A Strategic Marketing Plan for Eighth Wonder's Heirloom Rice

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Tuck School of Business
Katherine Birnie
Teena Cam
Shaheen Robinson
Anneli Schalock
Penny Welsh
David Whitelaw

Table of Contents

I. Introduction: The Need to Build Demand

Eighth Wonder's mission is to be a global model for culturally sensitive economic development. Working with terrace farmers in the Ifugao and Kalinga provinces, Eighth Wonder is building a vertically integrated, shared-equity import company that will bring a variety of high quality, heirloom rice from the famed terraces of northern Luzon, Philippines to the US market.

The current bottleneck in the supply chain is the sales and distribution function. Developing the marketing, sales and distribution system is essential for Eighth Wonder to obtain the scale necessary for economic feasibility and to make a significant impact on the local economy. We were therefore asked to develop a strategic marketing plan to help build demand in the US. This report summarizes our findings and recommendations.

The report is divided into three main sections: (1) market analysis, (2) recommended strategic marketing plan and (3) implementation roadmap. Our recommendations are based on market research and reflect our opinions at this point in time. Should market conditions change, so may our recommendations.

II. Executive Summary

A special mission and a unique product

We believe that there are two paths Eighth Wonder could take to fulfill its mission:

MISSION:
"help provide a sustainable livelihood for terrace farmers in the Cordillera region of Luzon through the development, marketing and retailing of a line of heirloom rice."

Brand Strategy	**Volume Strategy**
Build Eighth Wonder as a business and brand	Provide rapid returns to farmers and investors

We have assumed that Eighth Wonder's goal is to build a sustainable shared-equity business model that will help the Filipino farmers and serve as a role model for the international economic development community. With this goal in mind, we recommend that Eighth Wonder takes the path of Brand Strategy.

After having tasted this heirloom rice and performed market research, we realized that Eighth Wonder's rice exhibits a wide range of attributes. The fact that the product has so many extrinsic and intrinsic attributes is especially valuable because it offers flexibility in marketing, though this makes it difficult to focus on any particular market. We hope that our recommended strategic marketing plan will provide the necessary focus.

Recommended Strategic Marketing Plan

1. To WHOM you should sell - selecting your target market
We recommend that Eighth Wonder focus its marketing efforts on the following market:

specialty food market, including both chefs and individual consumers

This fast-growing market includes both gourmet consumers and natural food consumers, classifications that often overlap. Gourmet products are increasingly using natural and organic ingredients and appealing to the consumers' social conscience by focusing on environmental as well as social benefits for producers. An increasing number of natural foods retailers are also selling expensive gourmet foods.

The rice may appeal to other target markets as well. However, we recommend that resources not be devoted to target the Filipino, Organic, and Fair Trade markets at this time.

2. WHAT you should sell - building a brand and positioning your product
We believe that the following description will best appeal to the target market:

> ***"Natural Gourmet"*** *- a gourmet product brought to you by nature.*

Natural: The word "natural" describes the fact that this is a product that is grown and packaged, not processed like most gourmet food products. It also communicates the traditional features associated with natural, such as healthy, pesticide-free, and eco-friendly. "Heirloom" falls under this category as well and communicates tradition.

Gourmet: The word "gourmet" justifies the price premium and suggests that it can be used as a gift. The gourmet label would also describe the fact that this rice is rare, unique, and exotic, which can be supported by endorsements from high-end chefs.

> We further recommend that Eighth Wonder leverage its sustainable competitive advantages and focus on telling the **story** of the **rare** and unique **heirloom** rice sustainably grown on the **Filipino** terraces designated as a **UNESCO** World Heritage Site.

We do not believe that the fair trade aspect should be the primary marketing message. Specialty food consumers will first be attracted to the product because of what it offers them, not what it offers to the farmers.

3. HOW you should sell - identifying, reaching & educating your customers
In order to reach the gourmet and natural food chefs and individual consumers, we recommend the following gradual retail roll-out strategy:

- **Step 1: Overhaul the Online Experience**
  The current website design is appropriate for a project, but not for a professional business. Additionally, the rice should be sold online. Online sales may create logistical issues, but also higher margins than working through distributors. In addition, an online sales database provides the tools to better understand the target market.

- **Step 2: Create Buzz via Chefs and Writers**
  Eighth Wonder should work with chefs and food writers to create awareness of the rice. Another channel to target would be culinary institutes, since they are often at the forefront of culinary trends and have an influence upon current and future chefs.

- **Step 3: Secure Distribution to Natural Food/Gourmet Stores**
  The rice's unique nature and origin present an advantage in an increasingly crowded specialty food space and as specialty food stores seek more unique products from smaller producers. Direct marketing to gourmet stores provides opportunities for in-store demos and higher margins. To reach more stores and consumers, Eighth Wonder will need to work through a number of distributors and probably contract with brokers to sell the product.

- **Step 4: Leverage Future Product Potential**
  Following the Brand Strategy also provides Eighth Wonder the opportunity for product extensions later down the line into variety baskets, rice mixes featuring different spices, and corporate gifts.

III. Market Analysis

We conducted market research, both primary and secondary, during the spring of 2006. All research was limited to the US. We researched four potential target markets and consumers: (1) organic, (2) fair trade, (3) ethnic and (4) gourmet. Next, we performed an industry analysis of the main competitors in the specialty rice market in the US. We then mapped out the distribution channels in this fragmented and complex market. Finally, we conducted a pricing study.

