Creating Demand Around the World
Established Markets:
North America and Europe

growing ADVANTAGE
The Almond Conference

Creating Demand Around the World Established Markets: North America and Europe

Moderator: John Talbot, ABC

Presenters:

Glenn Pappalardo, Deloitte Consulting

Stacey Humble, ABC

Dariela Roffe-Rackind, ABC

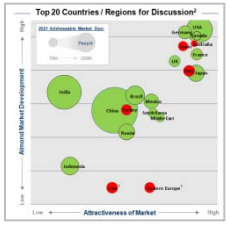
Almond Board of California

Global Market Development Analysis Project
Perspectives on Established Markets

December 8, 2011

Deloitte Consulting LLP

Over the course of the 12 week project, four phases were used to identify and evaluate opportunities

	Phase 1: Region Selection	Phase 2: Current Market Sizing	Phase 3: Future Market Sizing	Phase 4: Opportunity Prioritization
Phase Objectives				
Key Activities	Establish filtering criteria to evaluate and select the most impactful and high potential markets for model inclusion	Develop baseline of almond consumption for key selected markets through production, category and consumption data inputs	Forecast future consumption patterns and opportunities by analyzing global category trends, product innovation, and consumer preferences	Identify the most attractive opportunities for ABC to focus on and invest in based on various execution oriented considerations
Key Outputs	 *Regional Selection Tool*	 *Category Consumption Index*	 *Future Growth – Attractiveness Map*	 *Prioritized Opportunities List*

The project evaluated market consumption across seven distinct food categories

The combination of a specific category with a given market creates what was referred to as a ‘market intersection’

Food Category	Definition	Examples
1. Snacking	Whole almonds (pasteurized or not, and packaged or not), **granola/energy bars, cereal bars**, trail mix, mixed nuts, almond crackers, industrial packaged baked goods and any other snack food with almonds as an ingredient	
2. Confectionery	Candy bars and chocolate coated almonds	
3. Cereal	Ready to eat (RTE) cereals, including both children’s and family cereals - **does not include cereal bars**	
4. Ice Cream	Ice cream products and novelties, including bulk and multi-pack	
5. Bakery	Artisanal bakery goods made fresh and sold in bakeries, including cakes, pastries and bread - does not include industrial packaged, extended shelf life baked goods	
6. Food Service	Quick casual, family casual, and fine dining restaurants, but does not include artisanal bakeries	
7. Other	Almond milk, almond products used as cooking/baking ingredients, as well as other almond based foods (such as almond butter, almonds in rice, marzipan, etc.)	

The concept of a country's 'addressable population' was the first filter utilized in identifying potential opportunities for ABC

Addressable Populations (Top 20)

	Country	Projected Population 2021		
		Total	Addressable	%
1	China	1,398,653,940	1,164,966,725	83%
2	India	1,401,888,600	774,393,506	55%
3	United States	339,685,242	334,734,620	99%
4	Indonesia	264,540,464	188,988,281	71%
5	Brazil	211,707,407	184,535,433	87%
6	Japan	124,452,649	121,584,759	98%
7	Russian Federation	140,688,183	121,319,469	86%
8	Mexico	127,009,575	113,926,224	90%
9	Pakistan	208,474,354	93,954,632	45%
10	Nigeria	208,911,216	81,540,219	39%
11	Philippines	111,413,197	79,896,908	72%
12	Germany	80,877,368	78,688,211	97%
13	Bangladesh	168,933,283	77,458,622	46%
14	Iran	81,545,392	70,857,229	87%
15	Egypt	96,073,160	70,268,670	73%
16	Turkey	81,441,451	66,034,005	81%
17	France	66,149,953	64,772,934	98%
18	U.K.	66,167,985	63,371,307	96%
19	Viet Nam	97,026,982	61,858,009	64%
20	Italy	61,265,272	59,029,711	96%

Definition & Methodology

Definition

The percentage of a country or market's population who can be effectively reached and influenced by ABC and industry efforts

Addressable Population Factors:

Addressable Population was estimated based on the following:

1. Population Projections 2021
2. Urbanization Projections 2021
3. Human Development Index

Cutoff Point: 25 million in addressable population by 2021

Output: 38 countries / regions

Countries were grouped into one of three types – Established. Emerging and Exploratory – based on the nature and extent of ABC's efforts and experience

Summary of Type Classifications for Countries Evaluated

		Projected Population 2021			
	Country	Total	Addressable	%	Country Type[1]
1	**United States**	339,685,242	334,734,620	99%	Established
2	**China**	1,398,653,940	1,164,966,725	83%	Emerging
3	**Japan**	124,452,649	121,584,759	98%	Established
4	**Brazil**	211,707,407	184,535,433	87%	Exploratory
5	**India**	1,401,888,600	774,393,506	55%	Emerging
6	**Russia**	140,688,183	121,319,469	86%	Emerging
7	**Mexico**	127,009,575	113,926,224	90%	Exploratory
8	**Indonesia**	264,540,464	188,988,281	71%	Exploratory
9	**Germany**	80,877,368	78,688,211	97%	Established
10	**France**	66,149,953	64,772,934	98%	Established
11	**U.K.**	66,167,985	63,371,307	96%	Established
12	**Canada**	37,457,985	36,629,985	98%	Established
13	**South Korea**	49,916,247	49,258,789	99%	Emerging
14	**Middle East**	53,955,396	48,892,998	90%	Exploratory

1. 'Country Type' is how established the country / region is with regards to ABC's efforts and activities, as well as knowledge of the market

Established markets offer less significant opportunities solely in terms of total growth, but these opportunities typically improve in priority in light of other factors

Prioritization – Growth Only

	Growth Opportunity	'16 Growth
1	China Snacking	239.0
2	U.S. Snacking	94.0
3	India Snacking	36.5
4	U.S. Food Service	32.2
5	China Food Service	16.8
6	South Korea Snacking	12.7
7	U.S. Confectionery	12.2
8	Russia Snacking	9.1
9	Canada Snacking	8.7
10	India Confectionery	8.6
11	India Food Service	7.9
12	China Confectionery	7.7
13	China Bakery	7.2
14	U.S. Cereal	5.8
15	Japan Snacking	5.3
16	India Ice Cream	5.3
17	China Ice Cream	5.1
18	Middle East Snacking	4.8
19	Mexico Snacking	4.7
20	Russia Confectionery	4.3
21	France Bakery	4.0
22	Canada Food Service	4.0
23	South Korea Confectionery	3.5
24	U.S. Ice Cream	3.3
25	France Snacking	3.2

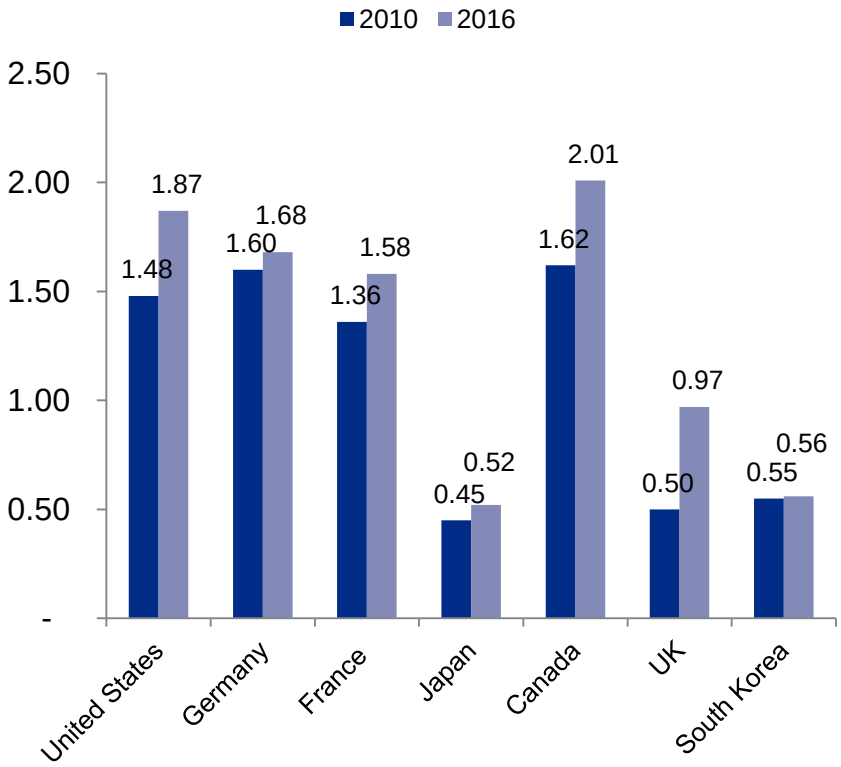
Recommended Prioritization

	Growth Opportunity	Change	'16 Growth
1	U.S. Snacking	↑ 1	94.0
2	China Snacking	↓ 1	239.0
3	U.S. Food Service	↑ 1	32.2
4	U.S. Confectionery	↑ 3	12.2
5	Canada Snacking	↑ 4	8.7
6	South Korea Snacking	NC	12.7
7	U.S. Cereal	↑ 7	5.8
8	India Snacking	↓ 5	36.5
9	China Food Service	↓ 4	16.8
10	Russia Snacking	↓ 2	9.1
11	Japan Snacking	↑ 4	5.3
12	India Ice Cream	↑ 4	5.3
13	China Confectionery	↓ 1	7.7
14	India Confectionery	↓ 4	8.6
15	China Bakery	↓ 2	7.2
16	India Food Service	↓ 5	7.9
17	France Bakery	↑ 4	4.0
18	Canada Food Service	↑ 4	4.0
19	China Ice Cream	↓ 2	5.1
20	Russia Confectionery	NC	4.3
21	Middle East Snacking	↓ 3	4.8
22	Mexico Snacking	↓ 3	4.7
23	France Snacking	↑ 2	3.2
24	U.S. Ice Cream	NC	3.3
25	South Korea Confectionery	↓ 2	3.5

