

## National Fresh Tomato Retail Shares of Quantity and Value by Tomato Type, 2003 vs. 1999

Type	Share of \$Value		Share of Pounds	
	2003	1999	2003	1999
<b>Greenhouse</b>	<b>39%</b>	<b>42%</b>	<b>37%</b>	<b>31%</b>
<b>Round field</b>	<b>26</b>	<b>36</b>	<b>31</b>	<b>43</b>
<b>Roma (field)</b>	<b>12</b>	<b>16</b>	<b>19</b>	<b>23</b>
<b>Cherry/grape (field)</b>	<b>22</b>	<b>6</b>	<b>13</b>	<b>3</b>

Sources: CTC, IRI, and The Perishables Group

## Emerging Greenhouse Marketer Business Models Respond to Market Trends

- **Handling perishable products, year-round, often requires marketing alliances**
- **Facilitates branding, close coordination with retailers, forward contracting and promos**
- **Forward distribution centers**
- **Strong service orientation**
- **Multiple shipping points and grower relationships**
- **Market leadership responsibilities – becoming market driven – including new product introductions**

## Sunkist Responses

- Sunkist forms Global, LLC in Jan. 2004 to achieve year-round sourcing of citrus in third country markets, and to service US demand for year-round supply
- For example, South African citrus to Japan, Australian navels to Canada
- Leveraging the brand
- Response to demand for convenience and health - fresh-cut produce for school foodservice
- Licensing

## ORGANIC VALLEY



- Started in 1988 as produce & dairy co-op
- Now markets dairy, juice, eggs & meat products
- Sales increased from \$15 million in 1998 to \$208 mil in 2004
- Now have 689 members in 20 states

Source: Shermain Hardesty



## ORGANIC VALLEY



- Producer-members provide an ideal strategy for marketing organic products as the cooperative promotes handcrafted premium quality organic products and thoughtful stewardship of the environment
- While this type of message may only be effective with a small segment of consumers, it is a growing segment.

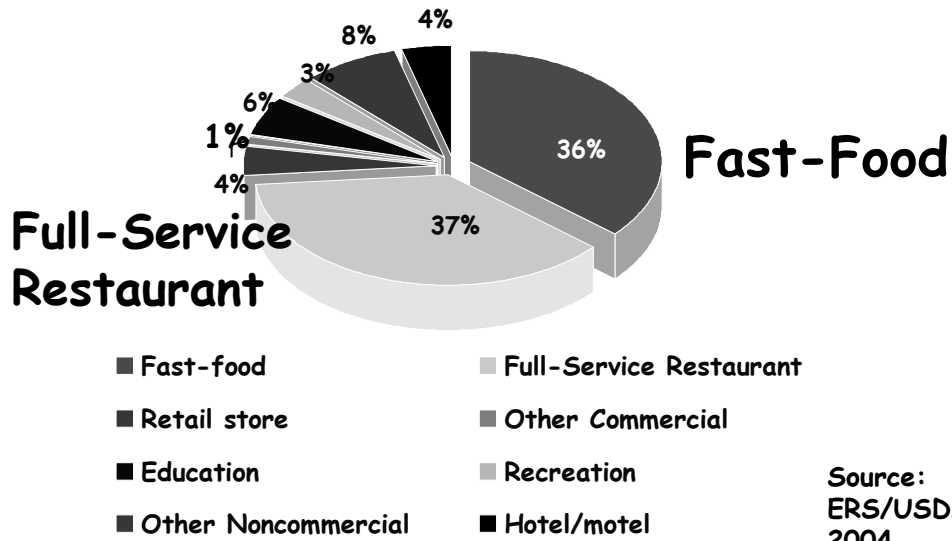
## ORGANIC VALLEY

- Overcame its financing constraints by relying on copackers
  - Owns no processing facilities