1. Market Segments

We looked at the overall US rice market and the following four food market segments all of which feature rice and carry their own barriers to entry, market drivers, and success factors:

1. Organic foods market
2. Fair trade and social justice market
3. Ethnic foods market
4. Gourmet and specialty foods market

<u>US Rice Market</u>

Americans consume approximately 26 pounds of rice per year, not including rice used in pet food. The US rice market can be divided into four segments: (1) direct food use, (2) processed food, (3) beer, and (4) pet food. Rice for direct food use accounts for over 50% of the total consumption.[1] See Table A1 for a breakdown by category. Rice for direct food use employs three primary distribution channels: grocery, food services, and warehouse clubs. See Table A2 for a breakdown by category.

Rice is most popular in the Pacific region (CA, WA, OR, AK, HI), which consumes 25% of all rice (direct food use) while making up only 16% of the population.[2] See Table A3 for a breakdown by region.

Rice is grown domestically in the US for consumption and export and is also imported. Overall, the 2006 US rice supply (rough, milled, and brown rice) is projected at 276.2 million cwt (1 cwt = 100 pounds), 3% higher than a year earlier. This is largely due to a 16% increase in imported rice to 15.25 million cwt, which offset a smaller expected crop this year.

<u>Organic Foods Market</u>

Size and Trends
Organic is a term which refers to the way in which a food product is grown and handled. It does not mean healthier, safer or better. However, consumers have developed a belief that organic foods are better than non-organic due to the lack of chemicals, pesticides, or hormones. This perception has helped increase the organic foods market to its current size.

The USDA began to regulate the organic food industry in 2002. In order to be classified as organic, a product must be produced without conventional pesticides, fertilizers made with synthetic ingredients, or sewage sludge, hormones, bioengineering, or ionizing radiation. Government-approved certifiers inspect the farm where the products are produced before the product can qualify as organic. In addition, any organization involved in handling and processing the product must be certified.

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[1] http://www.usarice.com/industry/milledricesurvey.doc
[2] *Ibid.*

During 2005, the US organic foods market was $16.9 billion, which corresponds with a compound annual growth rate between 2001 and 2005 of 18.9%.[3] Food safety concerns, increased availability of organic products, and the USDA's establishment of national standards for the term "organic" contributed to the increased sales.[4]

Fruits and vegetables account for almost half of the sales in the organic food market. Datamonitor divided the organic food industry in 2005 into six segments: [5]

- Fruits & vegetables (41.3% of the market in dollar sales)
- Beverages (14.8%)
- Dairy (13.2%)
- Bread & Grains (9.5%)
- Meat/Fish/Poultry (1.6%)
- Other (19.6%)

Heirloom rice falls into the "Bread & Grains" Category.

Datamonitor forecasts an increase in the organic food market of 108% over the next 5 years to $35 billion in 2010. One constraint on the market is the scarcity of organic land since land needs to be free of chemicals for three years to qualify for organic certification.[6] However, one solution is to outsource organic production to other countries with an excess supply of organic land.

Natural food stores used to account for most of the organic foods sales. However, 70% of supermarkets nationwide now sell organic products, and supermarkets are now the market leader with respect to organic food sales. [7] In a study conducted by Mintel and TechnoMetrica in July 2004, it was found that 88% of the respondents purchased organic foods in supermarkets. Other common sources for organic foods were natural/health food stores and farmer's markets.[8]

Not only are organic products primarily sold through supermarkets, but they are also becoming cheaper as more stores, including national chains such as Kroger and Safeway have started selling organic products under their store brands.[9] Even discount retailers such as Target and Wal-Mart are selling organic foods. Supervalue recently opened Sunflower Market, the first of 50 planned stores within the next 5 years that will price organic and natural food products 10-15% below the competition.[10] Thus, organic products will become more affordable and available to a wider range of consumers.

Consumer Behavior

According to Demeritt, organic consumers have diverse demographic characteristics. However, some trends can be seen. First, consumers in the western region of the US are the most likely to purchase organic products.[11] Second, the 18-24 and 55-64 age groups showed the largest increase in interest in buying organic products.[12] Despite the price premium for organic products, more than half of the dedicated organic consumers have an annual household income less than $50,000.[13]

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[3] Datamonitor. Organic Food in the United States. 2005.
[4] Mintel. Organic Food and Beverages - US – August 2004.
[5] Datamonitor. Organic Food in the United States. 2005.
[6] Mintel. Organic Food and Beverages - US – August 2004.
[7] Datamonitor. Organic Food in the United States. 2005.
[8] Mintel. Organic Food and Beverages - US – August 2004.
[9] *Ibid.*
[10] Powell J. *Organic Growth; organic foods can be more expensive than conventional, and not all consumers are willing or able to buy them. but popularity might help bring prices down.* Star-Tribune. 2006
[11] Mintel. Organic Food and Beverages - US – August 2004
[12] *Ibid.*
[13] Howie M. Industry Study on Why Millions of Americans Are Buying Organic Foods http://www.organicconsumers.org/organic/millions033004.cfm>. Accessed 4/2006.

The Hartman Group, which conducts market research in the health and wellness markets, segments the organic market into 3 categories of consumers based on the level of dedication to organic products:

- **Core** (21% of organic consumers) have fully integrated organic products into their lifestyle. They buy organic products for community benefits (buying local) and authenticity (knowing what you are buying).
- **Mid-Level** (66% of organic consumers) gradually learn about organic products and adopt them on a category-by-category basis. They buy organic products for the experience, but also rely on expert opinion. Convenience and price are important factors to this segment of the market.
- **Periphery** (13% of organic consumers) purchase organic products occasionally, based on price and convenience.

