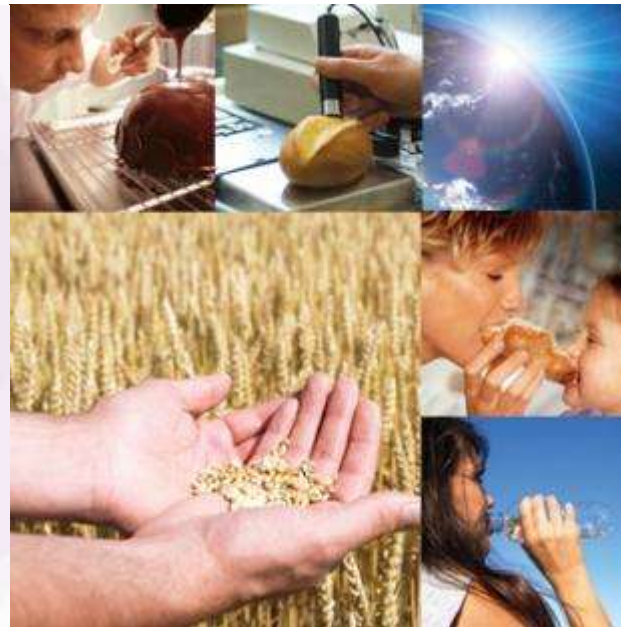




Invisible Goodness Bakery Products



Chicago IFT
November 9, 2011

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Outline



- Product ideation
- Market research – the voice of the customer
- The new Invisible Goodness Natural Base
- Market channels
- Competitive landscape
- Moving from a concept to a product
- Key learnings



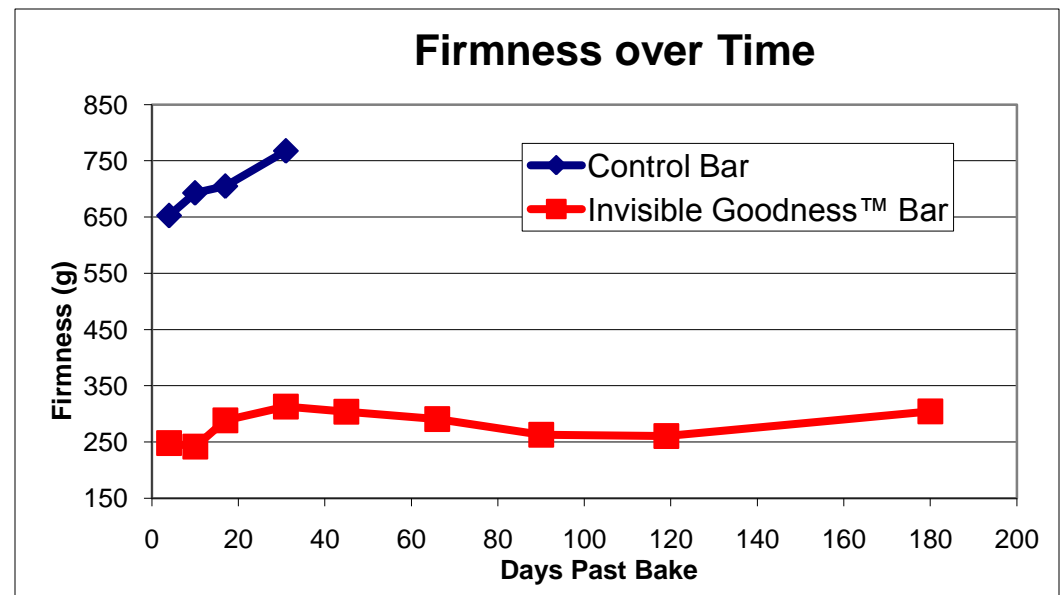
Invisible GOODNESS

**WHAT IS AN INVISIBLE
GOODNESS BAKERY
PRODUCT?**

Initial Product Concept



- Extended shelf life using anti-staling enzyme technology
- Advanced formulation to extend the microbial shelf life
- Bakery manufacturers could expand into the booming bar category
- Unique bakery bars = unlimited flavor and texture choices. Savory flavors could be developed
- Incorporate health benefits such as:
 - Excellent source of fiber
 - Whole Grains
 - Vitamin Premixes
 - Omega – 3
 - Antioxidants