Source: Shermain Hardesty

## US Foodservice Segment Shares, 2003

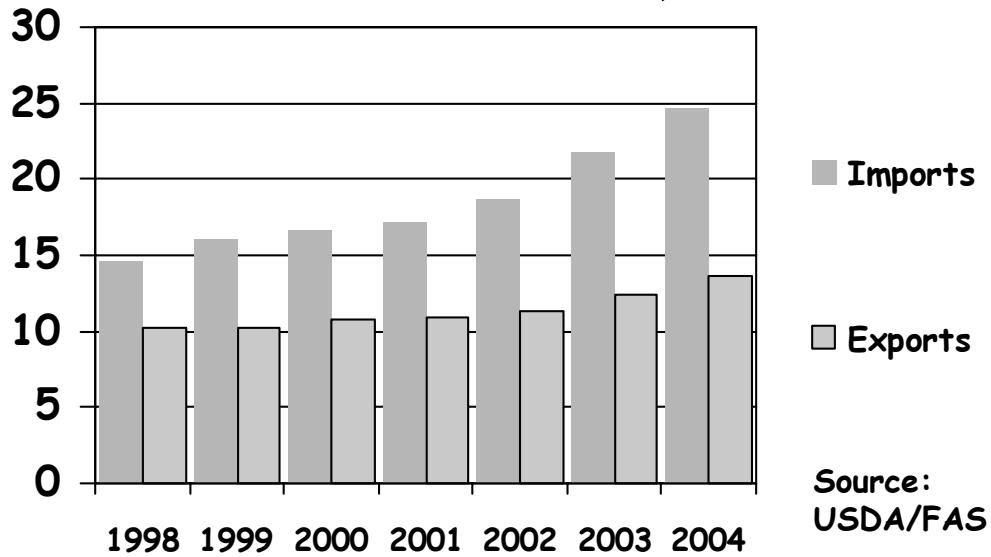


## US Store Format Growth Trends and 2003 Sales\* Traditional Grocery Channel

	2003 Sales \$Million	2003 # Stores	2003 \$ % Share	2008 \$ % Share
<b>Total Traditional</b>	<b>\$422,791</b>	<b>41,530</b>	<b>56.3</b>	<b>48.3</b>
Conventional	\$97,110	12,450	12.9	11.7
Superstore	\$164,268	8,100	21.9	18.5
Food/Drug Combo	\$114,400	5,000	15.2	13.1
Limited Assortment	\$16,107	3,150	2.1	2.1
Super Warehouse	\$14,331	530	1.9	1.6
Other (Small Grocery)	\$16,575	12,500	2.2	1.5

\* Grocery sales only, excludes electronics, prescription drugs, toys, jewelry, sporting goods, etc.  
Source: Competitive Edge, June 2004

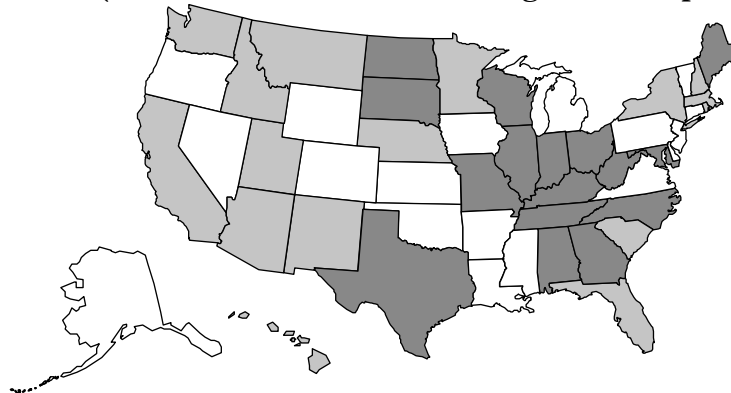
## US Horticultural Trade, \$Billion



Incl. \$7.1 B fresh imports and \$3.8 B fresh exports in '04.

## Obesity\* Trends Among U.S. Adults BRFSS, 1987

(\*BMI  $\geq$  30, or ~ 30 lbs overweight for 5'4" person)