Demeritt identifies several triggers that result in increased adoption of organic products, the most common of which are children, a family member with a health condition (food allergy, cancer etc.), and social network influences.[14]

When consumers enter the organic market, they tend to start with products in produce, dairy, soy, baby food, meat, and poultry. Next, they adopt products that are either focused on children or perceived as relatively low-risk purchase decisions: juice, single-serve beverages, cold cereal, and snacks. The third category to be adopted is defined by convenience: frozen foods, breads, pasta sauces, hot tea, and bulk foods. The last area of adoption is for the Core organic consumer who purchases canned goods, packaged goods, personal care items, and fabrics.[15] Even though the organic market is growing, heirloom rice would not be a product adopted early by most organic consumers.

Most organic consumers do not purchase organic products for environmental reasons. A study comparing the values driving organic food choices in UK and Germany found that UK consumers did not associate environmental factors at all with organic foods.[16] An Italian study designed to understand the motivation in purchasing organic food concluded that pleasure and well-being were the most important values driving such purchases.[17] The main driver for organic food purchases in the US is the issue of food safety.[18] However, scientific evidence showing that organic food is safer and healthier is scarce, and consumers may buy more for "peace of mind" than safety.[19] The Hartman Group has identified the primary reasons for why people purchase organic products:[20]

- Health/nutrition (66%)
- Taste (38%)
- Food safety (30%)
- Environment (26%)
- Availability (16%)

The Hartman Group also found that brand recognition is relatively low for organic products. More than 60% of the Mid-Level consumers could not name a single organic brand; rather "organic" is the brand. Most consumers of organic products are not loyal to the "organic" brand and make purchasing decisions on a product-by-product basis.

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[14] Demeritt L. Naturally speaking. Gourmet Retailer. 2005
[15] *Ibid.*
[16] Baker S, Thompson KE, Engelken J. Mapping the values driving organic food choice: Germany vs the UK: Germany vs the UK. European Journal of Marketing. 2004; 38(8):995-1012
[17] Zanoli R, Naspetti S. Consumer motivations in the purchase of organic food: A means-end approach. British Food Journal. 2002; 104(8):643-653
[18] Mintel. Organic Food and Beverages - US – August 2004
[19] Magkos F, Arvaniti F, Zampelas A. Organic food: Buying more safety or just peace of mind? A critical review of the literature. Crit Rev Food Sci Nutr. 2006; 46(1):23-56
[20] Howie M. Industry Study on Why Millions of Americans Are Buying Organic Foods <http://www.organicconsumers.org/organic/millions033004.cfm>. Accessed 4/2006.

The majority of consumers are willing to pay a price premium for organic products. The size of the premium varies by item but typically falls within the range of 50-67%.[21] Demeritt explains that the price premium varies by product category depending on the value consumers attach to the organic label. For example, mothers may have no problem paying $1.50 extra for organic strawberries for their children, but they would never consider spending extra on organic broccoli for their spouses.[22] A Greek study confirmed that consumers' willingness to pay differs by food category.[23]

A study conducted by Laroche et al. found that consumers who are more likely to pay more for environmentally-friendly products are likely to be females, married, and with at least one child living at home. The price premium could be as high as 40%. They value security and relationships with others and are more likely to put the welfare of others before that of themselves. The study recommends that when marketing green products, companies should point out the positive impact on the environment and explain why it is convenient to make the purchase.[24]

However, Pedersen and Neergaard found that consumer attitudes are not always consistent with actual behavior and warn that increases in awareness of green issues may not translate into increased consumption of green products.[25] Polonsky and Rosenberger also warn companies of targeting only ecologically-minded consumers. This is because many consumers claim to prefer green products but may not actually buy them once faced with the purchase decision in the store. Consumers often expect green products to be competitively priced and see the green label as a differentiator between two otherwise equal products.[26]

Homegrown Naturals recently conducted focus groups and found that consumers often do not understand what "organic" means. They concluded that descriptive phrases like "pesticide free" or "no hormones" may have more resonance with consumers.[27]

Fair Trade and Social Justice Market

Size and Trends

Fair Trade is a movement to integrate ethical principles in consumer decision-making. The Fair Trade market is defined as: [28]

…a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair trade organisations (backed by consumers) are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

The Fair Trade Association estimated the North American and Canadian market to be around US$100 million in 2000. Fair Trade products are sold through three main channels: dedicated retail outlets, supermarkets, and mail order. As of 2001 in the U.S. and Canada, there were at least 7,000 retail outlets

