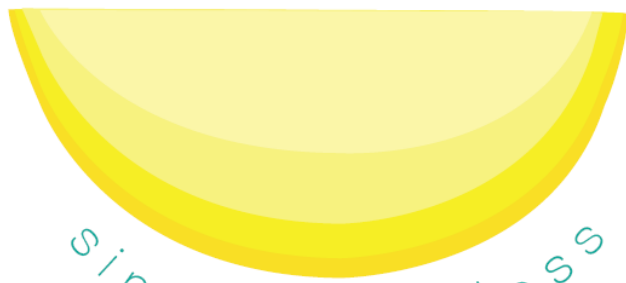


2011 NAMA Student Competition

Liora



simply seedless

Executive Summary

California Polytechnic State University, San Luis Obispo

Poly Promotions

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Introduction

Seedlessness is a coveted quality. Clementines, Watermelons, Oranges, and Grapes have established seedlessness as a trend driven by an increased demand for more convenient produce items. Our client, Future Fruit, LLC, is proud to offer the first naturally seedless lemon in the U.S. food market. Scientists have worked for 25 years to create this perfectly seedless lemon. Poly Promotions introduces Liora, an entirely new lemon variety, which is 100% seedless, 100% of the time.

Liora's seedless quality creates utility to chefs by reducing time spent removing seeds from lemons. Manually separating the seeds is time consuming, reduces juice yield, and loses the flavorful pulp. Current seed removal methods include: wrapping a lemon slice in cheesecloth before juicing, squeezing juice into hand to catch seeds, or using a strainer.

As said by Fernand Point, the father of modern French cuisine, "Success is the sum of a lot of small things done correctly." Liora lemons allow chefs to be more efficient with their time and give them confidence in knowing seeds are no longer an issue.

"I would never send a dish out that had a seed on it. Using seedless lemons would bring a sense of comfort to me, as a chef, knowing this would never happen."

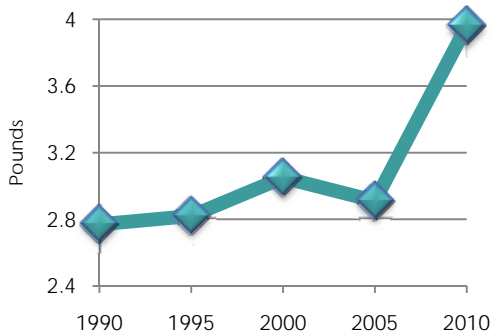
—Morgan L.
Sous Chef at Tia Pol, New York, NY

Market Analysis

Market Size

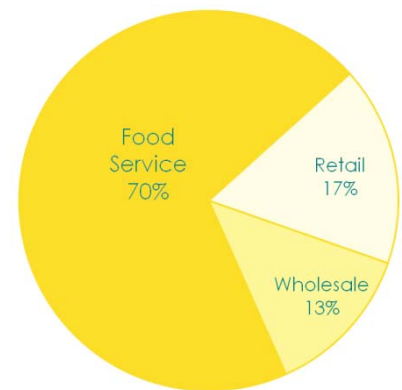
In the United States, lemons are growing in popularity; per capita consumption of lemons has steadily increased from 2.04 pounds per person in 1970 to 3.96 pounds in 2010.¹ Total farm receipts for the fresh market lemon industry reached \$205.5 million, exemplified by 22.7 million boxes sold in 2010.² Although

Per Capita Consumption



lemons are not directly consumed, fresh lemon consumption ranks eighth among all major fresh fruit consumed in the United States.¹ Over time, the nationwide utilization of lemons has shifted away from the processed lemon market to the fresh market as producers recognize the demand for fresh lemons. The food service industry is the primary destination for fresh lemons, accounting for 70 percent (325.1 million pounds) of all fresh lemons.³

Fresh Lemon Market Distribution Outlets



Market Potential

The market potential for Liora Lemons lies in the demand for fresh market lemons in the evolving food service industry. Lemons are an integral part of full-service restaurants. For instance, lemon slices are used to add flavor to beverages such as ice tea, water, beer, and spirits; they keep vegetables white while cooking and act as a replacement for vinegar in seasonings. The high speed nature of the restaurant business makes a seedless lemon a desirable product. Currently, chefs are forced to squeeze lemons into their hands or a strainer, wrap a sliced lemon in cheesecloth, or bottle their own fresh lemon juice to avoid unwanted seeds. According to the National Restaurant Association, the restaurant industry is forecasted to reach \$604.2 billion in sales in 2011.⁴ Of that projection, full-service restaurants make up \$404.5 billion.⁴ Full-service restaurants provide an assortment of food and beverages for table and bar services. Chefs and their staff have little time to pluck individual seeds from lemons while preparing and cooking various meals, nor do restaurant customers have any patience for frustrating seeds. Liora lemons are the ideal solution for every chef's lemon dilemma.



