Selling A 2 Billion Pound Crop...
It’s a Game Changer
Selling A Two Billion Pound Crop...
It’s a Game Changer

Moderator: John Talbot, ABC

Presenters:
Ira Kalish, Deloitte Research
John Clark, Disney's Animal Kingdom Lodge
Economic Outlook: What to Expect in 2012
Ira Kalish
Eurozone

• Why did Club Med countries get in trouble?
  – Wages rose faster than productivity
  – Lost competitiveness relative to Germany
  – Could not devalue
Eurozone

• What else went wrong in the Eurozone?
  – Being in Eurozone allowed for cheap borrowing
  – Greece, Portugal, Italy governments borrowed too much
  – Ireland, Spain consumers bought too many homes
  – When they couldn’t pay, bailouts were needed
Eurozone

• Why are things still problematic?
  – Bailouts failed to suppress fear and contagion
  – Banks refused to roll over sovereign debt
  – Banks refused to lend to one another
  – Risk spreads rose precipitously and credit markets seized up
  – Political leaders have so far failed to instill confidence
Eurozone

• What must happen for the euro to survive?
  – Labor market reforms in Southern Europe
  – More domestic demand in Germany
  – Faster money supply growth
  – Fiscal integration
  – Transfers from rich to poor countries
  – None of this is happening
Eurozone

• What happens now?
  – Banks will take a 50% haircut on Greek debt
  – The bailout fund will be leveraged
  – The banks will have to raise EUR106 billion in new capital
  – The can has been kicked down the road
Eurozone

• What is the outlook for Europe?
  – Recession due to:
    • Fiscal tightening
    • Neutral monetary policy
    • Credit market troubles
  – A deeper recession will come if the Eurozone fails
    • It would have a negative impact on rest of world
Eurozone

• What about European retailing?
  – Slow growth of consumer spending
  – Frugal consumers
  – Retailers will seek growth outside of Europe
  – Consolidation will accelerate
China

- Slowdown in growth under way
  - Inflation rears its ugly head
  - Property bubble developed
  - Tightening of monetary policy
  - Moderate slowdown
China

• Excessive investment, inadequate consumer spending
  – State run companies protected from competition
  – Have excess profits that are reinvested
  – Consumer income is small share of GDP
  – Fixed asset investment is 50% of GDP
  – Consumer spending is 35% of GDP
China

• What needs to happen for a normal economy?
  – More privatization of state run companies
  – Privatization of state banks
  – Higher real interest rates
  – Greater social safety net
  – Less investment in property
  – Appreciation of the currency
China

• What next for China’s economic structure?
  – Demographics portend slower growth and tighter labor market
China

• What next for China’s economic structure?
  – Much higher wages as internal migration slows
  – Rising minimum wages
  – Greater spending power
China

• What next for China’s economic structure?
  – Low wage production shifts to interior
  – Low wage production shifts to other countries
  – Shift toward higher value added output
  – Shift toward domestic demand
  – Shift toward consumer led growth
China

• What about China’s consumer market?
  – Spending decelerating, but still strong
  – Shift toward upscale as income distribution skews
  – Future growth depends on:
    • Safety net
    • Wage gains
    • Currency appreciation
    • Demographics
India

• Reasons for optimism
  – Strong growth in recent years
  – Favorable demographics
  – Increased manufacturing activity
  – Rapid retail modernization
  – Foreigners now welcome
Other emerging countries

• Brazil

– Strong growth following reforms and credible policies
– Becoming manufacturing hub
– Massive shift of poor into middle class
– Very modern retailing industry with large foreign involvement in food
Other emerging countries

• Indonesia
  – Over 230 million, young and growing
  – Rapid growth with political stability
  – Small, affluent ethnic Chinese population
  – Retailing highly fragmented
  – Modern retail growing after slow start
Other emerging countries

• Vietnam
  – Very poor, growing rapidly, similar to China 20 years ago
  – 90 million people, very young
  – Uncertainty about future policy
  – Saigon: 2,000 wet markets & 6,000 independent retailers
  – Largest chain has 70 stores
  – Government wants retail modernization
Other emerging countries

• Turkey

  – Large, young population with growing urban middle class
  – Strong economic growth
  – Per capita income twice that of China
  – World class retailers
  – Growing discount sector
  – Risk: external deficit
Demographics

• Hot markets with young demographics
  – Faster growth, development of consumer market
  – Much will depend on female education and labor participation
  – India
  – Middle East
  – Africa

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Concluding thoughts

• Short term outlook
  – Recession in Europe
  – Slowdown in China, India
  – Commodity prices stall
Concluding thoughts

• **Longer term outlook**

  – Slow growth in Europe
  – China slower, attempts to move up value chain
  – India strong
  – Other emerging markets generate lots of middle class
  – Higher commodity prices
Selling A 2 Billion Pound Crop... It's a Game Changer
Walt Disney Parks and Resorts

John Clark
“This is the first generation of children who will live shorter lives than their parents”

- New England Journal of Medicine  ’05
Disney’s Long-Standing Commitment

“Our support for the well-being of children and families is deeply rooted in Disney’s history and manifests itself in many ways throughout our businesses.”