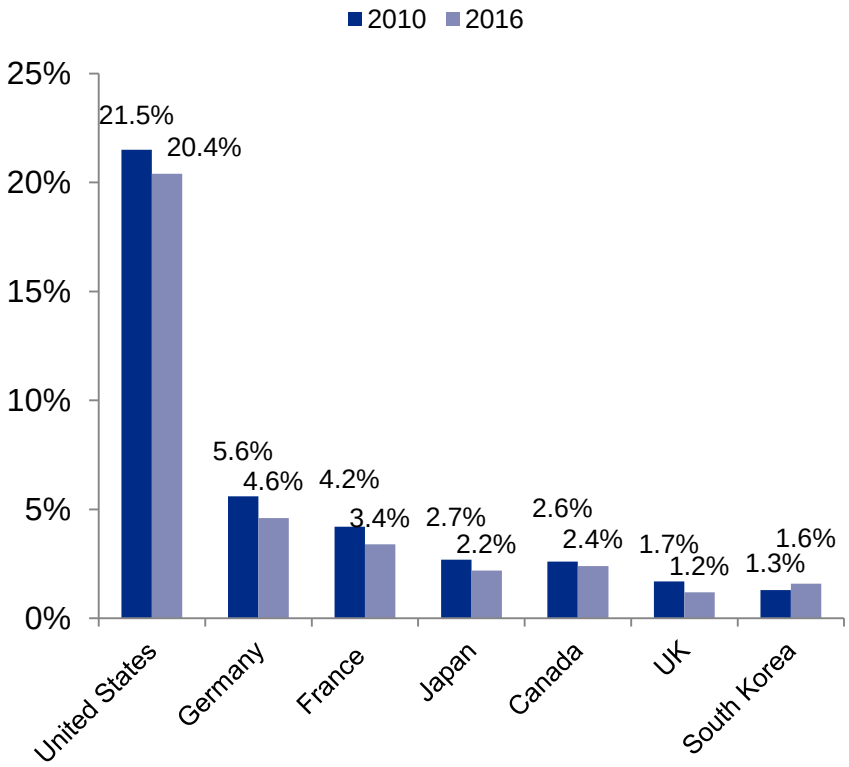
While every Established market is expected to increase its per capita consumption, overall consumption growth rates lag those of Emerging and Exploratory markets

Loss of share of overall global consumption is likely for nearly every Established market through 2016

Per Capita Consumption



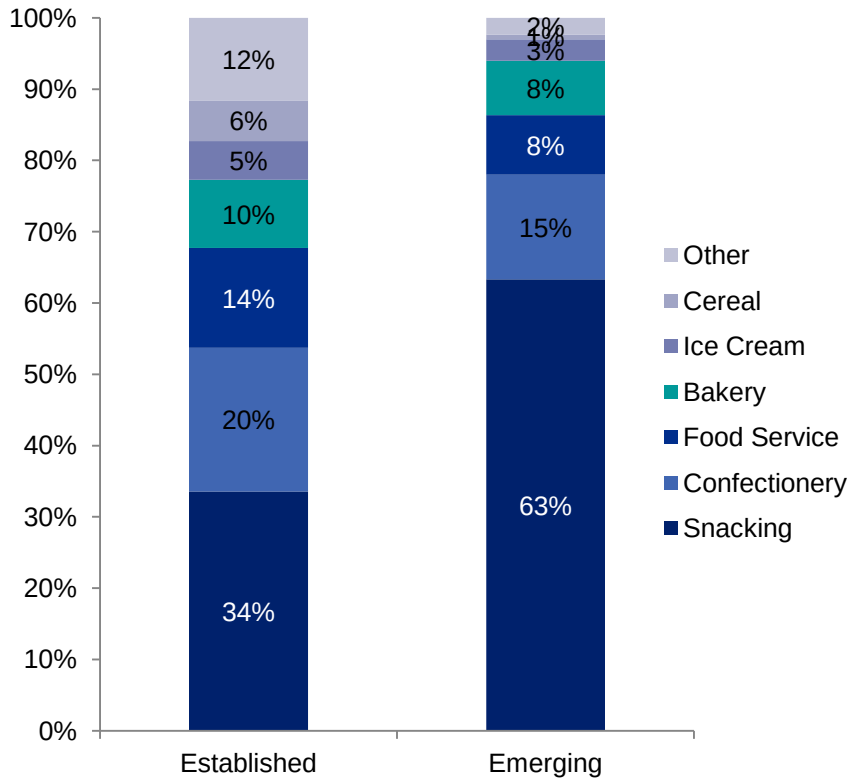
Share of Global Consumption



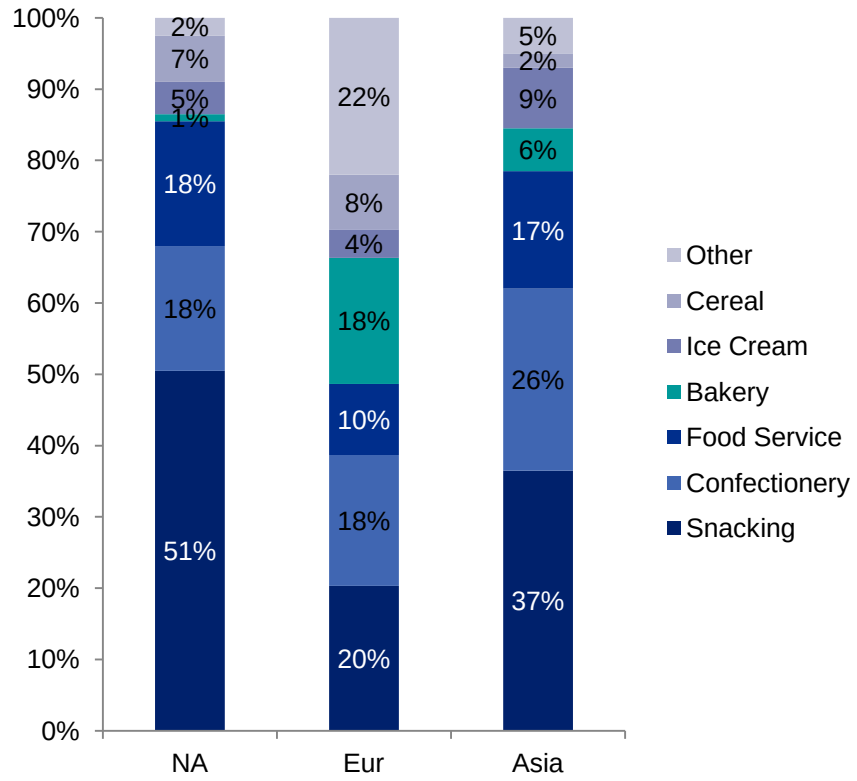
Established markets have a more 'balanced' portfolio of almond consumption across categories relative to Emerging markets,

However differences exist even within Established markets depending upon region

Established vs. Emerging*



Established Markets by Region*



*Represents a straight, non-weighted average

While there are definite variations between them, the Established markets share a common set of attributes that influence their respective consumption outlook

Advantages

- Established infrastructure
- Presence of sophisticated CPG
- Higher income levels
- 'Premiumization' trends
- Greater health consciousness
- Faster product introductions
- Wider product assortments

Considerations

- Higher execution costs
- Greater retailer power
- Regulatory scrutiny on nutrition
- Taxation
- Increased competition
- Greater fail rates/shorter trend life
- Stagnant population growth

The ability for almonds to gain significant consumption growth in most Established markets will likely come from 'stealing share' from other options, and as such will be more expensive to obtain and retain relative to other markets

*Represents a straight, non-weighted average

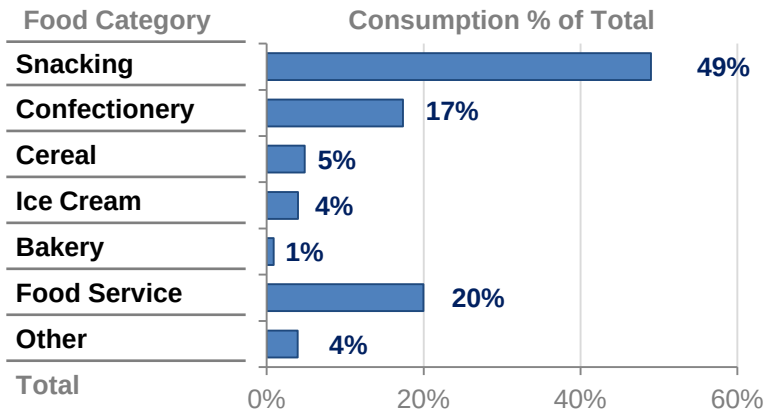
Despite significant penetration by almonds into the market, the United States still offers room for growth for the industry across multiple categories

Total Consumption

United States

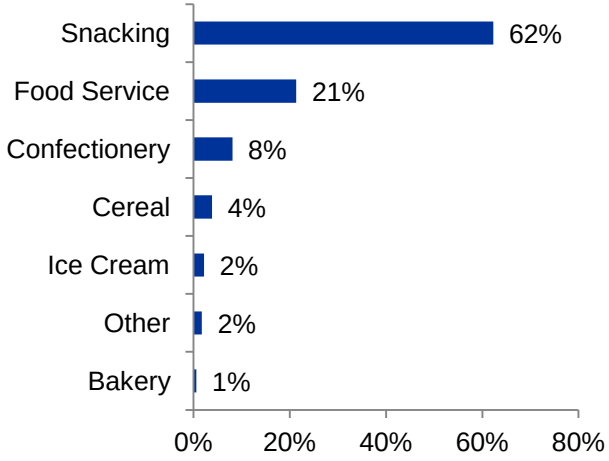
Per Capita:	1.48 lbs
Population:	310 M
Per Addressable:	1.51 lbs
Addressable Pop.	303 M
% of Total	98%

Consumption by Food Category*

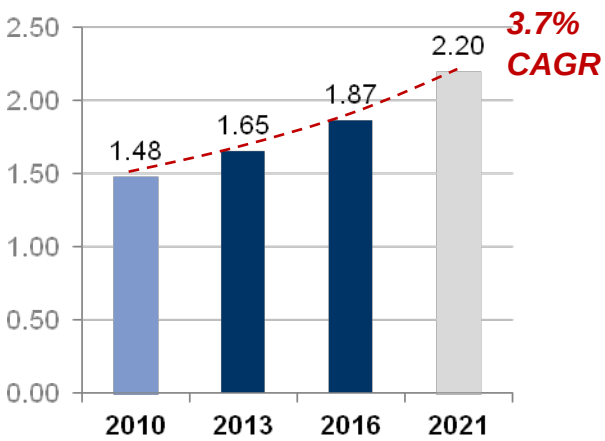


Future Consumption Trends

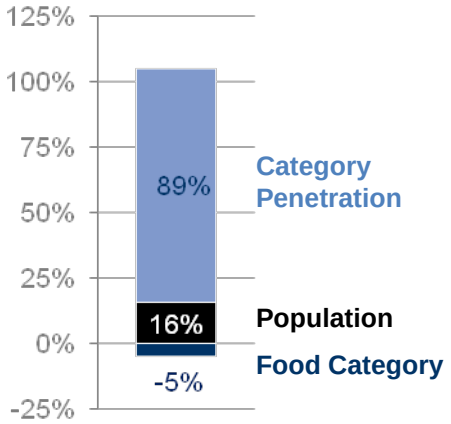
Growth by Category, 2010-16



Almond Consumption per Capita
(Lbs per Person Annually)