Bar Sales – Big Opportunity

FDMx sales of cereal bars and granola bars at current prices, 2003-13

	\$million	% change
2003	1,103	-
2004	1,125	2.0
2005	1,220	8.4
2006	1,348	10.5
2007	1,563	15.9
2008*	1,594	2.0
2009 (fore)	1,688	5.9
2010 (fore)	1,815	7.5
2011 (fore)	1,949	7.4
2012 (fore)	2,087	7.1
2013 (fore)	2,232	6.9

* estimate using 52 weeks ending June 15, 2008

Does not include Wal-Mart

Source: Mintel/based on Information Resources, Inc. InfoScan ® Reviews Information

On-the-Go Snack Bars: Attitudes & Behaviors

Feedback from focus groups conducted in November 2008

Concept	Interest Level	Key Benefit	Key Challenge
On-The-Go Snack Bars	High	Potential for Nutritional Enrichments that consumers covet for healthy lifestyles	Believability and support for the health claims benefits

In the Scoping Process for the On-The-Go Snack Bars concept, we examined alternative product extension concepts for the Breakfast and Snack Occasions and as a quick, convenient lunch-time day part meal solution.

My breakfast time is very limited time, and I want something I can take that will be healthy.



I'm always looking for healthy snacks for the kids.

•Top 2 flavors from the focus group:
Jalapeno Cheddar and Cranberry & Almond

Early Competitive Advantage

- The only single serve, yeast raised, hand held, convenient, portion controlled, food bar
- Varieties include both sweet and *savory*
- Whole Grain Bread Bars do not need high levels of sugar for binding
 - Jalapeno Cheddar: 2g Sugar/45g Bar
 - Fiber One: 9g Sugar/40g Bar
- Good vehicle for fortification
- More satisfying/ “filling” than other bars*
- Allows bakery customers to compete in a new market
- Additional production time on low volume equipment
- Reduced distribution cost
- Product versatility ... multiple channels for distribution
 - *(from Market Directions, B4Y Custom Study Dec 08)



Invisible GOODNESS

**THE VOICE OF THE
CUSTOMER**

Custom Research

School Foodservice Focus Groups (conducted March 2010)



Key Takeaways

- ✓ Taste is the most important feature for this segment, followed by USDA regulations, and then price
- ✓ Most bar products are sold a la cart
- ✓ Needs/Demands can vary a lot between school systems
- ✓ Labor and facilities are the 2 largest hurdles facing school food operators with fresh baked products

Custom Research

C-Store Exec Interviews (conducted April 2010)



Key Takeaways

- ✓ If sales go up here it will be due to innovation and new products
- ✓ Surprisingly, respondents felt that nutrition was not that important with their customers
- ✓ Consumer brand preference is key with bar sales
- ✓ Bar taste is significantly more important than bar nutrition
- ✓ Bars are primarily purchased in the morning
- ✓ Bars are primarily used as breakfast items

Custom Research

CLT Testing/Sensory Analysis (conducted April 2010)



Key Takeaways

- ✓ Locate in **In-store Bakery/Bread Aisle**:
The cost of entry in the Cereal aisle may be prohibitive due to the disconnect with product form. A yeast-based product appears to better fit in the In-store Bakery or Bread aisle.
- ✓ Get below a certain **flavor** threshold and you are in the health food aisle.
- ✓ Have a **texture** that is too dense and dry and you have health food.
- ✓ The Caravan products were a little too moist for what many of the consumers may have been expecting. *But this should not be construed as bad, but as a uniqueness to our product ... hence, the **unexpected!***

Custom Research

Consumer Bar Usage Study (conducted January 2010)



Key Takeaways

- ✓ The number one reason participants purchase bars is for breakfast consumption (42%). 34% buy them for nutritional reasons and 10% for health benefits.
- ✓ When asked what nutritional value participants wanted from a bar, the top five responses: 1. fiber, 2. protein, 3. vitamins, 4. less sugar, 5. low fat and they still want the bar to taste good.
- ✓ When asked how bars could be improved, the number one change was to make bars bigger (27%). 25% said they wanted lower calories, 23% said they wanted improved nutritional value and 18% said to improve the flavor.
- ✓ “More satisfying and filling” was the attribute rated as most important followed by “better for you” bars.
- ✓ 80% of the test audience said that offering bars with 8 grams of whole grain is a very good idea.
- ✓ The top three flavors purchased are chocolate, peanut butter and strawberry.