1. USDA – Economic Research Service
2. USDA – National Agriculture Statistics Service
3. The Packer, *Fresh Trends 2008*
4. National Restaurant Association

Target Market

Liora's target market is independently owned full-service restaurants in the prestigious San Francisco, Los Angeles, and Las Vegas food service markets. All three of these cities rank in the top 10 U.S. cities for dining in the industry and generate a combined total of \$11 billion in annual sales.⁴ Chefs in these areas are trendsetters and opinion leaders within the industry. By introducing Liora lemons to restaurants in these areas, these chefs will become Liora's most important promotional tool because of their influence in the industry.

Rank	City
1	New York
2	Chicago
3	San Francisco
4	New Orleans
5	Los Angeles
6	Las Vegas
7	Houston
8	Washington D.C
9	Boston
10	Seattle

Top 5 Food Service Trends

1. Locally sourced meats and seafood
2. **Locally grown produce**
3. Sustainability
4. Nutritionally balanced children's dishes
5. Hyper-local (eg. Restaurant gardens, do your own butchering)

Market Trends

According to the 2011 National Restaurant Association's Chef Survey, locally grown produce is the number two trend in the restaurant industry.⁵ Of the chefs surveyed, 86% stated that locally grown produce is the most desirable factor when making purchases.⁵ San Francisco, Los Angeles, and Las Vegas are all within 230 miles of Liora's growing regions. Targeting these areas lends itself to the recent locally grown frenzy in the restaurant business.

Competitive Analysis

Strengths

- Genetically Seedless
- Higher Juice Content
- Earlier Market Availability

Weaknesses

- Higher Price
- Shorter Season

Opportunities

- Market Exclusivity
- Market Demand for Seedless

Threats

- Other Lemon Varieties
- Pre-established Supply Contracts

The domestic lemon market is dominated by three varieties: Eureka, Lisbon, and Meyer.⁶ The advantages which differentiate Liora lemons from these competitors are higher juice content, thicker rind, and perfect seedlessness. Liora lemons possess higher juice content due to their larger size and lack of seeds. The benefit of a thicker rind is greater product storability and reduction in product loss due to damage associated with shipping and handling.⁷ The strengths of Liora's competitors are price and seasonality. Liora's market price per pound is 2.5¢ higher than its competitors, which is a 4.3% premium. Eureka and Lisbon are available year round while Meyer and Liora have seasonal availability.⁸ Although seasonality is a weakness, our target chefs are more tolerant to supply fluctuations due to their preference for locally grown produce.⁹ Also, production begins while our competitors are at a lull in supply, giving Liora a distribution advantage in the first two months of harvest. Despite Liora's higher price and limited availability, its value added characteristics set it a wedge above the rest.

Competitor Analysis Summary

	Size	Rind Thickness	Juice Content	Seed Content	Length of Season	Price	Total
Liora	L	4	5	5	3	3	20
Eureka	S/M	3	3	2	4	5	17
Lisbon	M	3	3	2	4	5	17
Meyer	M	3	4	1	3	4	15

The chart above represents competitive traits among leading lemon varieties. Each score is based on a rating scale of 1-5, where 1 is least desirable and 5 is most desirable. The total score is the sum of the five categories, which illustrates Liora's competitive advantage.

5. National Restaurant Association – Chef Survey: *What's Hot in 2011*

6. UC Riverside Citrus Variety Collection

7. Personal Interview: *Willits & Newcomb, Inc.*

8. University of Purdue Citrus Index

9. University of Nebraska – Lincoln, *Market Survey*

Business Proposition

Strategy Statement: Liora Seedless Lemons are perfectly seedless and of the highest quality, making them ideal for the prominent chef's kitchen.

Key Planning Assumptions

- Poly Promotions represents Future Fruit, LLC, a firm who owns the exclusive patent rights of Liora lemons.
- Liora is the only genetically seedless lemon variety in the United States.
- Every lemon is guaranteed to be 100% seedless.
- Growers in California will produce enough product to supply the targeted regions of year one, two, and three with 48,000, 96,000 and 160,000 cartons respectively.