Sources of 2016 Growth



* May not total due to rounding

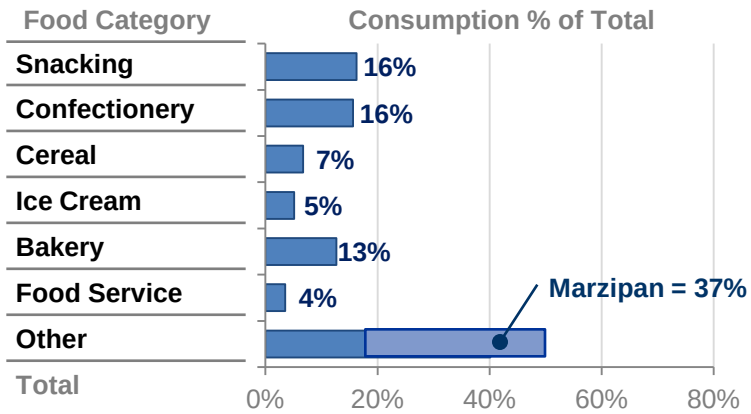
While the most sizable (and stable) market in Europe, Germany will likely produce only moderate increases in domestic consumption in the coming years

Total Consumption

Germany

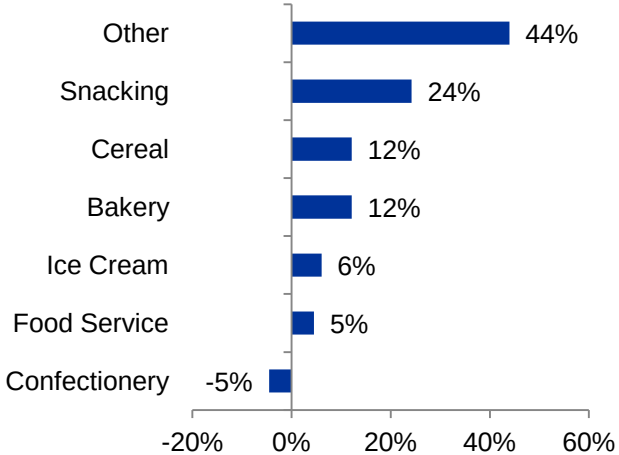
Per Capita:	1.60 lbs
Population:	82 M
Per Addressable:	1.65 lbs
Addressable Pop.	79 M
% of Total	97%

Consumption by Food Category*

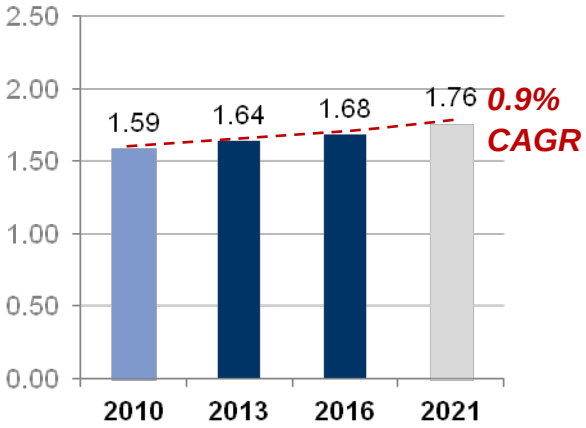


Future Consumption Trends

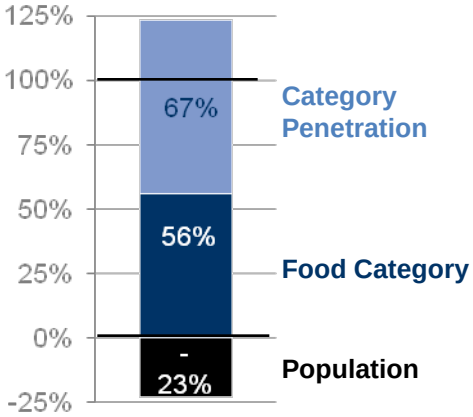
Growth by Category, 2010-16



Almond Consumption per Capita
(Lbs per Person Annually)



Sources of 2016 Growth



* May not total due to rounding

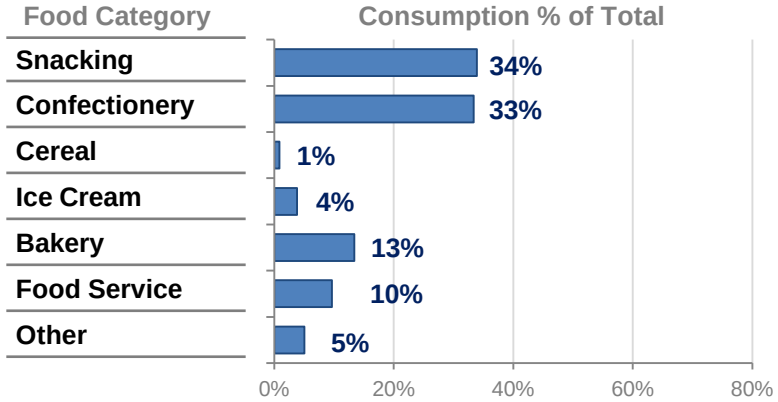
While the Russian market lacks the positive demographic trends of either India or Russia, many of its current consumer preference trends are positive

Total Consumption

Russia

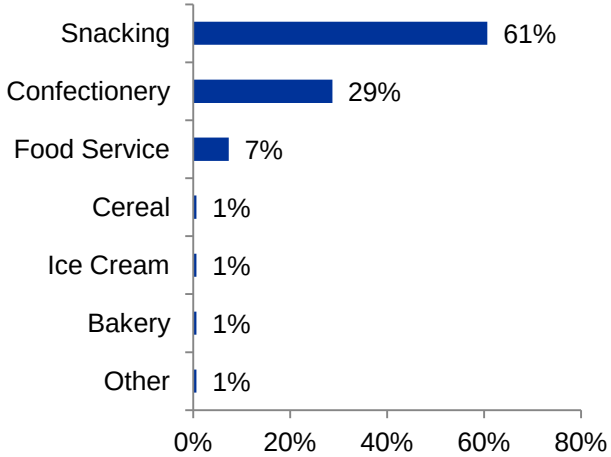
Per Capita:	0.24 lbs
Population:	140 M
Per Addressable:	0.29 lbs
Addressable Pop.	114 M
% of Total	81%

Consumption by Food Category

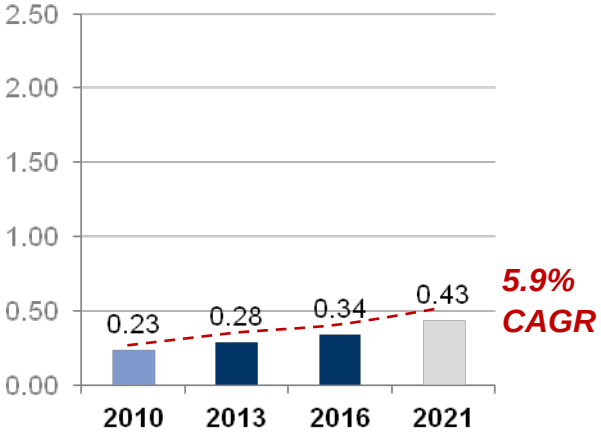


Future Consumption Trends

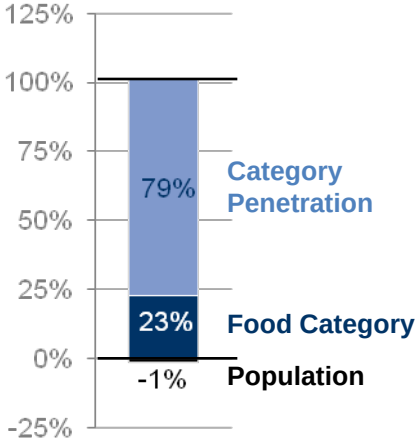
Growth by Category, 2010-16



Almond Consumption per Capita
(Lbs per Person Annually)



Sources of 2016 Growth



* May not total due to rounding

Creating Demand Around the World Established Markets: North America and Europe

Moderator: John Talbot, ABC

Presenters:

Glenn Pappalardo, Deloitte Consulting

Stacey Humble, ABC

Dariela Roffe-Rackind, ABC

North America Market Overview

Stacey Humble

growing ADVANTAGE
The Almond Conference

Today

- North America Market Overview
- Program Objectives
- Program Overview
  - Market Access
  - Trade Stewardship
  - Marketing
- Conclusions

Market Sizing Country Detail: United States

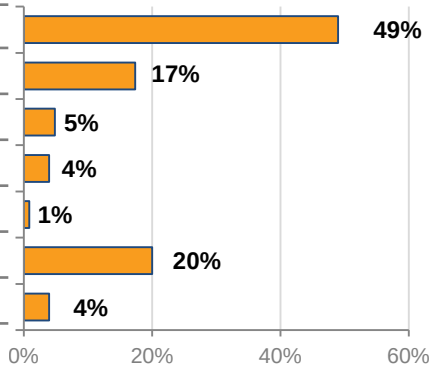
Total Consumption

United States

2010 Consumption:	**458.1** M lbs
% of Global:	**21.8%**
Per Capita:	1.48 lbs
Population:	310 M
Per Addressable:	1.51 lbs
Addressable Pop.	303 M
% of Total Population	98%

Consumption by Food Category*

M lbs	Food Category	Consumption % of Total
224.4	**Snacking**	**49%**
79.6	**Confectionery**	**17%**
22.3	**Cereal**	**5%**
18.2	**Ice Cream**	**4%**
4.0	**Bakery**	**1%**
91.6	**Food Service**	**20%**
18.0	**Other**	**4%**
458.1	**Total**	



Key Insights

- **Shipments:** 490 million pounds
- **Production:** 67% of world production in 2009/2010 – projected to be 74% in 2011/2012
- **CPG Export:** 27 million pounds of CPG products are exported globally, the largest share going to Canada (40%)

* May not total due to rounding

Market Sizing Country Detail: Canada

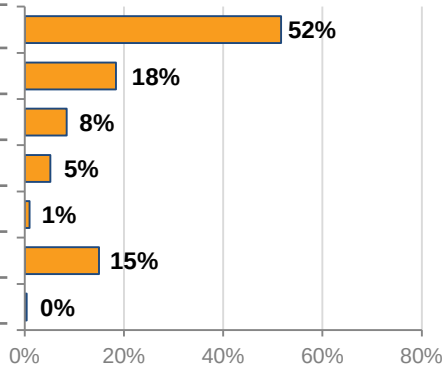
Total Consumption

Canada

2010 Consumption:	**55.3** M lbs
% of Global:	**2.6%**
Per Capita:	1.62 lbs
Population:	34 M
Per Addressable:	1.67 lbs
Addressable Pop.	33 M
% of Total Population	97%

Consumption by Food Category*

M lbs	Food Category	Consumption % of Total
28.5	**Snacking**	52%
10.2	**Confectionery**	18%
4.7	**Cereal**	8%
2.9	**Ice Cream**	5%
0.5	**Bakery**	1%
8.3	**Food Service**	15%
0.2	**Other**	0%
55.3	**Total**	



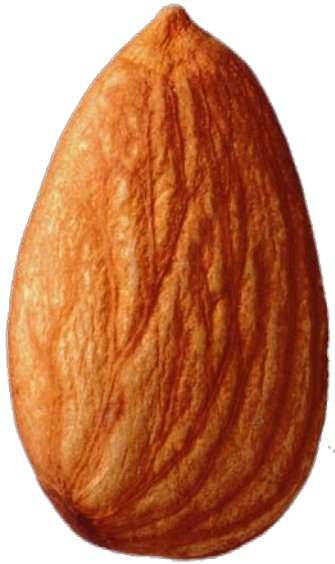
Key Insights

- **Almond Import:** 98% of almonds originate from the U.S.
  - **Shipments:** 45 million pounds
- **Almond Export:** Small amounts exported to Taiwan and Trinidad
- **CPG Import:** Majority of imports from the U.S.