[21] Mintel. Organic Food and Beverages - US – August 2004
[22] Howie M. Industry Study on Why Millions of Americans Are Buying Organic Foods <http://www.organicconsumers.org/organic/millions033004.cfm>. Accessed 4/2006.
[23] Krystallis A, Chryssohoidis G. Consumers' willingness to pay for organic food: Factors that affect it and variation per organic product type. British-Food-Journal. 2005; 107(4/5):320-343
[24] Laroche M, Bergeron J, Barbaro-Forleo G. Targeting consumers who are willing to pay more for environmentally friendly products. Journal of Consumer Marketing. 2001; 18(6):503-520.
[25] Pedersen ER, Neergaard P. Caveat emptor - let the buyer beware! environmental labelling and the limitations of green consumerism. Business Strategy and the Environment. 2005; 15(1):15-29.
[26] Polonsky MJ, Rosenberger III P. Reevaluating green marketing: A strategic approach. Business Horizons. 2001; 44(5):21-30.
[27] Phone conversation with Sarah Bird, VP Marketing Homegrown Naturals on May 2, 2006
[28] FINE: 2001

for Fair Trade products.[29] The US market for Fair Trade-certified products grew by 92% in 2003 and 80% in 2004 due to increased consumer awareness of Fair Trade principles. More than 30,000 retailers carry fair-trade products. Mail order generally accounts for less than 10% of an importing organization's turnover, although on-line retailing facilities may increase this percentage in the future. In addition to these three main channels there are other retail channels such as solidarity groups, whole food shops, and independent commercial stores.[30]

The market can be segmented into labeled and non-labeled Fair Trade products, with food products dominating the labeled space. Coffee, tea, and chocolate have dominated the fair trade product mix. In the U.S. and Canada, coffee sales represented 66% of total Fair Trade sales in 2000.[31] Rice produced in Thailand, India, and Egypt was added to the American fair trade product mix in July 2005.[32] There are currently three certified rice importers and distributors in the US: Alter Eco in San Francisco, CA, Enray Corporation in San Ramon, CA, and Glory Bee Foods in Eugene, OR.[33]

Consumer Behavior

In recent years, numerous studies have profiled what is now known as the "Ethical Consumer," or the individual who makes purchase decisions on the basis of newly-popularized concepts such as Fair Trade, eco-friendly, and animal rights.

Of particular interest to Eighth Wonder is the Ethical Consumer who purchases Fair Trade products at a premium with the intent of helping unknown communities in third world countries. The rising clamor for Corporate Social Responsibility has aided this movement of Ethical Consumerism. Increasing media attention on companies such as The Body Shop, Nike, and Starbucks is one of the major drivers of awareness of the Fair Trade concepts.

Researchers have indeed established that such a consumer segment exists. For instance: consumers are willing to pay more for products made under good conditions, although the products' price class affected their willingness to shell out extra dollars. In a study by Elliott and Freeman, consumers were willing to pay 28% more for $10 items but only 15% more for $100 items. The authors of the study concluded that products made under good conditions had a high elasticity of demand compared to products made under bad conditions.[34] A recent study conducted in Belgium concluded that the average consumer is willing to pay a 10% premium for fair trade coffee.[35]

Simply put, the Ethical Consumer does exist and products that fall under the Fair Trade category can indeed command a price premium. It is more confusing, however, to profile the Ethical Consumer given the fact that consumer attributes are mostly qualitative and thus more difficult to apply to the general population.

Despite some inconsistencies in the researchers' findings, marketers have come up with a general profile of the concerned consumer: high income, more education, and a prestigious occupation.[36] In a survey on Socially Responsible Behavior, 18% of Americans reported purchasing/using products that are environmentally friendly or that promote social consciousness. Roughly, this translates into 16 million households.

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[29] Fair Trade Federation: 2002, '2002 report on Fair Trade trends in the U.S. & Canada', (Washington: Fair Trade Federation)
[30] http://ethics.bkae.hu/html/documents/Moorepaper.doc
[31] Fair Trade Federation: 2002, '2002 report on Fair Trade trends in the U.S. & Canada', (Washington: Fair Trade Federation)
[32] http://www.transfairusa.org/content/certification/rice_program.php
[33] http://www.transfairusa.org/content/certification/licensees_rice.php
[34] Elliott KA and RB Freeman: 2001, 'White Hats or Don Quixotes? Human Rights Vigilantes in the Global Economy'
[35] De Pelsmacker P, Driesen L, Rayp G. Do consumers care about ethics? willingness to pay for fair-trade coffee. Journal of Consumer Affairs. 2005; 39(2):363-385
[36] Roberts, James: 1996, 'Will the Real Socially Responsible Consumer Please Step Forward?

In a separate study of two large Alternative Trading Organizations, the typical fair trade customer tended to be:[37]

- in the 30-49 years old range (60-67%),
- overwhelmingly Caucasian (94%),
- mostly married (60%),
- very well educated (college, 17-23%; graduate school 57-62%),
- in the upper middle class income range ($25,000-$75,000, 62-68%), and
- most often employed in education (20-26%).

Ethical Consumer decision-making is driven by values that are inherent in the consumer. In a report on Consumer Behavior, the following values were significant in the ethical decision-making process:[38]

- Self-Direction: freedom, independence, self-respect, and curiosity
- Achievement: capable, influential, and intelligent
- Hedonism: enjoying life
- Benevolence: helpful, honest, loyal, responsible, and true friendship
- Universalism: world of beauty, wisdom, and inner harmony

Ethnic Foods Market

Size and Trends

Overall, the ethnic food sector was estimated to grow at a CAGR of 7% from $43.1 billion in 2001 to $81.8 billion in 2005. The drivers for this growth are growing ethnic populations, international travel, and the foodservice sector.[39] J. Hafner, the CEO of Riviana, also reports increased demand for specialty rice, driven in part by changing demographics.[40] Table A5 shows the major immigration trends in the past few years.[41]