Flavors



.....*Differentiate your product*
*Customize to your consumer!*

Top Flavor by Category	
Muffins*	Bars**
Assorted	Chocolate
Blueberry	Peanut Butter (inc. Choc)
Chocolate Chip	Chocolate Chip
Banana Nut	Strawberry
Corn	Variety (inc. Choc. variety)
Double Chocolate Chip	Almond
Raisin Bran	Oats and Honey
Bran	Blueberry



Top Forms, Toppings, & Fillings

Top 5 Product Forms	Top 5 Product Toppings	Top 5 Product Fillings
Round (like a cookie)	Chocolate	Chocolate
Roll (shaped like a cinnamon roll)	Drizzled Milk Chocolate	Chocolate Chip
Rectangle (like a bar)	Milk Chocolate Chips	Cinnamon
Square	Cinnamon	Apple
Twirl or Twist	Drizzled Dark Chocolate	Strawberry

Note: Ratings based upon top 2 box responses (definitely/probably would buy)



Source: Caravan Ingredients Proprietary Study September, 2011


Should this product really be a Bar?

- Consumers expect bars to be crunchy
- The bar aisle is highly competitive and crowded
- Do our bakery customers want to get into the bar category?
- Do consumers want 100% whole grain, excellent source of fiber, highly fortified?
 - The need to balance healthy attributes with taste and appeal
- Bakery customers want innovative, new products
 - Be careful on how far from the familiar a product drifts



**Invisible
GOODNESS**

**THE NEW GOODNESS
BAKERY PRODUCT**



100% *delicious*
as well as nutritious

invisible
GOODNESS

To learn more about our food, bakery & nutritional ingredients, call 800.669.4092

the all new base for creating *yeast raised* bakery snacks

- ✓ Invisible GOODNESS® Natural Base gives consumers what they've been asking for - a portable snack that is 100% delicious as well as nutritious
- ✓ An all natural base invisibly packed with calcium, vitamin D, fiber and whole grains
- ✓ Formulated to deliver a variety of flavor and shape options