* May not total due to rounding

North America Food Category

- The US market is a strong snack and ingredient market



North America Snacking

- Snacking continues to gain significance for almonds, and it is now estimated that snack nuts alone account for 48% of total pure almond volume in retail channels
  - Pure almonds continue to outpace snack nut category *and* mixed almond growth and show no signs of stopping

Program Objectives

North American Program Objectives

We drive consumer demand in North America through focus in the categories of Snacking, Chocolate, Cereal and Food Service with the following objectives:

1. Strengthen almonds' position as THE healthiest choice
2. Drive perception of California Almonds' naturally satisfying flavor and crunch
3. Increase relevance of almonds to each target audience




Program Overview

Market Access: North America

growing ADVANTAGE
The Almond Conference

Budget impacts on:

- Market development $$
- Research infrastructure
- Specialty crop funding

Food safety, traceability key drivers throughout supply chain

Leveraging key alliances for education, outreach

Primary focus: regulatory environment

Trade Stewardship

Food Professional – Foodservice & Manufacturers

growing ADVANTAGE
The Almond Conference

Target Audiences:
- Foodservice
- Manufactures

1

Events and Tradeshows


THE CULINARY INSTITUTE OF AMERICA AT GREYSTONE
in conjunction with
UNIVERSITY OF CALIFORNIA, DAVIS
7th Annual Invitational Leadership Forum
Flavor, Quality & American Menus
September 8-11, 2010
Napa Valley and Davis, California

2

Media Outreach

3

Collateral

4

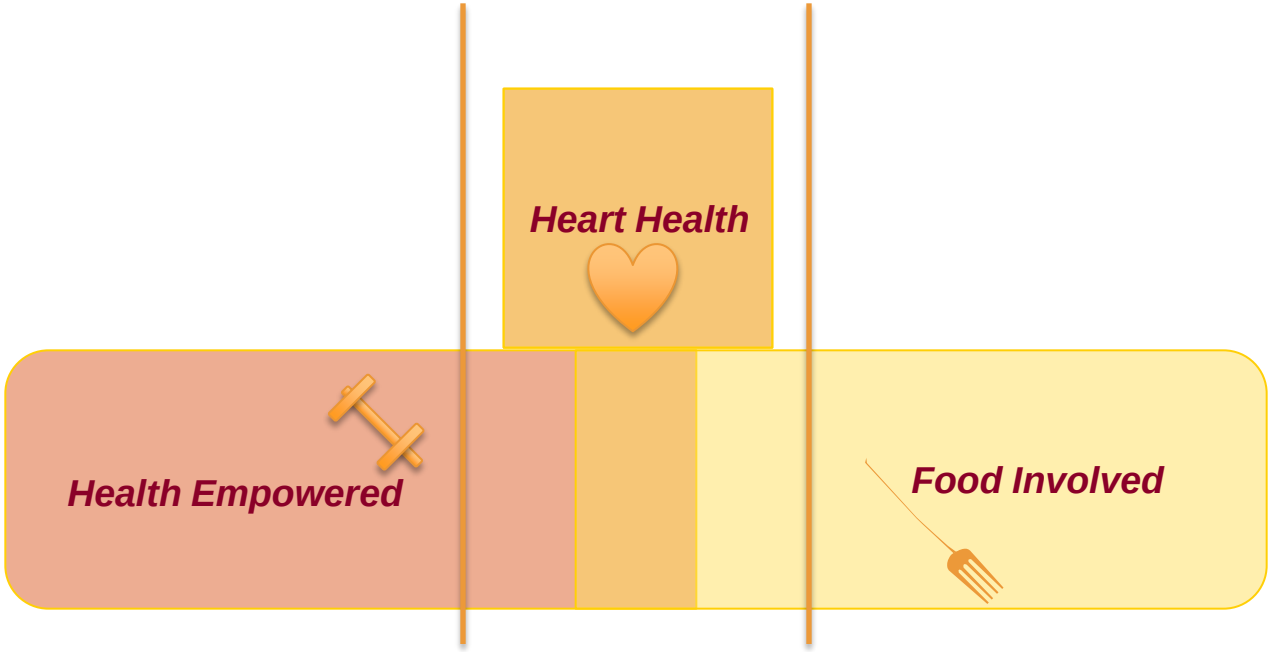
Recipe and concepts

5

Advertising

Marketing:
Consumer Target Audience

- The North America target , Appetite for Life, is segmented by the intersection of health involved, food involved and heart health and represents nearly 50% of the adult population



Source: Fall 2010 MRI.

Primary Consumer Target Audience: Jane

- **Target definition:** 35+-year-old professional woman, primary shopper, entertains friends, food-and-health involved, exercises regularly

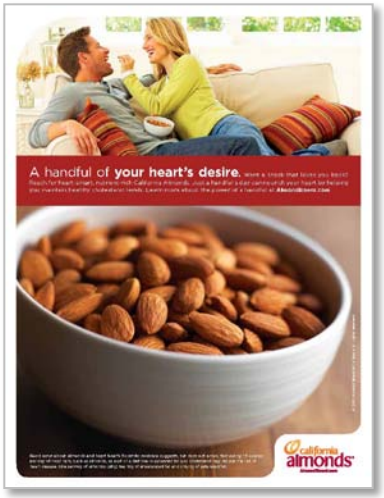
- **Situation:**
  - Janes choose almonds as the nut to eat most often on an ongoing basis
  - Almonds are not her favorite nor does she believe they are worth paying more for
  - She currently eats almonds one time per week or more
  - Super Jane currently makes up 20% of this target and eats 5x more almonds than Jane

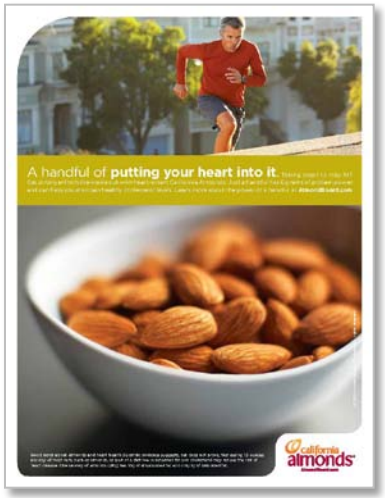
- **Objective:** Integrate almonds into her <u>daily</u> life

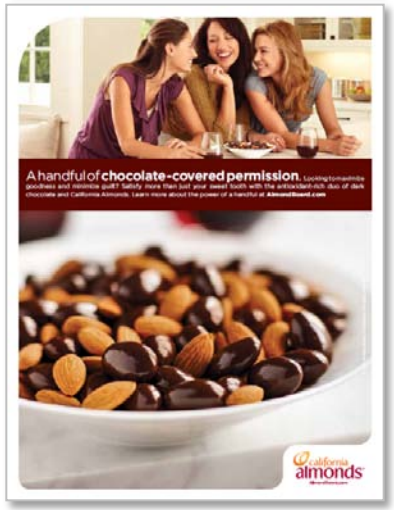
- **Strategies:**
  1. Demonstrate a handful of almonds as a guilt-free mid-morning and mid-afternoon snack
  2. Show her how almonds add naturally satisfying flavor and crunch to foods she's cooking or buying
  3. Showcase almonds as the healthiest and most relevant solution to her busy life

Maximizing Marketing Impact: :
Appetite for Life Print Advertising

- **"*A Handful of*" Campaign**







Maximizing Marketing Impact:
Appetite for Life Online Advertising

growing ADVANTAGE
The Almond Conference

Recipe Generator:

food network

allrecipes.com

my recipes

Cooking.com

Snacking Banners:

REAL SIMPLE
life made easier, every day

WeightWatchers

Maximizing Marketing Impact:
Appetite for Life Broadcast Advertising

- **Opportunity**
  - Reach AFL in key print vehicles where they are seeking healthy lifestyle solutions
  - Extend to TV and online recipe/cooking programming to build healthy snack and recipe messages in a meaningful way
  - October 2011 – March 2012

Sudden Sophistication

Smart Snacking

Maximizing Marketing Impact: Reaching Jane via Public Relations

- Opportunity:
  - Integrated PR efforts compliment Advertising to get Healthy Men to actively snack on a handful of almonds because of their health benefits

Media Relations	Brand Partnerships	Celebrity Endorsement
Sweepstakes		

Ellie Krieger, R.D.

JOB Host of *Healthy Appetite* on the Cooking Channel and author of *Comfort Food Fix: Feel-Good Favorites Made Healthy*

PERSONAL FOOD PHILOSOPHY A balanced eater who places all foods into usually/sometimes/rarely categories rather than making certain foods entirely off-limits.

Stash your own snacks. I portion out dried cherries in sandwich bags and keep them in my purse. Not only are they high in fiber and a great source of antioxidants, they're also tasty—a perfect balance of tart and sweet.

Eat lean on the go. When I was on a book tour hitting 10 cities in a month, I discovered that Starbucks has some really healthy options. The chicken salad sandwich on whole-grain, the fruit and cheese plate and the yogurt parfait are nutritious and filling choices when you're on the run.

Stop dieting. You go on a diet, you go off a diet, but it's just a temporary fix. Eventually you'll return to your old ways and gain back the weight. Instead, reframe your thinking: What habits can I change? What can I live with? For example, I don't like skim milk in my coffee, so I use whole milk instead. To make up for that, I pass on the extra cookie. It's all about finding balance.

Go Greek. Greek-style nonfat yogurt is my secret ingredient. I use it in place of sour cream in most of my recipes; I also marinate chicken in it. It's got a rich, creamy texture and lots of flavor.

Hold the mayo. I substitute avocado for mayo in my sandwiches or spread it on toast with tomato instead of butter. This fruit is loaded with healthy monounsaturated fats, which are good for your heart and give you glowing skin, and it also has folate and fiber.

ELLIE'S GO-TO FOODS

PREWASHED GREENS. I'm a busy working mom and these save me time. I choose romaine, spinach or mixed lettuce—they've got more flavor and nutrition than iceberg.

FROZEN SHRIMP. The shrimp at the seafood counter is usually frozen, but thawed out. So save money and buy frozen. It's a lean protein source that works in salad and pasta.

EDAMAME. I always keep soybeans—a great source of healthy soy protein—in my freezer. I purée them into hummus, toss them in salads or eat them plain.

ALMONDS. Just a few as a snack can make you feel very satisfied, but they also work well chopped up in savory foods like beef stew. They're a great source of vitamin E, protein, calcium and fiber.

Primary Consumer Target Audience: Healthy Men

- **Target definition:** U.S. adult men (not age specific), looking for simple ways to improve his heart health and maintain his weight, assists with some food shopping.