There are currently 11.9 million Asians living and working in the US. They make up approximately 5% of the total US population and spend $25.5 billion annually on food. More than half of the Asian American population resides in New York, California, and Texas. The dominant groups are: Chinese, Filipino, Indian, Vietnamese, and Korean.[42] The most common ethnic cuisines have been Chinese, Mexican and Italian, which make up 59% of the market. "Other cuisines" make up the remaining 41%. A recent report cites Asian cuisine as the most popular emerging ethnic food and the popular choice for American consumers in 2006.[43]

The emerging ethnic foods market, a subset of the ethnic foods market, is estimated to be worth $800 million dollars and reflects consumers' growing interest in foods from different countries. The emerging ethnic foods market grew 41% between 1996 and 2001. See Table A4 for a breakdown by year. This market is currently segmented into:

- Ramen (Japanese noodles),
- Sauces and marinades (primarily Asian),
- Oriental cooking oils,
- Chutney, and
- All other foods (including frozen, refrigerated, and shelf-stable appetizers, entrees, rice and noodle mixes; and soups).

[37] Littrell, MA and MA Dickson: 1999, 'Social Responsibility in the Global Market: Fair Trade of Cultural Products'
[38] Shaw, Grehan, Shiu, Hassan, and Thomson: 2005, 'An exploration of values in ethical consumer decision making'
[39] Datamonitor, 2001: "Technology + Quality Innovation – Competitive Advantage"
[40] Phone conversation with J. Hafner, CEO Riviana Foods on May 9, 2006
[41] U.S. Department of Justice, Immigration and Naturalization Service, Statistical Year Book 2000/Mintel
[42] US Census Bureau
[43] Mintel Report - Emerging Ethnic Foods - US - June 2002

Heirloom rice belongs to the "All other foods" category. Sales in this category increased 188% between 1996 and 2001, partially explained by the launch of Uncle Ben's rice and noodles bowls in 1999 and 2000. Other products that have helped push this segment are rice, grain, and noodle mixes that contain all the ingredients in one box.

Consumer Behavior

Among ethnic food consumers, non-ethnic shoppers are expected to account for 75% of ethnic food sales over the next decade.[44] Though non-ethnic shoppers make up the bulk of ethnic food sales, the primary driver of ethnic food awareness remains the ethnic population.

The rise of various ethnic restaurants, such as P.F. Chang's and Pho Hoa, increases awareness of different world cuisines. The report on ethnic cuisine awareness indicates a high awareness of most ethnic cuisines, with Cantonese Chinese, Mexican, and Italian cuisines garnering the highest levels of recognition (97%).[45] See Table A6 for a breakdown of awareness by cuisine. Filipino cuisine only generates 2% awareness in the ethnic food market.[46] Within the US, the most popular ethnic Asian cuisines are Chinese, Indian, Thai, and Korean.

In general, Asians prefer to include rice, noodles, and vegetables in all main dishes. Meat is used to accent their plates.[47] Ethnic food products are most commonly associated with a particular cuisine. Most ethnic foods are prepared using a specific ingredient (e.g., curry powder, soy sauce, coconut milk). However, rice is not country-specific since it complements most Asian dishes. Therefore, its appeal to ethnic food consumers is broader than cuisine-specific products.

The majority of ethnic consumers base rice purchasing decisions on the following factors: [48]

- Authenticity,
- Premium quality, and
- Health

Gourmet and Specialty Foods Market

Size and Trends

The National Association for the Specialty Food Trade (NASFT) estimates an existing 125,000 products within the specialty food market space. Total sales for the specialty food market are approximately $35 billion, having increased by 29% from 2003 to 2005.[49] See Table A7 for a breakdown by year.

This growth trend can also be seen in the specialty rice market. Heirloom rice falls under the Specialty Beans, Grains & Rice sub-category. The size of the Specialty Beans, Grains & Rice sub-category amounts to $277 million, which is equal to 8.9% of total sales in the overall segment.[50] According to the CEO of Riviana Foods, consumers are looking for more variety. He also states that brown rice consumption is "going through the roof."[51] One broker sees rice as one of the next "affordable luxuries", following the same trend towards high quality that salad dressings experienced several years ago. He says that people are willing to pay a premium for an exotic, healthy, and interesting product.[52]

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[44] http://www.retail.ru/biblio/inenglish04-4.htm
[45] National Restaurant Association, Ethnic Cuisines II (adapted)/Mintel
[46] Mintel Report: Emerging Ethnic Foods - US - June 2002
[47] http://fmi.org/events/may/2005/presentations/From_Ethnic_to_Mainstream.pdf
[48] Datamonitor Repot 2005: Insights into Tomorrow's Ethnic Food and Drinks Consumers
[49] Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006
[50] *Ibid.*
[51] Phone conversation with J. Hafner, CEO Riviana Foods on May 9, 2006
[52] Phone conversation with John Sloane, Broker at JJ Sloane on May 8, 2006

Market research has found that almost 20% of American adults consider themselves "gourmet consumers," and the gourmet food market is estimated to exceed $62 billion by 2009. Mintel explains this growth as a result of Americans' willingness to experiment with different cuisines, products and ingredients as well as the growing immigrant population in the US.[53]

Mintel identified the following key market drivers:[54]

(1) Immigration Trends,
(2) International travel by Americans,
(3) Increased spending patterns,
(4) Growing availability of specialty foods (increased distribution channels), and
(5) Various launches of new specialty foods.