SERVICE AND TECHNOLOGY WORKING FOR YOU

a  CSM company

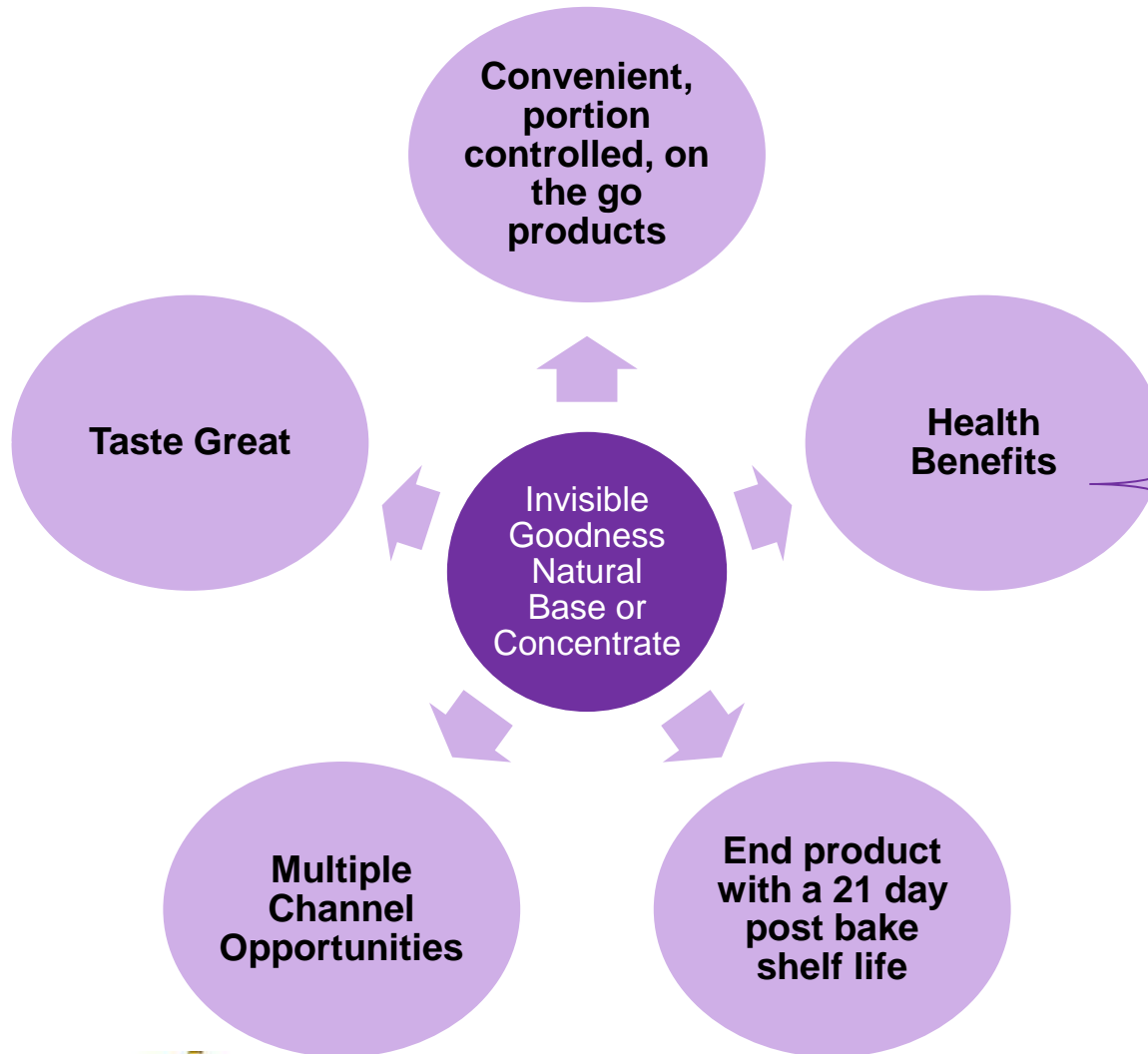

CARAVAN
INGREDIENTS

www.caravaningredients.com

- The all new base for creating *yeast raised* bakery snacks
- Invisible Goodness Natural Base gives consumers what they've been asking for – a portable snack that is 100% delicious as well as nutritious

 CSM company

How the IGNB meets the needs of consumers AND customers!



- All Natural
- Good Source of Vitamin D
- Excellent Source of Calcium
- Good Source of Fiber
- Qualifies for a basic Whole Grain Stamp

Why are the B4Y benefits relevant?

- **All Natural**

- According to CI Definition

- **Good Source of Vit. D**

- 10-19% of DV per RACC

- **Excellent Source of Calcium**

- 20% or more of DV per RACC

- Good Source of Fiber

- Qualifies for a basic Whole Grain Stamp

- Consumers' product awareness continues to grow, along with the push for Health and Wellness
 - Nearly half of bread consumers value nutrition over price (Mintel 2008)
- Bakery product launches with a natural claim, grew 103% from 2005 to 2010 (Mintel GNPD)
- Many Americans are lacking in Vitamin D and Calcium
 - In 2010, the recommended daily allowance for Vitamin D was raised from 400 to 600 IU's daily
 - 60% of consumers recently stated they are adding more vitamin D to their diet
 - A recent study linked high calcium intake to lower incidence of cancer (Scientific American 2/2009)

Why are the B4Y benefits relevant?

- All Natural
- Good Source of Vitamin D
- Excellent Source of Calcium
- **Good Source of Fiber**
 - 10-19% of DV per RACC
- **Qualifies for a basic Whole Grain Stamp**
 - 8g or more per serving



- Dietary Fiber was the lone ingredient increasingly sought after on the Nutritional Facts panel last year (*NPD Diet Monitor – 2010*)
- 30% of consumers state they make it a point to try to eat naturally fiber-rich foods (*Mintel 2010*)
- The 2010 Dietary Guidelines urge consumers to reduce their refined grain intake and make at least half of all grains consumed whole.



This product is completely customizable!

Step 1:
Choose your IG form

**Invisible Goodness®
Natural Base or
Concentrate**



Step 2:
Choose your flavors and
inclusions



Step 3:
Choose your product
form to fit your current
technology



Step 4:
Choose your toppings



Step 5:
Choose your packaging
and product positioning



Step 6:
Delight your consumers
with a great tasting, B4Y
offering!





Invisible GOODNESS

MARKET
CHANNELS

Market channels for Invisible GOODNESS™



**School
Foodservice**



**Breakfast &
Snack
Manufacturers**



**In-Store
Bakeries**

School Foodservice



Top 3 Factors
when selling to schools*!