- **Situation:**
  - Almonds are not top of mind with men
  - Almonds are not their favorite nut
  - Men are not able to differentiate between the nuts
  - Men are starting to choose almonds more as the nut to eat most on an ongoing basis

- **Objective:** Actively chose a handful of almonds over other snack foods

- **Strategies:**
  1. Leverage almond health benefits as the reason to choose almonds as a snack
  2. Demonstrate all the opportunities to integrate a handful of almonds into their day

Maximizing Marketing Impact: Reaching Healthy Men through Advertising

- Opportunity:
  - Comprehensive Advertising efforts get Healthy Men to actively snack on a handful of almonds because of their health benefits

Broadcast Advertising	Online Advertising

ESPN

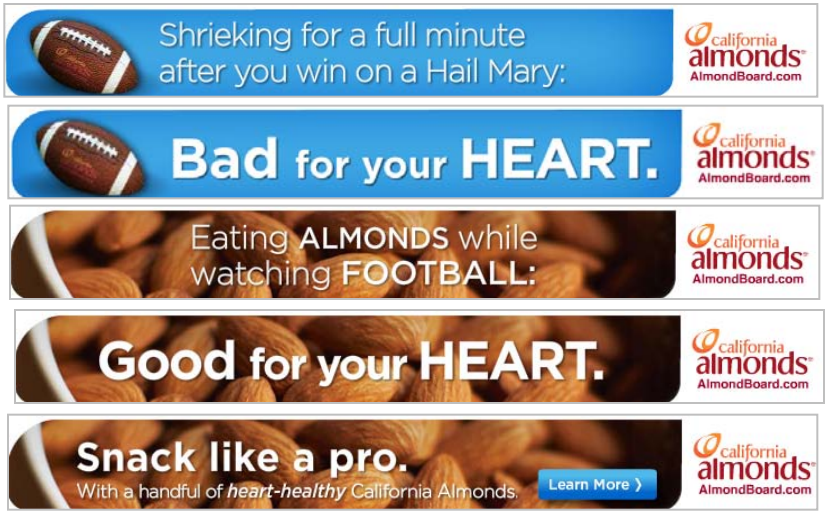
October 2011 – March 2012

Discovery CHANNEL

CBS SPORTS.com

WeightWatchers

PANDORA internet radio



Maximizing Marketing Impact: Reaching Healthy Men via Public Relations

growing ADVANTAGE
The Almond Conference

- Opportunity:
  - Integrated PR efforts compliment Advertising to get Healthy Men to actively snack on a handful of almonds because of their health benefits

Media Relations | **Brand Partnerships** | **Celebrity Endorsement**

Sweepstakes


Pros guide to snacking on the golf course

The sport of golf is physically and mentally demanding, so smart snacking and nutrition are key to keeping fueled and focused during a round of play.

With snacking tips from Almond Board of California in partnership with Titleist Performance Institute nutrition expert Robert Yang and four-time PGA champion Ben Crane, golfers can identify tasty opportunities that will help them reach their full potential on and off the course.

By maintaining healthy eating habits designed to provide proper nutrition and sustain energy, golfers can see a significant difference in their focus and game.

"Almonds are delicious snacks that help keep hunger at bay, especially while playing or watching your favorite sports," Yang said.

Crane finds it is important to eat small, frequent snacks during play to maintain cravings and keep him powered throughout the round. "Whether playing an 18-hole game or a 72-hole tournament, I always make sure to keep almonds in my golf bag for a quick snack in between holes," he said.

No matter how many rounds of golf you're playing or ball you hit, the truth is that eating the right foods should be just as important as your equipment. To be at your best on the course you need to be able to focus without distraction from hunger. Eating the wr to keep your body fuel to become too sluggish your peak.

A steady supply of such as almonds, cons couple of hours will ke balanced and stave-off handful, or about 23 a great addition to any n viding thirteen grams only one gram of satur of protein and three an fiber.

For more golf-focus from Robert Yang and www.Almondboard.co

Golfer's Trail Mix
2 cups whole, natu
1 1/2 cups raisins o
1 cup dried apple s
3/4 cup chocolate c coated chocolate)
3/4 cup yogurt chip
1/2 cup sunflower s

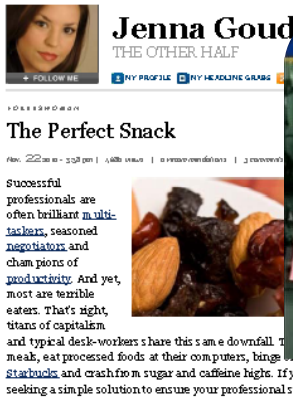
Combine all ingredi until well mixed. Store tainer.

Every day, pack 1 1 for a satisfying snack i

Yield: 6 1/2 cups

– Caut

Titleist®



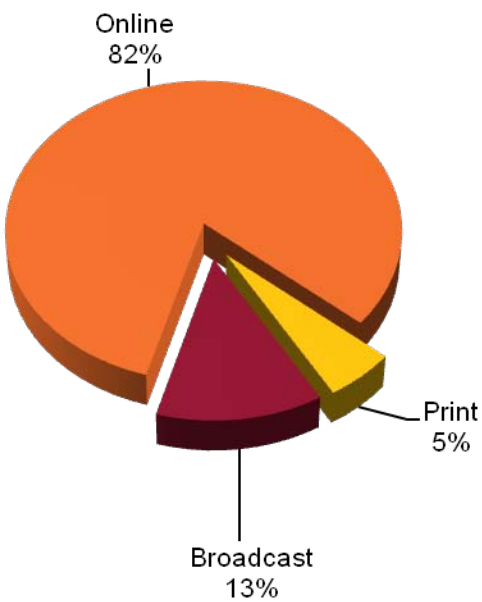
Appetite for Life
Public Relations Media Mix

Total Media Impressions FY 2010/11:

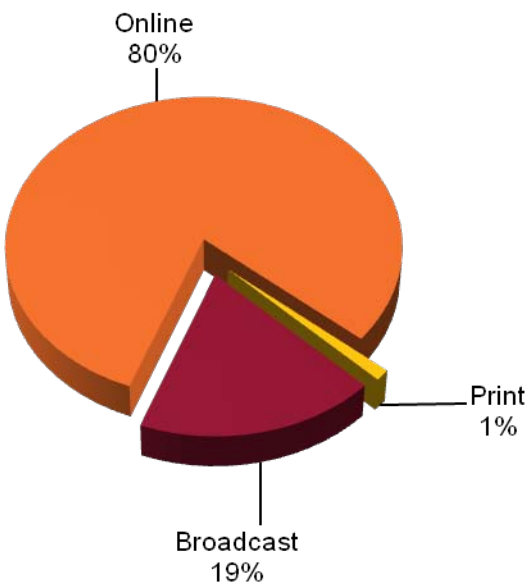
9,728,334,407

Impressions from online media sources is the largest driver of news.

Media Mix (Programs Targeting Jane & Super Jane)



Media Mix (Programs Targeting Healthy Men)



Marketing:
Influencer Target Audience

- In order to have the greatest impact on consumers, we also target health professionals, to drive the almond health message

Registered Dietitians

Nurse Practitioners

Marketing: Reaching Consumers through Influencers

growing ADVANTAGE
The Almond Conference

- Opportunity:
  - Increase frequency of recommendation and accuracy of portion size

Tradeshows & Educational Outreach

1

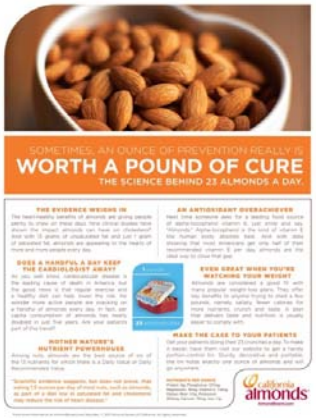
Teaching Tools

2

Target Audiences:
Registered Dietitians
&
Nurse Practitioners

Advertising

3



Web/Mobile Outreach

4

Conclusions

North America Target Beliefs

Sound research and strategy drive our marketing program development

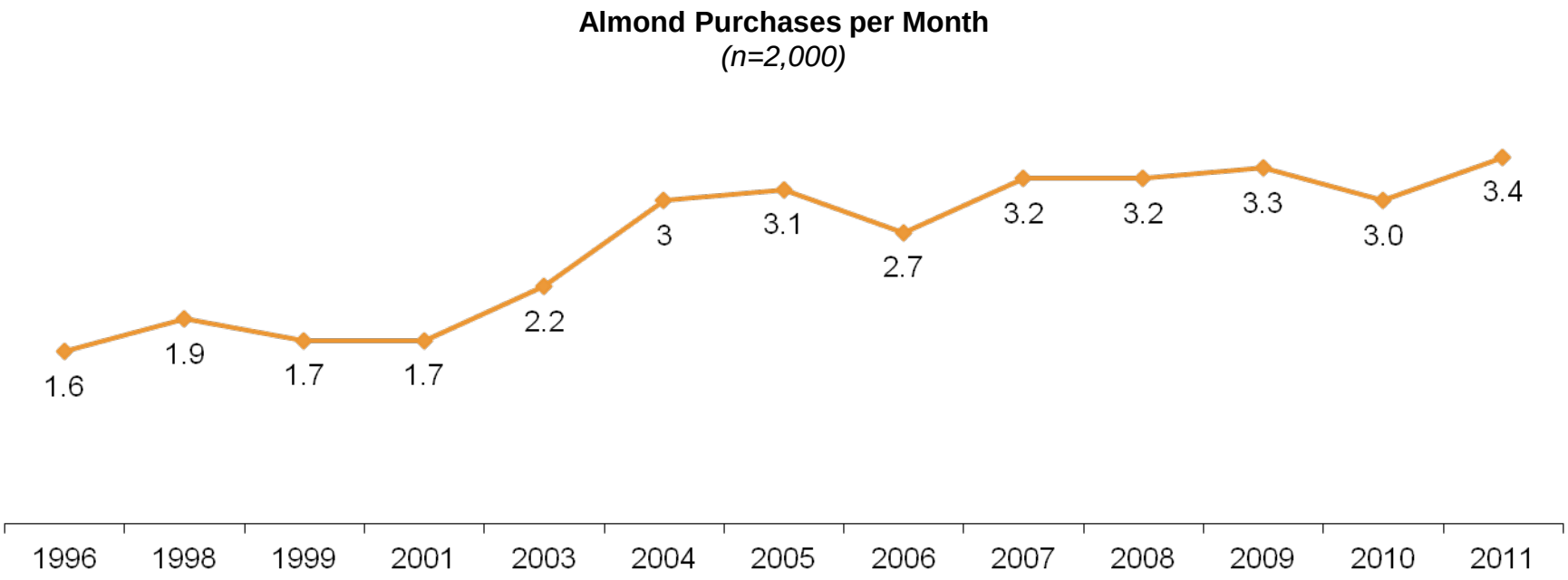
1. For the first year, almonds are tied (with cashews) for #1 nut associated with snacking