Consumer Behavior

A report by *Packaged Facts* indicates that the gourmet market is growing as a result of several consumer trends: growing interest in world cuisines and flavors, growing concern with health and wellness, rising discretionary income, and an overall penchant for indulgence.[55]

Several trends within the gourmet market beneficial to Eighth Wonder have been observed:

- Gourmet products are increasingly using natural and organic ingredients and appeal to the consumers' social conscience by focusing on environmental as well as social benefits for producers.[56]
- An increasing number of natural foods retailers are selling expensive gourmet foods.[57]
- There will always be "foodies," (a foodie has "an ardent or refined interest in food; a gourmet"[58]) and food will always be trendy.[59]
- Home cooking trends tend to parallel what is being served in restaurants, particularly ethnic foods.[60]

Mintel describes the typical specialty food consumer as female, young, affluent, and racially/ethnically diverse. They are more likely to buy natural, organic, and kosher products and are more likely to shop in several types of stores.[61] Although 96% of gourmet food consumers shop at supermarkets they are also considerably more likely than other consumers to shop at specialty food stores, natural food stores, and gift stores.[62] Thus, gourmet consumers can be reached via several retail channels.

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[53] *Galloping gourmet: The fine-foods market expects to exceed $62 billion in sales by 2009--offering opportunities for retailers to cater to both indulgence-seeking and health-conscious consumers.* Progressive Grocer. 2006
[54] Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006
[55] MarketResearch.com (Packaged Facts). *The U.S. Market for Gourmet and Specialty Foods and Beverages*. 2005.
[56] *Ibid.*
[57] *Ibid.*
[58] http://www.thefreedictionary.com/foodie
[59] Mintel Reports: Cooking - US - May 2005
[60] *Ibid.*
[61] Mintel Report: Specialty Foods - The NASFT State of the Industry Report - The Consumer - US - June 2005
[62] *Galloping gourmet: The fine-foods market expects to exceed $62 billion in sales by 2009--offering opportunities for retailers to cater to both indulgence-seeking and health-conscious consumers*. Progressive Grocer. 2006

Mintel's research reveals important facts about the "foodies" which should be considered when marketing specialty foods products (See Tables A8-13 for more details): [63,64]

- Foodies are more likely than the average consumer to cook with rice.
- They are adventurous in their food choices.
- 54% of them consider themselves knowledgeable about food.
- 39% of them are always searching for new ingredients.
- 37% of them are party planners.
- 25% of them are regular home entertainers.
- 30% of them drink wine with dinner.
- The 25-34 age group is most likely to enjoy cooking and trying new recipes.
- The 45-64 age group and those who live on the West coast are more willing to spend money on high-quality ingredients.
- Television cooking shows are popular, with celebrity chef Rachel Ray being the most popular. Women and African-American respondents were more likely to watch these shows, try new recipes, and buy products seen on the show. Urban residents are more likely to watch cooking shows, and those aged 35-64 are most likely to try new recipes seen in the show.
- Foodies in the Northeast are most likely to watch cooking shows and try new recipes but less inclined to buy products used on the programs. Northeasterners cook more on the weekends, and shows that focus on this type of cooking, such as for dinner parties, do well.
- Many foodies go to the web in search of recipes. Epicurious.com, a division of Condé Nast that supports *Bon Appétit* and *Gourmet* magazines, receives 2 million unique visitors every month. In addition to recipes, viewers can also find articles about food. Allrecipes.com is another free recipe site with recipes submitted by site visitors. Viewers can search the recipe database by ingredient as well as meal types.
- 43% of the foodies also spend time gardening. Needlework and quilting are other hobbies that are high on the list.
- 39% of foodies read "Home & Home Service" magazines in addition to epicurean magazines. Forty-two percent also read Women's magazines.
- Younger people who purchase specialty foods usually do so to treat themselves.
- Those with an annual income exceeding $100,000 usually buy specialty foods as a regular treat, a gift, or for a dinner party.

Specialty foods are often purchased as gifts. When selling gourmet food products, packaging is critical. Friedman points out that exceptional packaging alone can translate into sales, especially during the holiday season. Friedman claims that packaging can deliver as much as 10-30% in increased sales for retail products. She also cites Coffee Masters as a company that has mastered the art of providing "an up-do-date but timeless gift that is an affordable luxury."[65]

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[63] Mintel Reports: Cooking - US - May 2005
[64] Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006
[65] Friedman S. *Holiday packaging trends*. Tea & Coffee Trade Journal. 2003; 175(7):27-32

Implications

- Organic is moving into mainstream. While in the past the organic market was largely served by highly specialized natural food stores, the majority of organic retailers today are supermarkets and grocery chains. This trend indicates wider availability of organic products and lower prices as dictated by the volume retailers. Should Eighth Wonder enter this market, it would have to do so by lowering its current pricing to better compete in this market.

- Products carrying the Fair Trade seal command premium prices in the socially-conscious market. The premium reflects the social justice aspect of the Fair Trade movement since ethical consumers are driven by the conviction that wealth should be shared with less affluent nations. However, this market also has a formal structure in place with specific processes for certifying suppliers and distributors as Fair Trade players. Entry into this market would require that the Filipino farmers and Eighth Wonder undergo the proper certification to sell Philippine heirloom rice as a Fair Trade product.

- Ethnic cuisine is driven by immigration trends. The ethnic food market is growing fast as foreign-born US residents introduce and adapt their respective cuisines to suit the American palate. Most ethnic foods are associated with a specific cuisine, and consumers consider authenticity and a premium quality as important in buying ethnic foods. Since rice encompasses many ethnic Asian cuisines, the market is broad for a firm like Eighth Wonder. However, given that the more popular Asian cuisines in the US (Thai, Chinese, Indian) have their own type of rice, the challenge to Eighth Wonder is to market its heirloom rice as suitable for all types of Asian cuisine, not just Filipino.