Bob Iger, CEO
The Walt Disney Company, 2006
Aligning Businesses Around Commitment

- **Licensing**
  - Portfolio Rebalance
  - Prioritize and promote fruits and vegetables

- **Studios/DVD**
  - Promotions with healthier foods
  - Original PSA’s with USDA & Ad Council

- **Parks & Resorts**
  - Healthy default kids’ meals
  - Healthy Snacks

- **Networks**
  - Healthy role modeling & new episodes
  - > 100 short-format episodes
Making healthy living simple and fun!
Vision: Create healthier generations to come

Mission: Through the power of entertainment and creativity, make healthy living simple and fun!

Proposition: Good for you is fun, too!

Strategic Pillars:

Foods
Help make nutritious foods the most appealing choice

Moves
Encourage 60 minutes of physical activity each day; make it fun for everyone

Simple ways to be your best:
Information and tools to make healthy habits simpler for kids and families

Advising Experts:

[Logos and names of experts]
How the Program Comes to Life

On-air
• PSA’s on Disney Networks (Disney Channel, Disney XD, Disney Junior, Radio, ABC) & Ad Council network
• Editorial in publishing

Strategic Philanthropy
• Expanding access to food and play

Retail
• Magic of Healthy Living retail activation for healthy offerings

Online
• Kids website to inspire & activate
• Parents’ website for tips and tools
• Social media tools

Contest
• Magic of Healthy Living contest inspires kids & families to try healthy living

Events
• Tent Pole Weekend & First-of-its kind TRYathlon
• Local events activated by Radio Disney
Aligning Businesses Around Commitment

- **Licensing**
  - Portfolio Rebalance

- **Studios/DVD**
  - Promotions with healthier foods
  - Eat Right. Be Active. Have Fun.
    - Original PSA’s with USDA & Ad Council

- **Parks & Resorts**
  - Healthy default kids’ meals
    - Healthy Snacks

- **Networks**
  - Healthy role modeling & new episodes
  - Pass the Plate
    - > 100 short-format episodes
Walt Disney Parks and Resorts

- Domestic Parks and Resorts Food & Beverage ranks in the top 50 of the *Nation’s Restaurant News* top 100 chains, based on food and beverage sales generated through approx. 500 owned/operated locations

- Over 70M meals served annually
Special Dietary Requests

- Dietary Requests supported (in thousands)

  ![Bar chart showing dietary requests supported in thousands for FY2009, FY2010, and FY2011]

  - WDPR honored by the Food Allergy and Anaphylaxis Network (FAAN) with the FAAN Corporate Leadership Award for recognizing that families with food allergies deserve to feel safe while on vacation

- At least one alternative dessert options
  - Low fat
  - No sugar added
  - Fruit

- A minimum of one vegetarian option available at all major quick-service restaurants and table-service restaurants

- Resources for Guests have been made available online
Kids’ Meals

• Healthy option choices served:
  - 55% of all table-service kids’ entrees
  - 60% of all quick-service kids’ snacks
  - 70% of all kids’ meal beverages

• All quick-service kids’ meals include healthy side options such as grapes, apples, carrots and naturally sweetened applesauce

• Minimum of one kid’s menu item that meets the Walt Disney Co. nutritional guidelines is available at all table-service restaurants

• Top selling kid’s beverage is 16-ounce lemonade/pomegranate punch, less than 10 calories per serving

• Dough for kid’s pizza is 5% multigrain

• Quinoa and brown rice is used in a pilaf for kids’ meals
Better-For-You

• Over 20K tons of fresh fruits and vegetables consumed annually

• All 16oz. Smoothies are now made with non-fat yogurt and fresh-fruit purees
  - Previously: 420 calories
  - Now: 120 calories

• All burgers and hot dog rolls are 10% whole grain

• Oleic canola oil is now used in all deep fryers (containing no added trans-fats and the lowest saturated fat percentage available (7%)); Added trans-fats eliminated from all products offered at Walt Disney Parks and Resorts.
Healthy Food Testing Examples

Freshly tossed salads at Cosmic Ray’s Starlight Cafe

Digital Guest communication at Columbia Harbor House