2. Almond liking, health, crunch, and taste scores reached all time highs in 2011
3. For the third year in a row, almonds were deemed the **most essential/irreplaceable nut**

4. For the third year in a row, almonds are the **top nut for reported ongoing usage**

North America Reported Purchases

- And…consumers are buying up almonds
  - Reported purchases per month reached an all-time high in 2011



2011 North America AAU Study

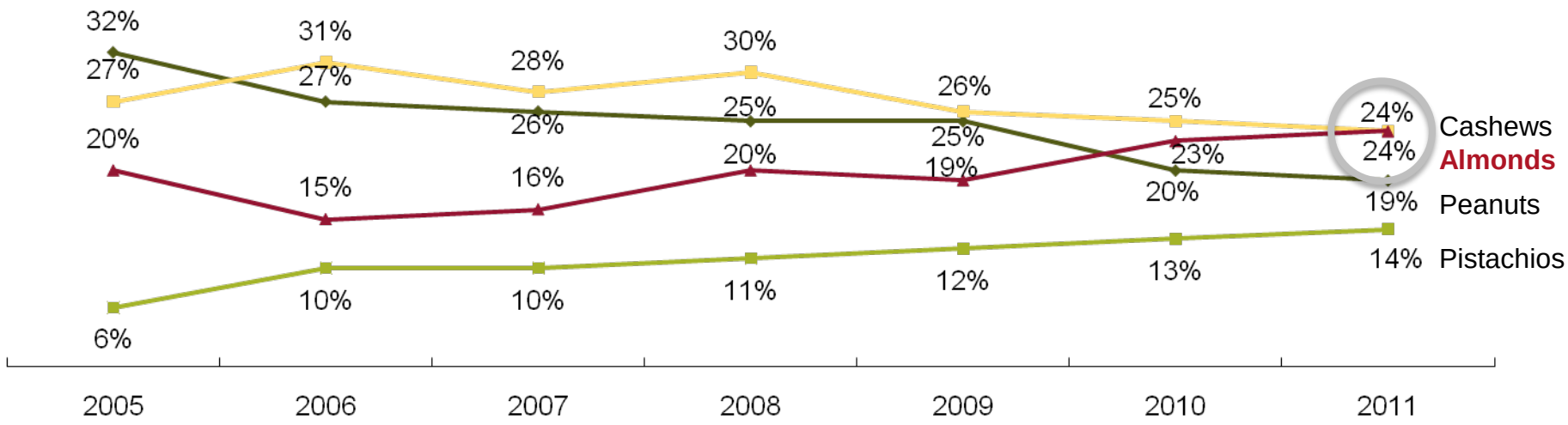
Awareness: Snack

- **For the first year ever, almonds are tied for top nut associated with snacking after almond mentions increased 1% pt. to an all-time high of 24%, and cashew mentions fell 1% pt. to 24%**
  - Peanut mentions continued a slow decline while pistachios have increased slowly from 6% in 2005 to 14% in 2011
  - In Canada, almonds continue to beat cashews as the number one nut for snacking while cashews outscore almonds for U.S. consumers
  - Respondents who are not in the ABC media buy continue to have lower awareness of almonds as a snack (16% vs. 24%) and awareness declined in 2011

Cashews	25% (0%)	24% (0%)
Almonds	21% (0%)	31% (+1%)
Peanuts	20% (-5%)	18% (-1%)

No ABC Media (n=203)
Almonds: 16% (-3%)

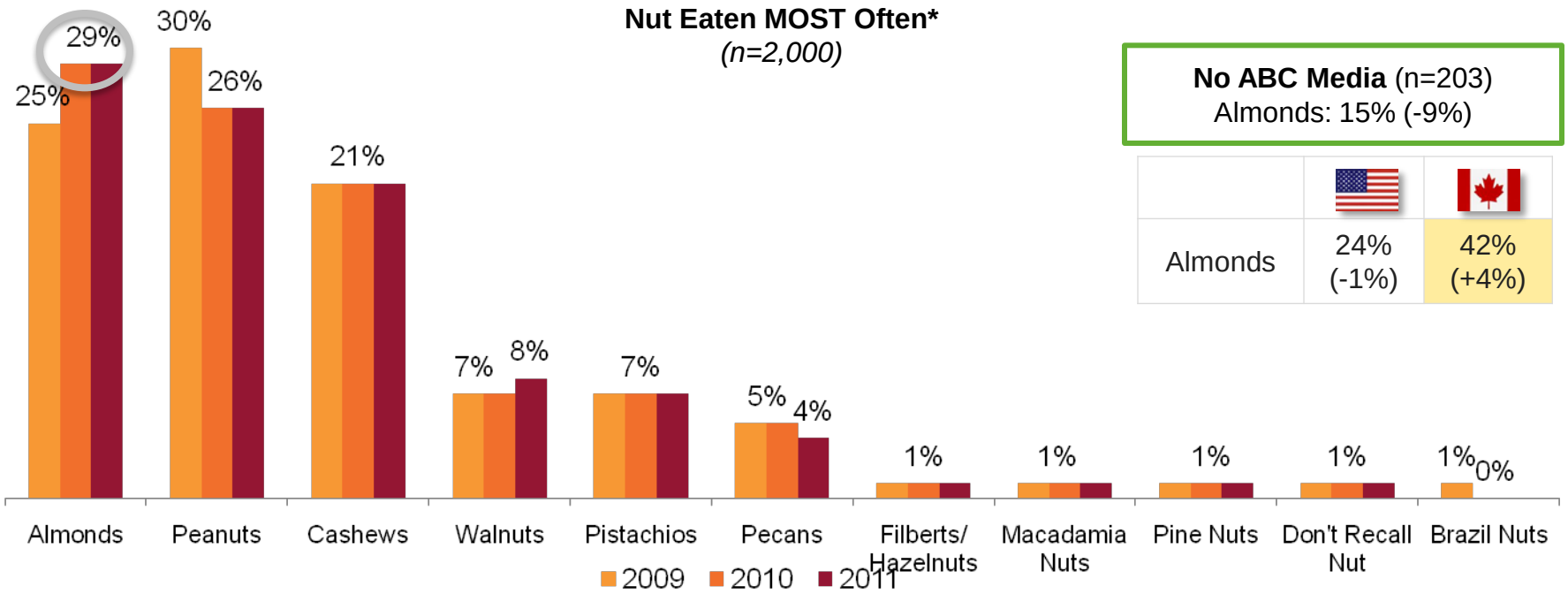
Awareness: Snack
(n=2,000)



Q13a: When you think about eating whole nuts by themselves as a snack, what one type of nut FIRST comes to mind?

Usage: Nut Eaten Most

- **Almonds are the nut eaten most often (as a snack and/or in other foods) for the second year in a row and continue to beat out peanuts (29% vs. 26%)**
  - Canadian respondents are more likely than U.S. respondents to report eating almonds most often compared to U.S. consumers with increasing magnitude (18% difference in 2011 versus 13% in 2010)
  - Respondents not in the ABC media buy report lower scores for almonds consumption (15% vs. 29%) and fell 9% pts. in 2011



No ABC Media (n=203)
Almonds: 15% (-9%)

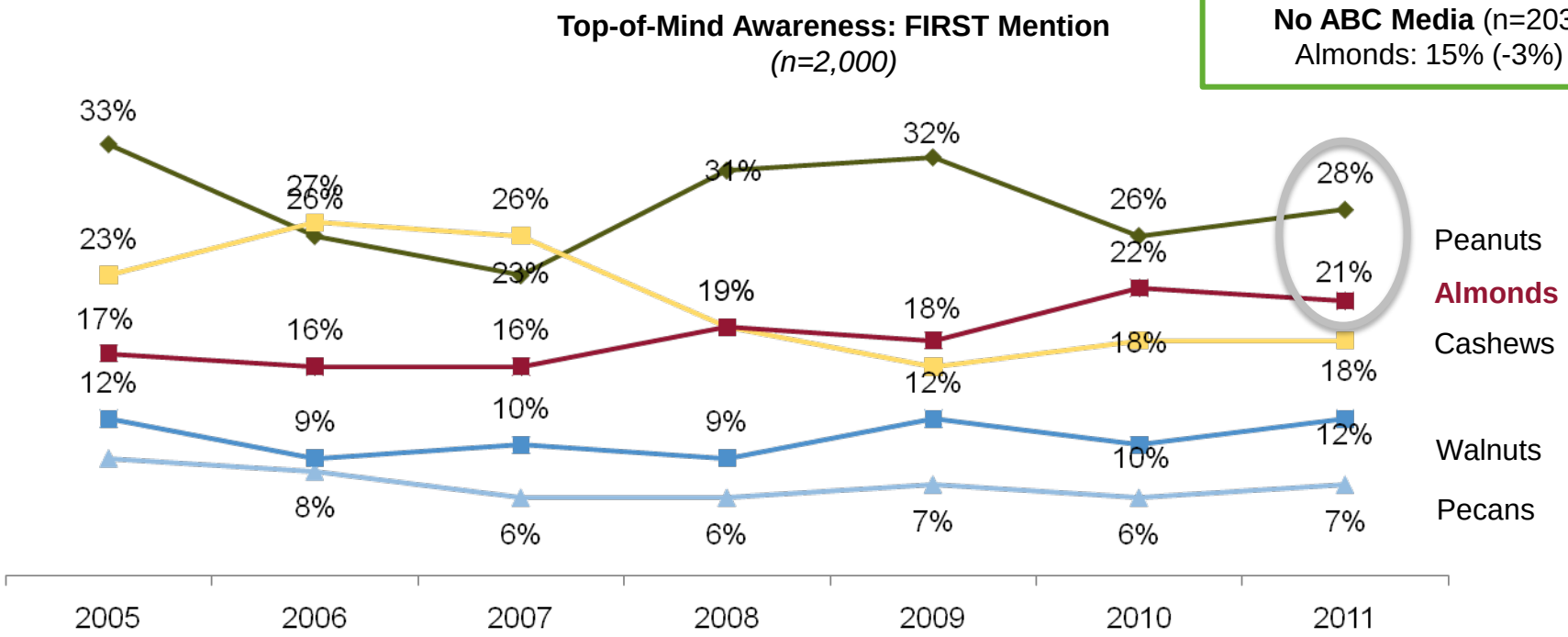
Almonds	24% (-1%)	42% (+4%)

*Question added in 2009.
Q13c: Which nut do you typically eat MOST often (as a snack and/or in other foods)?