Goals

- Presence in 9% of upscale restaurants in San Francisco by year 3 while initiating marketing and distribution in Las Vegas and Los Angeles.
- Gain 10% Liora label awareness in food service industry by year 1 and continue to grow 5% each year.
- Maintain 99% customer satisfaction while striving for 100%

Action Plan



Product and Positioning

Liora seedless lemons have high juice content, great flavor and are the only genetically seedless lemon variety in the United States. Liora lemons are grown by small farmers in the California Central Valley and are available between the months of October and May. They appeal to connoisseurs on the cutting edge of the cuisine world interested in the advantages of seedlessness and locality.

Price

Liora lemons are \$24.21 per carton, with each box containing approximately 88 lemons. Liora lemons are only \$1.00 more per carton on average than competitors.

Placement

The attributes of Liora lemons are attractive to many but with limited production in the first three years, only few will possess them. Executive chefs of upscale independently owned restaurants will be targeted. These

chefs are highly interactive, constantly communicating about products that exceed expectations, setting trends and trying to emulate one another. By targeting the industry trendsetters demand for Liora will develop among their peers and followers. Liora marketing efforts aimed at the top will also touch potential customers farther down the hierarchy ensuring that demand complements supply. In year one, Liora lemons will be sold exclusively in the San Francisco Bay Area, and will be expanded to the metropolitan areas of Los Angeles and Las Vegas by year two and three.

Packaging

Lemons for food service will be distributed in standard 40 lb. cartons printed with the distinctive Liora label.



YEAR 1 Calendar 2011-2012

*Product Availability

September

Focus: Build Product Awareness Pre-harvest

- Begin heavy internet & print ads in all target publications & websites
- Launch YouTube channel
- Begin social networking on FohBoh
- Sales reps begin building relationships with key restaurants and chefs

October

November

December

January

February

Focus: Direct Promotions to Target Restaurants

- Continue heavy internet and print ads
- Add production updates to YouTube Channel
- Heavy PR and social networking efforts on FohBoh & Facebook
- Sales reps keep building relationships and providing free samples to target restaurants
- Begin donating samples to specific culinary schools

Promotions

Sales Representatives: A team of experienced sales representatives will visit upscale restaurants and premier chefs to communicate the benefits of Liora lemons. They will give away sample cases to targeted restaurants and execute the promotions programs.

Culinary Schools: Sales reps will donate Liora lemons to top culinary schools such as The California Culinary Academy in San Francisco and the Culinary Institute of America at Greystone in Napa. Upon graduation, the up-and-coming chefs will have exposure and experience with the seedless fruit and show loyalty by continuing to use Liora lemons as their culinary careers develop.



Year 1 Marketing Expenses		
Promotions	Expenses	Percent of Total
Sales Representative	\$ 135,000	32.8%
PR Representative	\$ 65,000	15.8%
Print Advertising	\$ 60,968	14.8%
Industry & Trade Events	\$ 49,063	11.9%
Culinary Schools	\$ 42,557	10.3%
Internet Advertising & Website	\$ 41,070	10.0%
Chef's Market	\$12,313	3.0%
Trade Assoc. Membership	\$ 3,345	0.8%
Sponsorships	\$ 2,500	0.6%
TOTAL	\$ 411,816	100%



Sponsorships: Liora will be an Associate Member of Golden Gate Restaurant Association (GGRA). GGRA serves the foodservice industry, contributing to charitable causes and culinary educational programs. As a member, Liora's label will gain positive exposure in the San Francisco food service community.

Industry & Trade Events: Liora will have memberships in industry trade associations such as the Produce Marketing Association and National Restaurant Association. A 10'x10' booth at industry trade expositions will play an essential role in establishing label awareness in the industry.

Chef's Market: Chef's Farmer's Markets are emerging as a leading way for executive chefs and kitchen procurement officers to select the locally grown and freshest produce for their restaurants. Liora growers and sales reps will visit the markets to communicate directly with chefs, show off the product, and offer special promotions.

Public Relations Representative: A PR representative will use social and traditional media to target influential food bloggers and industry publication writers, creating buzz about Liora. The PR rep will monitor Liora media coverage and progression toward goals.



Social Networking: FohBoh, a social networking community for the food service professional, is a platform for chefs and restaurateurs to talk about new ideas, products and trends. Liora representatives will participate in the ongoing food discussion and continue to spread the Liora label by posting blogs and video. Also, Liora will have a presence on Facebook, tapping into its foodservice community. A Liora YouTube channel will be highly instrumental in communicating the value of the product and its unique story to customers. Amateur footage of the local farmers and fresh product will resonate with viewers.