#1 Taste

#2 Nutrition/Health

#3 Cost

2 Largest Hurdles Facing School Foodservice Operators: Labor and Facilities*

	School Nutrition Guidelines	What does the Invisible Goodness 60g Prototype contain?
Whole Grains	dependent on the setting, but overall guidelines call for increased whole grains in every aspect of school meals	11 grams
Fiber	14-21 grams throughout the school day	4 grams
Trans Fat	0 grams Trans Fat	0 grams Trans Fat
Saturated Fat	Less than 10%	1 grams Sat Fats (comes from the nuts in the topping)
Sodium Content	230 or less	130 mg
Calories	200	160
Calories from Fat	No more than 35%	20
Calories from Total Sugars	35% or less	25% (w/icing)

*based on recommendations for items sold/served on the school campus outside of reimbursable meals

*based on 60 g single serve bar (in accordance to RACC standards for like products)

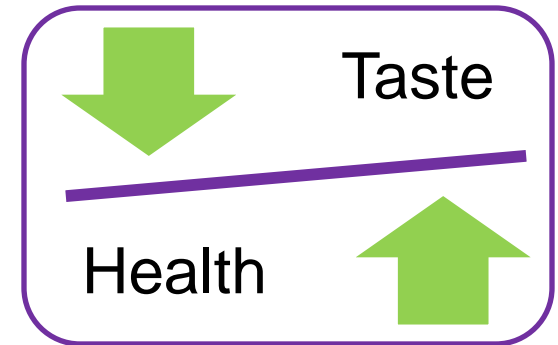


*Caravan Proprietary School Focus Groups Evaluations. PVR Ignite. March 2010.



Wholesale Breakfast & Snack

- **Points to Highlight:**
 - 21 day ambient shelf life
 - Could go through a blast freezer to give extra shelf life
 - Consumers are looking for portable, convenient tasty snacks with multiple day-part appeal (breakfast and snacking)
 - Versatility in packaging and positioning allows customers to leverage relationships with multiple outlets: C-Store, Club, Mass, Retail, Institutional Accounts
 - Shape versatility gives wholesalers the chance to extend their product line via new products OR replace the dough in a current product with a B4Y, fortified dough



In Store Bakery

■ Points to Highlight

- Versatility in delivery method: could be made onsite vs. bringing in thaw & sell through a wholesaler, lessening the labor requirements
- Can be sold individually in a bakery case or packaged in clam shells
- Brings a healthier option into the traditional ISB sweet goods offerings
- Brings a new option that can satisfy all day parts
 - Donut case for morning goods
 - Clamshells for snacks or desserts
- End product can range from B4Y to Indulgent to meet consumer needs
- 21 day ambient temp shelf life





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COMPETITIVE
LANDSCAPE

Competitive Landscape



- So far we have not seen any yeast raised bar-like products, which offer a unique value proposition for in-store bakery, schools, or other snack outlets
- There are some similarly positioned bakery bars with some key differences






Finished Good Competition

Muffins,
Breakfast/Snack Bars
Danish, Honeybuns,
Donuts, other snack
items



Caravan's Competitive Advantage

	Invisible Goodness Products	J&J BeneFIT Breakfast Bars	Otis Spunkmeyer Tasty Grains Fresh Baked Bars
Positioning	Consumers are demanding convenient foods that taste great and deliver a nutritious alternative to the current snack and breakfast good market. They want foods that balance B4Y with taste. <u>CI's versatile, easy to use IG products can be made in variety of manufacturing set-ups currently used to produce B4Y items.</u>	Introducing READI-BAKE BeneFIT Breakfast Bars made with 51% Whole Grains. Available in four taste-tempting flavors: Oatmeal Raisin, Oatmeal Chocolate Chip, Banana Chocolate Chunk and Apple Cinnamon. Each 2.5oz individually wrapped bar is packed with fiber and protein. These kid friendly Breakfast Bars also provide 2 grains/breads under The Child Nutrition Program.	Eating Better has never been more important to consumers than it is today; yet consumers often have difficulty finding wholesome menu options that taste great. To help meet this need Otis Spunkmeyer is proud to announce our new, delicious Tasty Grains Fresh Baked Bars.
Market Channels	Snack and Breakfast Mfg, Schools, In Store Bakery	Foodservice, Schools, Grocery & In Store Bakery, C-Stores,	Foodservice, Grocery
Selling Form	Base or Concentrate	Thaw and Sell Finished Goods	Freezer to Oven Finished Goods
Key Advantages	<u>All Natural, Whole Grains, Vit D and Calcium, Fiber, ZTF, 21 day ambient shelf life</u> * All claims dependent on end good formulation	Meets Child Nutrition Requirement for Bread Serving, Kid Friendly, No Labor, 7 day ambient shelf life	Grab N Go, Whole Grains, Free Merchandising Materials (Bags, etc.), All Natural, ZTF, Sustainable Merchandising, 8 day ambient shelf life
			