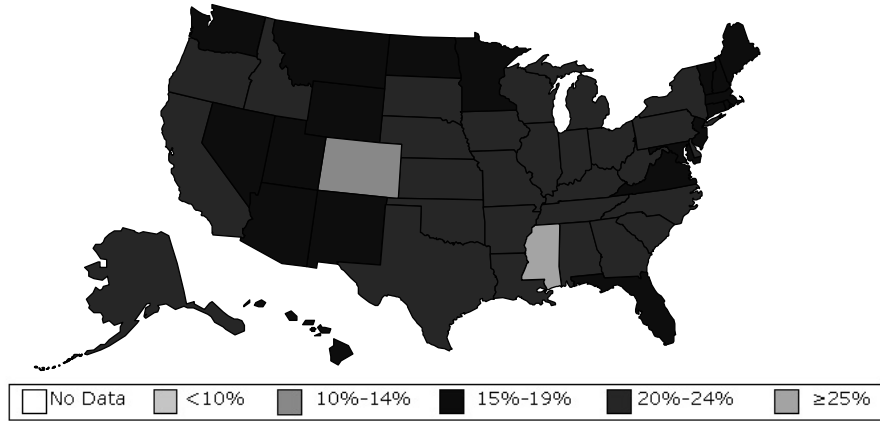


No Data  <10%  10%-14%  15-19%

Source: BRFSS, CDC

## Obesity Trends\* Among U.S. Adults BRFSS, 2001

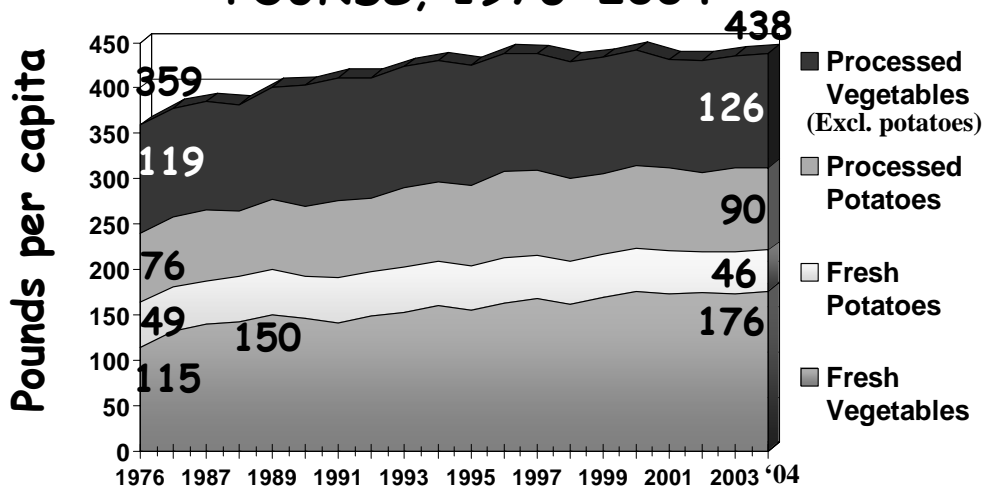
(\*BMI  $\geq 30$ , or  $\sim 30$  lbs overweight for 5'4" woman)



Source: Mokdad A H, et al. *J Am Med Assoc* 1999;282:16, 2001;286:10.