Media Advertising (Internet & Print): Liora will advertise heavily online with Chef Magazine Online, American Culinary Federation's website and the social networking site, FohBoh. Liora will advertise in Food Arts magazine, Sizzle Magazine and Edible San Francisco Magazine, all of which are popular publications among the target market.



March

April

May

Focus: Broaden Label Awareness

- Scale down frequency of internet & print ads
- Continue social networking efforts
- Sales reps continue sales & use remaining product in cooking demonstrations at Chefs' markets
- Attend trade shows

June

July

August

Focus: Collect Feedback & Maintain Relationships

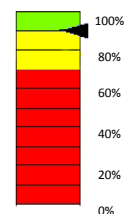
- Low internet and print advertising
- Sustain relationships utilizing social networking
- Uphold relationships with existing customers
- Collect testimonies from top clients to use in future promotion campaigns
- Sponsor Golden Gate Restaurant Association events

Monitoring and Measuring

Between internal assessments and outside services, Poly Promotions will monitor growth and success in the following areas: Customer Satisfaction, Brand Awareness, and Sales/Profitability. High end restaurants emphasize quality more than any other food service entity; therefore, our sales representatives will take a personal approach when working with Liora's customers. They will be responsible for routinely visiting and contacting these restaurants to obtain qualitative feedback in the form of direct interaction and surveys.

Our team of employees will be responsible for maintaining a steady progression of each standard. If our promotional efforts are successful, we will continue our current operations and expand into new territories. However, if initial benchmarks are not met, actions detailed in our contingency plan will go into effect.

Dashboard Analytics: Customer Satisfaction



Data from the surveys will be entered into a **dashboard performance program**, for a visual representation of our progress towards each goal.

Measurement Standards	Monitoring Methods	Contingency Plan
Customer Satisfaction <i>99% satisfaction, but strive for 100%</i>	<ul style="list-style-type: none"> • Further develop customer relations • Conduct surveys and provide incentive through promotional pricing 	<ul style="list-style-type: none"> • Evaluate and address issues and/or problem areas in a timely manner • Increase internal/external communication
Label Awareness <i>Year 1 - 10% and 5% growth each year following</i>	<ul style="list-style-type: none"> • Use Giga Alerts to monitor media coverage • Make use of social networking such as YouTube statistics, Facebook traffic, and FohBoh activity, to obtain Liora's performance feedback • Utilize Google Analytics to track website traffic 	<ul style="list-style-type: none"> • Focus on lowest selling regions • Explore alternative advertising outlets • Assess strengths and weaknesses in current advertisements
Sales/Profitability <i>10% Profit Margin year 1 and 28% year 3</i>	<ul style="list-style-type: none"> • Analyze monthly and quarterly sales reports • Evaluate financial reports 	<ul style="list-style-type: none"> • Adjust price, position, and packaging • Invest additional profits toward promotional strategies

Financials

Income Statement			
Years	2011	2012	2013
Units (Cartons) Sold	48,000	96,000	160,000
Wholesale Price per carton	24.21	24.94	25.69
Revenue	1,162,217	2,394,167	4,109,987
Total Costs of Good Sold	441,300	1,058,568	2,168,186
Total Operating Expenses	188,539	201,043	213,563
Marketing Expenses			
Sales Representatives	135,000	385,000	385,000
Print Media	60,968	25,013	25,013
Trade Shows & Memberships	52,408	49,540	151,981
Chef's Markets	12,312	12,312	12,312
Public Relations Representative	65,000	65,000	65,000
Donations	45,057	83,475	97,090
Website	20,600	20,618	20,637
Internet Advertisement	20,470	18,885	19,385
Total Marketing Expenses	411,816	576,369	577,379
Total Expenses	1,041,655	1,835,980	2,959,128
Net Profit	120,562	558,187	1,150,859
Profit Margin	10%	23%	28%
Return on Investment	12%	30%	39%
Marketing Expenses % of Revenue	35%	24%	14%

In year one, 60 acres of Liora seedless lemons will begin bearing fruit, followed by 120 acres in year two and 200 in year three. Poly Promotions will invest heavily into marketing Liora lemons in year one to generate a loyal customer base. In years following, our marketing expenses as a percent of total revenue will decrease annually.

The profit margin in year one is projected to be 10% and is expected to grow to 28% by year three. In response to Poly Promotions' aggressive marketing efforts, Future Fruit will see significant returns in 2012 and 2013.



Audience Profile

Cal Poly's NAMA Team, Poly Promotions, is proud to present a comprehensive marketing plan to the board of directors of Future Fruit, LLC, a firm who holds exclusive intellectual patent rights to the Liora variety of lemons.