Competitive Nutritional Analysis



Oatmeal Raisin Bar

OATMEAL RAISIN #40400	
Nutrition Facts	
Serving Size (71g)	
Servings per Container 1	
Amount Per Serving	
Calories 290	Calories from Fat 90
----- % Daily Value*	
Total Fat 10g	15%
Saturated Fat 3g	15%
Trans Fat 0g	
Cholesterol 15mg	6%
Sodium 180mg	8%
Total Carbohydrate 40g	16%
Dietary Fiber 3g	12%
Sugars 23g	
Protein 5g	
Vitamin A 0%	Vitamin C 0%
Calcium 2%	Iron 10%
* Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:	
INGREDIENTS: Whole wheat flour, sugar, enriched flour (wheat flour, niacin, reduced iron, thiamine mononitrate, riboflavin, folic acid), vegetable shortening (carnaol oil, palm oil), raisins, oats, eggs, cinnamon drops (sugar, palm oil, cinnamon, and soy lecithin), invert syrup, molasses, whey, baking soda, natural flavor, cream of tartar, inulin, xanthan gum, salt, spice.	
Contains wheat, milk, soy, and egg ingredients.	

Chemically Leavened
4 SKU's
Breakfast Bars



Blueberry Bakery Bar

Nutrition Facts	
Serving Size 1 Bar (60g)	
Servings Per Container	
Amount Per Serving	
Calories 160	Calories from Fat 20
----- % Daily Value*	
Total Fat 2g	3%
Saturated Fat 0g	0%
Trans Fat 0g	
Cholesterol 0mg	0%
Sodium 190mg	8%
Total Carbohydrate 36g	12%
Dietary Fiber 4g	16%
Sugars 10g	
Protein 4g	
Vitamin A 0%	Vitamin C 4%
Calcium 20%	Iron 6%
Vitamin D 10%	Vitamin E 0%
Thiamin 8%	Riboflavin 4%
Niacin 4%	Folate 4%
*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs:	
	Calories: 2,000 2,500
Total Fat	Less Than 65g 80g
Saturated Fat	Less Than 20g 25g
Cholesterol	Less Than 300mg 300mg
Sodium	Less Than 2,400mg 2,400mg
Total Carbohydrate	300g 375g
Dietary Fiber	25g 30g
Calories per gram:	
Fat 9 • Carbohydrate 4 • Protein 4	

Yeast Raised
SKU's (n/a)
Breakfast Bars



Tasty Grains Fresh
Baked Bars

Nutrition Facts	
Serving Size 1Bar/3.0 oz (85g)	
Servings Per Container	
Amount Per Serving	
Calories 300	Calories from Fat 90
----- % Daily Value*	
Total Fat 10g	15%
Saturated Fat 4.5g	23%
Trans Fat 0g	
Cholesterol 20mg	7%
Sodium 240mg	10%
Potassium 160mg	5%
Total Carbohydrate 50g	17%
Dietary Fiber 5g	20%
Sugars 24g	
Protein 5g	
Vitamin A 8%	Vitamin C 2%
Calcium 4%	Iron 10%
Thiamin 10%	Riboflavin 8%
Niacin 8%	Folate 2%
Phosphorus 20%	Magnesium 8%
Zinc 2%	
*Percent Daily Values are based on a 2,000 calorie diet.	

Chemically Leavened
2 SKU's
Breakfast Bars



Teaming with our Customers

- Caravan is a B2B company
- Team with customers to finalize formulations, determine shape and delivery method, and to leverage customer positioning to place a product in the market
- Customers benefit from our innovative research, customer and market studies, and lessons learned
- Yeast raised production equipment, sheeted dough capability optimal
- Currently there are products in test markets
- Others customers finalizing formulations and production specifications



What we learned

- A unique formulation paired with enzyme technology created a superior texture for both short and long shelf life items
- Controlling water activity in a bakery item is a must for extending the shelf life of natural bakery products
- Listen to the customer
- The bar isle may not be the way to go with a unique, yeast raised item
- Bakery consumers like familiar, comfort foods
- American consumers like “Sweet!”
- Challenges of launching a product concept as a B2B company, importance of validation partners





Invisible GOODNESS

**THANK YOU!!
ANY QUESTIONS??**