Awareness: Top-of-Mind (First Mention)

- **Top-of-mind awareness for almonds declined 1% pt. in 2011 while awareness for peanuts grew 2% pts. following a 4% pt. drop in 2010**
  - Walnut and pecan awareness grew slightly while cashew awareness remained at 18%
  - Top-of-mind awareness of almonds is lower for respondents who do not subscribe to/regularly read magazines in the ABC media buy (15% vs. 21%) and awareness fell 3% pts. in 2011

No ABC Media (n=203)
Almonds: 15% (-3%)



Q1: When you think of nuts, which nut(s) come(s) to mind? [OPEN END]

Creating Demand Around the World Established Markets: North America and Europe

Moderator: John Talbot, ABC

Presenters:

Glenn Pappalardo, Deloitte Consulting

Stacey Humble, ABC

Dariela Roffe-Rackind, ABC

Russia & EU3 Market Overview

Dariela Roffe-Rackind

growing ADVANTAGE
The Almond Conference

Today

growing ADVANTAGE
The Almond Conference

RUSSIA

- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship

EU3

- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship
  - Marketing

Market Sizing Country Detail: Russia

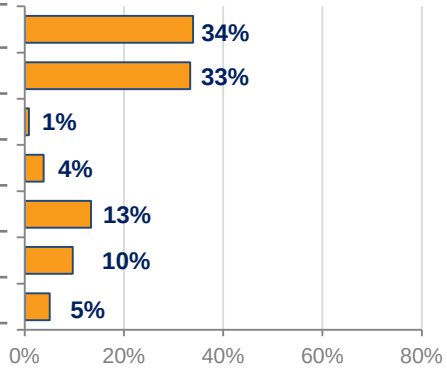
Total Consumption

Russia

2010 Consumption:	**33.1** M lbs
% of Global:	**1.6%**
Per Capita:	0.24 lbs
Population:	140 M
Per Addressable:	0.29 lbs
Addressable Pop.	114 M
% of Total Population	81%

Consumption by Food Category*

M lbs	Food Category	Consumption % of Total
11.2	**Snacking**	34%
11.0	**Confectionery**	33%
0.3	**Cereal**	1%
1.3	**Ice Cream**	4%
4.4	**Bakery**	13%
3.2	**Food Service**	10%
1.7	**Other**	5%
33.1	**Total**	



Key Insights

- **Shipments:** 33.5 million pounds – 48% increase over the previous year
- **Growth:** Russia almond snacking expected to grow by +9M lbs by 2016
- **Almond Import:** Imports are 50% US, 20% Spain, 10% Netherlands, 8% Australia
- **Almond Export:** Re-exports small quantities to Mongolia and Kazakhstan
- **CPG Import:** Imports primarily from Germany and Spain
- **CPG Export:** Minimal exports of confectionary product to Poland, and the Ukraine

* May not total due to rounding

Program Overview

Russia Program Objectives & Approach

- Facilitate strengthening of buyer/shipper relationships
- Improve quality and expand availability of roasted Almonds
- Improve understanding of sales potential of Almond containing products

Trade
Importers; Confectionery Companies; Snack companies

Market Access: Russia

growing ADVANTAGE
The Almond Conference

Inconsistent trade relations

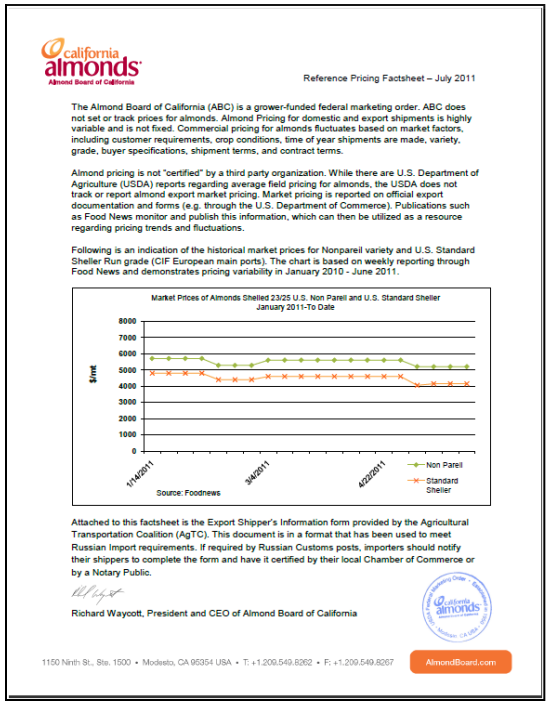
- No dispute settlement mechanism
- No transparency
- WTO membership now moving forward

1

2

"New" import requirements and verification

- MRL harmonization
- Reference Pricing



California almonds
Almond Board of California

Reference Pricing Factsheet – July 2011

The Almond Board of California (ABC) is a grower-funded federal marketing order. ABC does not set or track prices for almonds. Almond Pricing for domestic and export shipments is highly variable and is not fixed. Commercial pricing for almonds fluctuates based on market factors, including customer requirements, crop conditions, time of year shipments are made, variety, grade, buyer specifications, shipment terms, and contract terms.

Almond pricing is not "certified" by a third party organization. While there are U.S. Department of Agriculture (USDA) reports regarding average field pricing for almonds, the USDA does not track or report almond export market pricing. Market pricing is reported on official export documentation and forms (e.g. through the U.S. Department of Commerce). Publications such as Food News monitor and publish this information, which can then be utilized as a resource regarding pricing trends and fluctuations.

Following is an indication of the historical market prices for Nonpareil variety and U.S. Standard Sheller Run grade (CIF European main ports). The chart is based on weekly reporting through Food News and demonstrates pricing variability in January 2010 - June 2011.

Attached to this factsheet is the Export Shipper's Information form provided by the Agricultural Transportation Coalition (AgTC). This document is in a format that has been used to meet Russian Import requirements. If required by Russian Customs posts, importers should notify their shippers to complete the form and have it certified by their local Chamber of Commerce or by a Notary Public.

Richard Waycott, President and CEO of Almond Board of California

1150 Ninth St., Ste. 1500 • Modesto, CA 95354 USA • T: +1.209.549.8262 • F: +1.209.549.8267

AlmondBoard.com

Primary focus: regulatory, technical issues

3

Identification of industry, government alliances

- Not established to date
- Role of industry organizations to be assessed

Trade Stewardship

Opportunities:

- Provide in-depth understanding of California Almond fundamentals and technical aspects including varieties, forms, grades, and usage versatility
- Provide compelling reasons which inspire expanded innovation with almonds as a value-adding ingredient and favored nut of choice across categories

Trade Show Participation

- Ingredients Russia
- World Food Russia

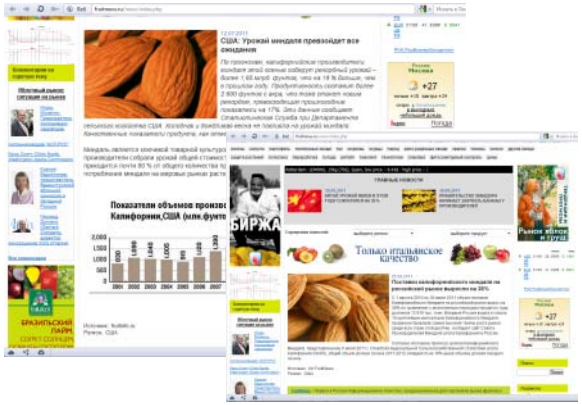
1

2

Target Audiences:

- Importers
- Buyers and R&D personnel: Confectionery & Snack nut companies

Media Outreach



Collateral

- Trade Communication/ Technical Information Distribution
- Newsletters

4

3

Educational conferences & Seminars

- Russian Delegation @ the Almond Conference

Trade Stewardship: Results

Shipments Growth:

- 48% in 2010/11
- 136% since the program started in 2004

New Products Introductions:

- Total new almond products increased 111% from 2004 to 2010

California Almonds Knowledge Increase:

- Varieties
- Forms

Today

RUSSIA

- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship

EU3

- Market Overview
- Program Overview
  - Market Access
  - Trade Stewardship
  - Marketing

EU3 Market Overview

growing ADVANTAGE
The Almond Conference

<u>Sound research and strategy drive our marketing program development</u>

1. 248 M pounds consumed in EU3 (GMDA)
2. Programs traditionally focused on UK, France & Germany
   - 3 largest European populations (42% of total EU population)
   - Largest retail food spenders (46% of total EU retail food spend)
   - Top 3 European markets for new almond product introductions
3. Concentration of global/multinational food manufacturers in EU
   - Traditionally an ingredient market
   - Europe continues to introduce more almond products than any other region
   - Europe is a major trend driver for the rest of the world especially in bakery, chocolate/confectionery
   - Highest value bakery market in the world
   - Almond snack market is largely undeveloped

Market Sizing Country Detail: United Kingdom

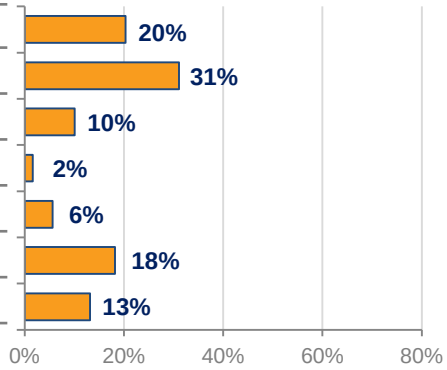
Total Consumption

United Kingdom

2010 Consumption:	**31.3** M lbs
% of Global:	**1.5%**
Per Capita:	0.50 lbs
Population:	62 M
Per Addressable:	0.53 lbs
Addressable Pop.	59 M
% of Total Population	95%

Consumption by Food Category*

M lbs	Food Category	Consumption % of Total
6.4	**Snacking**	20%
9.7	**Confectionery**	31%
3.2	**Cereal**	10%
0.5	**Ice Cream**	2%
1.8	**Bakery**	6%
5.7	**Food Service**	18%
4.1	**Other**	13%
31.3	**Total**	



Key Insights

- **Almond Import:** Imports 50% US, 20% Spain, 10% Netherlands, 8% Australia
- **Almond Export:** Re-exports small quantities throughout Europe
- **CPG Import:** Imports primarily from Germany, Spain, and U.S.
- **Snacking:** UK has strongest per capita snacking volume in Western Europe

* May not total due to rounding

Market Sizing Country Detail: Germany

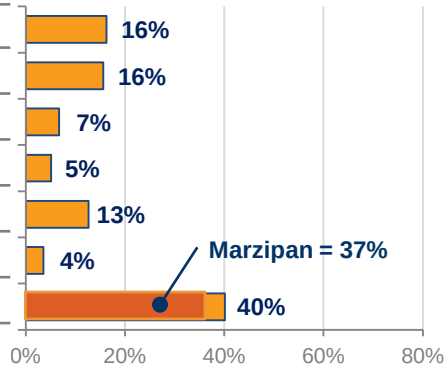
Total Consumption

Germany

2010 Consumption:	**130.5** M lbs
% of Global:	**6.2%**
Per Capita:	1.60 lbs
Population:	82 M
Per Addressable:	1.65 lbs
Addressable Pop.	79 M
% of Total Population	97%

Consumption by Food Category*

M lbs	Food Category	Consumption % of Total
21.2	**Snacking**	16%
20.4	**Confectionery**	16%
8.8	**Cereal**	7%
6.7	**Ice Cream**	5%
16.5	**Bakery**	13%
4.6	**Food Service**	4%
52.4	**Other**	40%
130.5	**Total**	