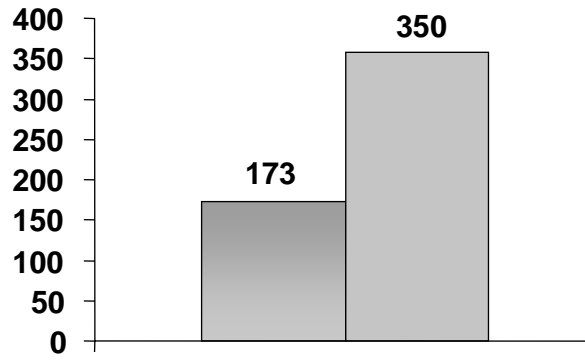


## US PER CAPITA VEGETABLE CONSUMPTION, POUNDS, 1976-2004<sup>F</sup>



Source: USDA/ERS, *Vegetables and Specialties Outlook*, July 2004

## Ave. Item Number in the Ave. US Fresh Produce Department



**Pma study:  
574 SKU's in 2001**

**Number of items**

■ 1987 ■ 2001

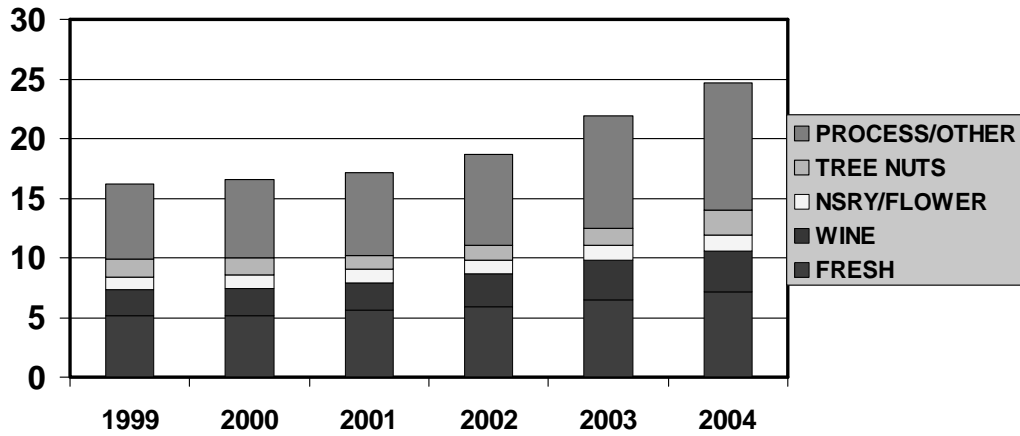
Source: Supermarket Business, Oct. 1999 and Progressive Grocer Oct. 2002

## World Area and Production of Fruits and Vegetables, Million Metric Tons and Hectares

	2004	1990
<b>Fruit Area</b>	<b>52.1</b>	<b>41.2</b>
<b>Fruit Production</b>	<b>497.4</b>	<b>351.6</b>
<b>Vegetable Area</b>	<b>51.3</b>	<b>31.0</b>
<b>Vegetable Production</b>	<b>855.1</b>	<b>462.1</b>
<b>Total Area</b>	<b>103.4</b>	<b>72.2</b>
<b>Total Production</b>	<b>1,352</b>	<b>813.7</b>

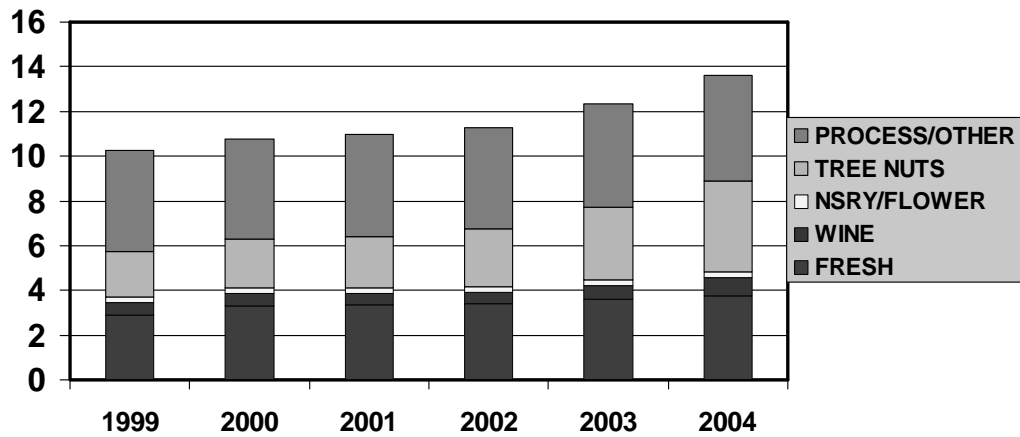
Source:  
FAO

## U.S. Horticultural Imports, by Key Product Category, \$Billion



Source: FAS/USDA

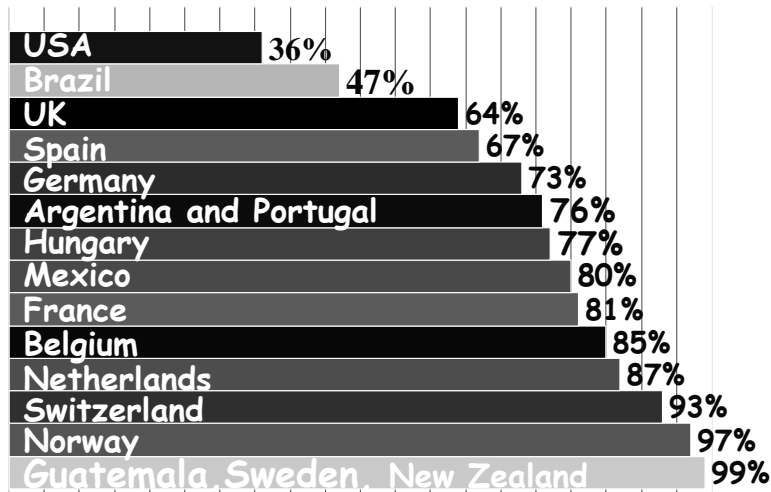
## U.S. Horticultural Exports, by Key Product Category, \$Billion



