with top-line implications.
2. The **Natural Solutions™ REPORT**, featuring detailed findings for each survey question (implications, cross-tabs, data tables, and charts), organized manufacturer insights, and pragmatic recommendations.
3. The **iDEA™ System** for conducting custom analysis of operator and consumer feedback (see below).
4. [optional] An **on-premise presentation** of general findings and your company's proprietary questions

Select any filter to run custom cross-tabs against the data.

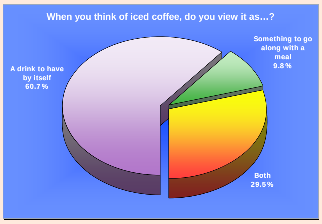
<< The iDEA™ System >>



Set preferences, including statistical confidence levels,

Data tables and graphs update automatically based on selected cross-tabs.

Create **presentation-ready graphs** by double-clicking the data table.



Color-coded **statistically significant comparisons** are provided for operator and consumer segments.

ALL	GENDER		AGE GROUP			INCOME EXTREMES	
	Male	Female	Under 35	35 - 54	55 +	Under $25k	Over $100k
55.1%	55.5%	54.7%	65.7%	54.3%	47.6%	57.0%	51.9%
31.3%	29.4%	33.1%	49.1%	29.7%	19.6%	30.1%	28.6%
48.3%	52.6%	44.4%	49.8%	49.2%	45.0%	50.3%	47.1%
34.7%	33.4%	35.9%	35.8%	35.3%	32.5%	39.9%	29.6%
50.2%	48.3%	51.9%	64.9%	49.2%	39.5%	51.8%	46.6%
34.8%	36.0%	33.7%	31.3%	39.2%	28.6%	36.8%	34.9%