Key Insights

- **Almond Import:** Largest importer, with 63% from U.S. and 20% from Spain. 90% of imported almonds used in manufacturing (over half for marzipan)
- **CPG Import:** Majority are processed almonds from Spain (blanched, sliced, etc.)
- **CPG Export:** 20% of manufactured goods are exported throughout Europe
- **Other:** Marzipan accounts for the majority of the “other” category; ~37% of total consumption in Germany

* May not total due to rounding

Market Sizing Country Detail: France

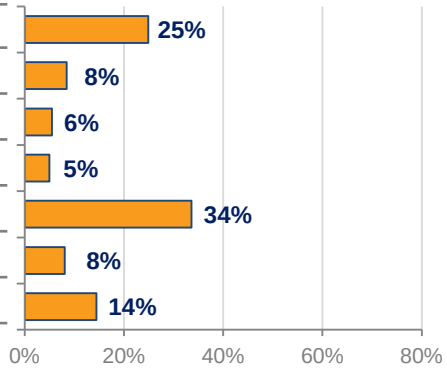
Total Consumption

France

2010 Consumption:	**85.7** M lbs
% of Global:	**4.1%**
Per Capita:	1.36 lbs
Population:	63 M
Per Addressable:	1.41 lbs
Addressable Pop.	61 M
% of Total Population	96%

Consumption by Food Category*

M lbs	Food Category	Consumption % of Total
21.3	**Snacking**	25%
7.2	**Confectionery**	8%
4.7	**Cereal**	6%
4.3	**Ice Cream**	5%
28.8	**Bakery**	34%
6.9	**Food Service**	8%
12.4	**Other**	14%
85.7	**Total**	



Key Insights

- **Production:** Low production, mostly Spanish varieties
- **Almond Import:** 33% US, 33% Spain, 33% other
- **Almond Export:** Exports throughout Europe
- **CPG Import:** Imports from Germany and Spain drive up per capita consumption
- **Bakery:** Represents a significant category in France at 34% of total consumption
- **Snacking:** Nuts represent nearly a quarter of snack volume sales in France

* May not total due to rounding

Program Overview

EU3 Program Objectives & Approach

- Increase awareness of California Almonds as a snack
- Increase preference for California Almonds
- Increase consumption of California Almonds

Consumers
Consumer healthy snacking program

Food Professionals
(Manufacturer/Retailers)
Support and leverage ingredient market in key categories: Chocolate, Bakery, and Snacking

Health Professional Influencers
Proactive communication to increase recommendation

Market Access: Europe

1 Harmonized standards and import requirements

- Pesticide limits
- Contaminants
- Nutrition labeling

2 Collaboration on import needs

- Voluntary aflatoxin program reduced import controls

Primary focus: regulatory, phytosanitary issues

3 Urgent, unanticipated issues

- Voluntary aflatoxin program reduced import controls

4 Role of industry, government alliances

INC international Nut&DriedFruit

FRUCOM

ESA

Trade Stewardship
Food Professional Marketing

- Opportunity:

  Educate about almonds' essential role in production formulations through consumer demand, nutrition research and almond functionality

Advertising

Media Outreach

Target Audiences:
- Research & Development
- Marketing and
- General Management

1 2 3 4 5

Collateral

Events & Trade Shows

Relationship Maintenance

- Regular update meetings with European manufacturers, trade associations and retailers on marketing programs, research results, food safety, regulations etc.

Marketing: Consumer

- Opportunity:

  To position almonds as a snack that is naturally satisfying and enhances “Jane’s” day

Media Outreach

1

2

Advertorials

Target Audience/Jane:
EU3 women, 35+, health and food involved*

4

Advertising

3

Campaigns

- Media partnerships
- Celebrity ambassadors
- Competitions
- Brand partnerships

*Physiographic attitude statements were used to determine health and food involvement

Consumer Advertising Launch

First ever consumer advertising campaign launched in the UK in January 2011 (print & online)

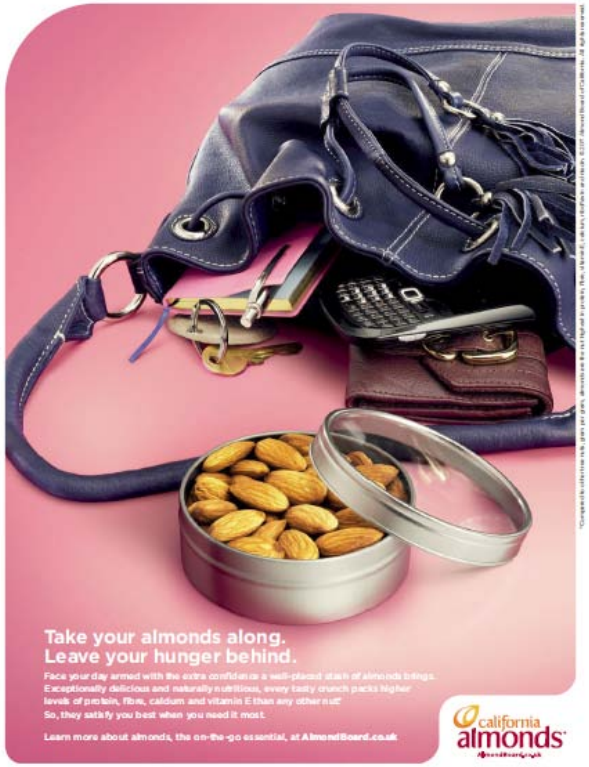
Why UK?

- **UK has the largest packaged snack and snack nuts market per capita yet the lowest, almond snack consumption per capita, almond share of snack nuts and almonds share of packaged snacks**

- **UK appeared to be the market most ready for almond messaging**
  - Because of the snacking habits and health attitudes of UK Jane, almond messaging will likely be more relevant and powerful in this market
  - Greater number of “Janes”: One-third of female and nearly one half of Women 35+qualify as Jane

UK Advertising Campaign

New handbag advertising creative introduced in October 2011



	FY11/12 Plan
Net Media Budget (USD)	$800,000
Combined Reach	73%
Combined Frequency	7.3x

Print Titles	16
Websites	8
Gross Print Impressions	37–39 million
Online Impressions	21–23 million

UK Advertising Campaign

Almond Taxis take over London to reach Jane in a highly visible way, to remind her throughout her day how almonds are a smart snacking solution

	Delivery
	London Taxi Wrap
Reach	25% Jane (London)
Frequency	6–7x
Target Impressions	3,000,000 – 4,000,000
Schedule	3 months
CPM	$15-$20

UK Maximizing Marketing Impact: Handbag PR Support

- Opportunity:

  The PR campaign, fully integrates with the advertising creative and positions almonds as a healthy snack, providing simple ways to include a handful of almonds in a relevant way and taps into women's universal love of handbags.

Media Relations

Celebrity Endorsement | **Media Partnerships** | **Brand Partnerships**

handbags from heaven

theWI INSPIRING WOMEN

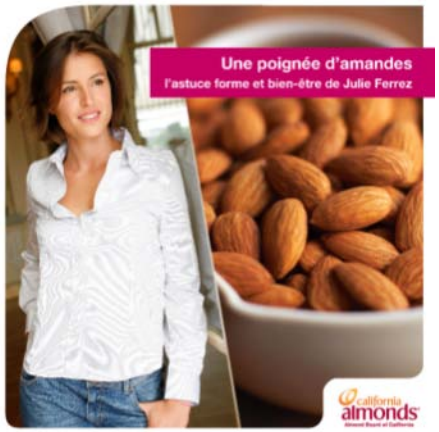
France Maximizing Marketing Impact: 30/30/30 Challenge

- Opportunity:

Position almonds as the smart snack for women on the go by introducing Jane to the 30/30/30 challenge : 30 days with 30 minutes of exercise and 30g of almonds.

Media Relations

Celebrity Endorsement | **The Challenge** | **Media Partnerships**



Germany Maximizing Marketing Impact:
Snacking: Make it Easy

- Opportunity:

  A campaign to ensure Jane always considers almonds as an easy and healthy snack option, and ultimately, adds them to her snacking repertoire.

Media Relations

Celebrity Endorsement	Media Partnerships	Competitions

Marketing:
Reaching Consumers through Influencers

growing ADVANTAGE
The Almond Conference

Opportunity:

- Increase frequency of recommendation and differentiation amongst nuts

Target Audiences:
European nutritionists and dietitian influencers

Advocate communication 1

2 Information Tools

Advertorials 4

3 Tradeshows & Educational Outreach

Results

Consumers are buying up snack almonds

- Both the U.K. (+39%) and France (+9%) saw growth in almond snack nut volume sales vs. YAG with stable to increasing prices
- Almond sales outpaced total category growth in both the U.K. and France
- Volume sales in Germany, however, decreased 10% while prices increased significantly

Market	**Almond* volume share of snack nut category**	**Volume change vs. YAG**	**Price change vs. YAG**
U.K.	3%	39% ↑	0.2% —
France	4%	9% ↑	3.8% ↑
Germany	6%	-10% ↓	20% ↑

IRI, August 2011
*Pure almond snack nuts

Public Relations Results

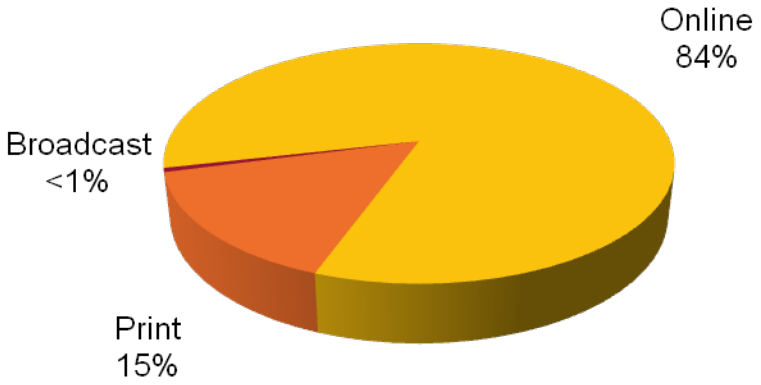
Total Impressions FY 10-11:

1,645,293,854

(an increase of 550% over FY 09-10)

Media Mix Current Programs: EU Q1 – Q4

Impressions from online sources make up more than three-quarters of coverage for ABC in FY12.



UK retailers are responding

growing ADVANTAGE
The Almond Conference

It's about time somebody invested in the snack nut category and I'm delighted with the Almond Board's support. I am looking at ways to build the category, and for almond producers both brand and private label to build share the Almond Board's investment is an essential part.

Victoria Green, Waitrose nut buyer

I've seen the promotional support in the women's magazines and see that there is a commitment to the snack category by the Californian Almond Board. In turn Sainsbury must do more to help support almonds in the snack category. I will be looking at more lines in the New Year to assist build the more profitable almond category.

Peter Ward, Sainsbury buyer

Given the support the Californian Almond Board are investing we intend to give snack almonds an opportunity in our stores.

Chris Gee, Tesco buyer
(Tesco now have four lines of snack almonds in store yet a year ago only one)