Source: FAS/USDA








## 2002 Market Share of the Top 5 Retail Chains Per Selected Country, % of Supermarket Sales



Source: M+M  
PlanetRetail, Cook  
and Reardon


Top 20 Europe-wide share about 60% in 2002

## TOP 2003 GLOBAL Grocery RETAILERS

Company and Origin	Sales (\$ billion)	Net Grocery Sales (\$ billion)	Net Grocery Rank
<b>Walmart</b> U.S.	256.33	112.02	1
<b>Carrefour/Promodès</b> France	79.61	61.62	2
 <b>Ahold</b> Holland	63.32	53.19	3
 <b>METRO AG</b> Germany/Switz	60.53	30.57	8
 <b>Kroger</b> U.S.	53.79	37.76	4
 <b>TESCO</b> U.K.	50.32	37.54	5
<b>Target</b> U.S.	48.16	8.57	26
 <b>REWE</b> Germany	44.25	33.45	7



30 grocery retailers account for over 10% of global food retail sales.

## TOP 2003 GLOBAL Grocery RETAILERS

Company and Origin	Sales (\$ billion)	Net Grocery Sales (\$ billion)	Net Grocery Rank
Costco <i>U.S.</i>	41.69	25.43	12
Aldi <i>Germany</i>	41.01	34.28	6
ITM (Intermarch) <i>France</i>	37.72	29.16	9
Safeway <i>U.S.</i>	35.55	26.84	11
 Albertsons <i>U.S.</i>	34.43	24.09	14
Schwarz Group (Lidl) <i>Germany</i>	33.35	27.68	10
Walgreens <i>U.S.</i>	32.50	12.35	24
Auchan <i>France</i>	32.42	18.54	19

Source: M+M PlanetRetail, May 2004

## TOP 2003 GLOBAL Grocery RETAILERS

Company and Origin	Sales (\$ billion)	Net Grocery Sales (\$ billion)	Net Grocery Rank
Aeon/Jusco <i>Japan</i>	30.57	14.43	22
Ito-Yokado <i>Japan</i>	30.54	19.08	17
Edeka/AVA <i>Germany</i>	29.67	24.86	13
J. Sainsbury <i>U.K.</i>	27.99	20.52	15
 Tengelmann <i>Germany</i>	27.72	19.32	16
 E.LECLERC <i>France</i>	27.33	16.37	21
CVS <i>U.S.</i>	26.58	8.29	27
Casino <i>France</i>	25.95	19.07	18

Source: M+M PlanetRetail, May 2004

## TOP 2003 GLOBAL Grocery RETAILERS

Company and Origin	Sales (\$ billion)	Net Grocery Sales (\$ billion)	Net Grocery Rank
Kmart U.S.	23.25	3.25	29
Delhaize "Le Lion" Belgium	21.25	16.38	20
Loblaws Canada	18.00	13.95	23
JC Penney U.S.	17.78	3.00	30
Coles Myer Australia	17.52	10.25	25
Daiei Japan	17.15	7.49	28
Total Top 30 <sup>e</sup>	1,287.38		
Others	2,612.62		e=Estimate
Total Worldwide	3,900.00		

Source: M+M PlanetRetail, May 2004

## Key Drivers

- global retail players
- global retail brands?
- growing role of private labels
- retailer-supplier contracts/partnerships, interest in large year-round suppliers
- declining role of spot market

## **Food Demand Trends**

- **Global per capita availability of fruits and vegetables grew from 155 kg in 1990 to 212 in 2004**
- **Latin America and East/SE Asia are home to 3 billion consumers**
- **Roughly 700 million are middle class**
- **They are registering the fastest growth in food demand in the world – in the face of slow growth mature food markets in the EU and Japan**

Sources: FAO and Tom Reardon, Peter Timmer and Julio Berdegue, 2002

## **Food Demand Trends**

- **Consumers in developing countries are shifting their diets away from grains toward more fruits and vegetables and animal protein**
- **Growing global importance of supermarket chains plays a key role in stimulating fresh produce trade – shelf space needs to be full year-round**

## Supermarket Share in National Food Retailing, The Americas

	Past	Current	Supermarket Share of Fruit/Veg Sales
United States	5-10 in 1930	83	80
Argentina	17 in 1985	57-60	30
Brazil	30 in 1990	75	50
Chile	NA	50	NA
Costa Rica	NA	50	NA
Guatemala	15 in 1994	35 in 2001	NA
Mexico	20 in 1970	45	21