- The gourmet and specialty foods market is split between connoisseurs and self-proclaimed foodies who pay a premium for the “affordable luxury” of a gourmet food product. Although there are no formal processes for classifying a food product as gourmet, participation in this market would mean Eighth Wonder featuring the standard attributes of gourmet food: attractive packaging, premium product, justifiable price premium, and exotic allure.

2. Analysis of Competitors

Competition in the specialty rice market is fragmented, and few companies exist in the space that Eighth Wonder is trying to enter. At the same time, there is a growing interest in varieties of rice and healthy, whole grain rice; in particular, the consumption of brown rice is increasing quickly. Large companies such as Riviana and Uncle Ben’s are responding to this trend by introducing different ethnic varieties of rice (jasmine, basmati, etc.) and prominently indicating whole grain varieties on the packaging.[66] Nevertheless, these big names are not direct competitors to Eighth Wonder. No company that had the same model in rice could be identified, but Eighth Wonder will compete with a number of different rice companies.

Lotus Foods
Background: A privately-held California-based company founded in 1995, Lotus Foods is probably the best-known brand in specialty rice. Offering such products as Bhutanese Red Rice and Forbidden Rice®, Lotus has a selection of unique specialty rices from Asia and Argentina, two types of organic jasmine rice

[66] Phone conversation with Riviana Foods CEO Joe Hafner, 09 May 2006.

grown in the US, and a selection of other products, including rice flour. Lotus Rice is a member of the Whole Grain Council labeling program, and its non-white rices carry the 100% Whole Grain stamp. Finally, the Bhutanese, Chinese, and Bangladeshi (Kalijira variety) rices are highlighted as being heirloom rices "grown on small family farms in limited quantity."[67]

Marketing: Lotus Foods built its market presence using a grass-roots approach focused on the San Francisco Bay Area. Since many distributors look for product demand to decide which products to carry, Lotus created demand using a direct approach that included in-store product demonstrations to educate a public that knew nothing about the product.[68] However, this was a difficult road for Lotus. A more successful approach proved to be working directly with chefs at high-end restaurants, both to develop marketable recipes for the rice and to feature it on the menu.[69] More recently, Lotus has expanded on a national scale into specialty stores such as Dean & Deluca and upscale supermarkets such as Whole Foods and local co-ops. In fact, Whole Foods occasionally features Lotus Foods rice in its prepared salads. Lotus also displays its products at numerous trade shows, though this move did not come until after the company had been operating for a few years.[70]

Online: On the web (www.lotusfoods.com), Lotus has a well-designed webpage that features many recipes alongside endorsements from celebrity chefs such as Charlie Trotter and Wolfgang Puck, references from prominent publications, and awards won. To the public, the company sells its products through www.worldpantry.com, a gourmet food web site that appears to have a special relationship with Lotus Food, as well as a number of other sites. The packaging also promotes an upscale image, with colorful pictures of exotic locales that make the product stand out on store shelves.

Implications

- Lotus Foods represents Eighth Wonder's most prominent competitor, but the market is so fragmented that Lotus has by no means achieved a dominant position.
- Lotus has already done a significant amount of education about specialty rice and has increased consumer interest in rice from exotic places in the world. Thus, Eighth Wonder will have an easier time introducing its unique rices and building consumer demand.
- With the compelling back story of terrace farming and the shared-equity business model, Eighth Wonder is well-positioned to compete against Lotus.

Alter Eco

Background: A French company that has only been selling products in the US since mid 2005, Alter Eco markets 3 types of fair trade-certified rice, along with 11 other similarly certified coffees, teas, sugar, and quinoa. Alter Eco's rice is grown by a cooperative in Surin, Thailand and comes in three varieties – Thai rice (jasmine), Ruby rice (Khao Deng variety), and Coral rice (a polished Khao Deng variety). It is the first line of certified fair trade rice to be sold in the US and, according to its website, is sold primarily in Northern Californian Whole Foods stores and in the Giant Eagle chain of grocery stores.[71] As a side note, Alter Eco offers sugar from a cooperative in the Philippines.

European presence: Alter Eco is only beginning to do business in the US. In France, the company sells 36 products, including a wider range of rice, through a variety of retailers, including large retailers such as

[67] Lotus Foods website, http://www.worldpantry.com/cgi-bin/ncommerce3/CategoryDisplay?cgmenbr=127574&cgrfnbr=143078, accessed on 15 May 2006.
[68] Phone conversation with Lotus Foods co-owner Ken Lee, 02 May 2006.
[69] Phone conversation with rice expert Marie Simmons, 08 May 2006.
[70] *Ibid.*
[71] The rice is sold in Northern California (Whole Foods and other independent stores), Pennsylvania, Ohio, West Virginia, Maryland, and a Whole Foods store in Austin, TX. *Alter Eco Store Locater*, accessed at http://www.altereco-usa.com/main.php?section=storelocator on 24 April 2006.

Carrefour and Monoprix. Alter Eco also offers Basmati rice from a cooperative in Navdanya, India.[72] This hints at what rice may soon be offered in the US and at Alter Eco's desired distribution strategy in the US.