Source: Reardon, Timmer and Berdegue 2002 and Cook NA = Not Available

## Supermarket Share in National Packaged/Processed Food Retail Markets - Asia

	1999	2001
China (urban)	30%	48%
Indonesia	20%	25%
Korea	61%	65%
Malaysia	27%	31%
Philippines	52%	57%
Thailand	35%	43%

Source: Reardon, Timmer and Berdegue 2002

- Chinese supermarket sales of fruits and vegetables are around \$2 billion, compared with Chinese exports of \$1.7 billion on average over 1995-2000.

- In Indonesia supermarkets sell roughly \$500 million of fruits and vegetables while exports are about \$286 million.

- In general, the gap in quality between fresh produce grown for the domestic market vs. exports is decreasing in the developing world.

- Improving technology and capital investment in agriculture changes relative competitiveness.

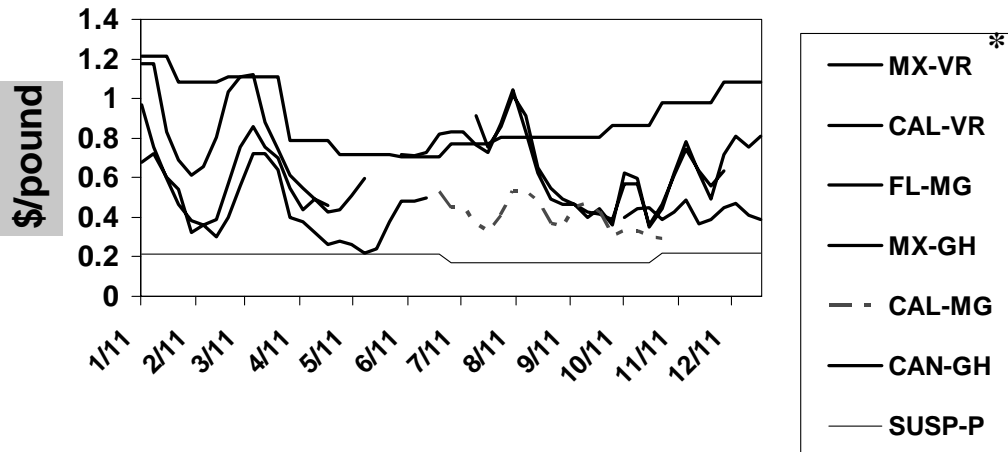
Source: Reardon, Timmer and Berdegue

### *North American Fresh Tomato Industry, Greenhouse and Field, 2003*

	USA	CANADA	MEXICO	TOTAL
<b>GH Prodn MT</b>	<b>159,664</b>	<b>220,114</b>	<b>148,300</b>	<b>528,078</b>
<b>Field Prodn <u>1,000</u> Mt</b>	<b>1,594.2</b>	<b>26,882</b>	<b>1,804.0</b>	<b>3,425.1</b>
<b>GH Share of Prodn</b>	<b>9%</b>	<b>89%</b>	<b>8%</b>	<b>13%</b>
<b>Average Yield MT/HA</b>	<b>484</b>	<b>494</b>	<b>156</b>	<b>378</b>

Source: Roberta Cook and Linda Calvin

**Weekly Fresh Tomato Prices: Florida Mature Green; Calif. Mature Green and Vine-Ripe; Mexican Vine-Ripe and GH; Canada GH Jan. 11, 2003 – Dec. 27, 2003**



Source: AMS/USDA; US Customs \*VRs, 4x5; Mx-GH 22's; MGs US 1s, extra large or 5x6.

**North American fresh tomato shipping seasons (dark bars) by region - greenhouse versus field grown**

		J	F	M	A	M	J	J	A	S	O	N	D
<b>Field Grown</b>	California												
	Florida												
	Rest of U.S.												
	Sinaloa, Mex.												
	Baja Calif., Mex.												
	Canada												
<b>Greenhouse</b>	Canada												
	U.S.*												
	Sinaloa, Mex.												
	Imuris, Sonora, Mex												
	Central Mexico												
	Baja Calif., Mex.*												

\*Many U.S. and Baja greenhouse industry locations don't produce year-round, but there is year-round production in the aggregate.