Online: Alter Eco's website (www.altereco-usa.com) is heavily slanted towards the Fair Trade aspect of the business and provides background information on the cooperative that produces the rice. The Coral rice is actually a product created by Alter Eco to help diversify the cooperative's offerings. Nonetheless, the website does talk about the taste, texture, and health aspects of the rice. At this time, Alter Eco does not appear to sell any products online, nor does it link to any recipes using the rice.

Implications

- Due to the fair trade nature of the rice, Alter Eco poses a competitive threat to Eighth Wonder, though its small distribution and its focus on France limit the threat at this time.
- While Alter Eco may enjoy some exposure being the first Fair Trade rice in the US, it is not a sustainable competitive advantage. In fact, Alter Eco may end up helping competitors by educating the market on the existence of Fair Trade rice and generating press on the subject, thereby pushing consumers to look more closely at the specialty rice market as a whole.

Indian Harvest Specialtifoods
Background: Indian Harvest started in 1978 selling pure hand-harvest wild rice directly to high-end restaurants and has kept a similar business model. The company started developing rice and grain blends in the early 1980s and became interested in heirloom varieties at that time.[73] Currently, it markets unique, exotic rices such as Himalayan Red Rice, Colusari™ Red Rice, Emperor's Green Rice, Chinese Black Rice, and Purple Thai Rice, along with more basic varieties such as Arborio, jasmine, and basmati. Additionally, with its in-house chef, the company develops and markets rice blends.

Foodservice Focus: Although the company does operate a retail business via the web (both at its own site www.indianharvest.com and a storefront on www.amazon.com) and a small print retail catalogue, its focus is squarely on the foodservice business – e.g. restaurants, hotels, and catering operations. Indian Harvest sells directly to restaurants, with only a little business through distributors, and thinks of its end users as chefs in high-end independent restaurants.[74]

Implications

- Although Indian Harvest does offer unique rice from exotic locations, in addition to its core offerings of wild rice, the emphasis is on the taste and texture of the rice, not a back story. This is not surprising due to the company's focus on chefs at high-end restaurants, where appearance, taste, and texture are typically the most important selling points.
- While Indian Harvest is a competitor, it is also a possible business partner due to its existing links with the foodservice industry. Eighth Wonder would not be able to sell its own branded rice through Indian Harvest, but it could be a channel for distributing the rice to restaurants and catching the eye of top-end chefs.

Enray LLC
Background: Enray LLC, an importer and distributor of organic foods to major food manufacturers, markets both organic Thai jasmine rice and organic Indian basmati rice (which it sells under the brand

[72] Alter Eco France homepage, http://www.altereco.com/Bienvenue.php, accessed on 24 April 2006.
[73] Michael Holleman, Corporate Chef of Indian Harvest, e-mail communication dated 10 May 2006.
[74] *Ibid.*

Ahaar Organic). The company offers a variety of packaging options, including private labeling.[75] The rice is not sold online nor does it appear to be widely sold in stores. Thus, the company's focus is more on importing and distributing the rice rather than marketing. However, the rice was only launched in March 2005, and it is still possible that the company will secure retail distribution. The website for Ahaar Organic (www.ahaarorganic.com) discusses how organic farming will benefit the approximate 600 farmers in India that grow the rice. The organic Thai jasmine rice does not appear to be marketed under a distinct brand.

Implications

- Since it is doubtful that Eighth Wonder will target food manufacturers and the broader food industry at this time, Enray is not currently a competitor.
- If Enray does move into retail rice sales using the Ahaar Organic brand, then the organic nature of the rice and the sustainable business model for the Indian farmers does place the rice in a similar market sphere as Eighth Wonder's rice. Since basmati is a distinct and well-known specialty rice, Eighth Wonder will have to focus more on getting consumers to try its unique varieties.

Rice Blends and Mixes – Nirmala's Kitchen and Urban Accents

Background: Other competition is provided by companies that mix spices with specialty rice to create unique rice products that can be substituted for rice in various dishes (risotto, paella, etc.) or also can stand on their own. Company's such as Nirmala's Kitchen (www.nirmalaskitchen.com) and Urban Accents (www.urbanaccents.com) offer these rice blends alongside other spice and salt blends both online and through retail outlets such as Williams Sonoma. Urban Accents also sells exotic rices such as Chinese Black Rice and Himalayan Red under their own brand. Nirmala, who imports rice directly, claims to be very particular about the type of rice that she offers in that it must be both very unique and work well with spices.[76] Both companies market their product in very sleek bottles (either glass or plastic) that give the product an upscale appearance and allow for easy resealing of leftover rice. These products are obviously positioned for the gourmet market, where packaging is extremely important.

Implications

- These companies are not prime competitors at the moment since their rices are purely gourmet products and do not have a back story that can compete with Eighth Wonder's.
- Although Eighth Wonder does not currently sell rice blended with spices, it most likely will compete with such companies for shelf space and consumers.

American Heirloom Rice – Carolina Gold

Carolina Gold rice is marketed as America's heirloom rice, first grown on plantations in the 1700s. Offered by a variety of producers such as Carolina Plantation Rice (www.carolinaplantationrice.com) and Anson Mills (www.ansonmills.com), the rice is sold usually in both whole grain form and also small/middling form. The various producers do offer the rice online and in stores, though quantities appear to be limited. Another promotion channel exists in the form of the non-profit Carolina Gold Rice Foundation (www.carolinagoldricefoundation.org). Headed by the owner of Anson Mills, the Foundation has run an academic symposium on the rice and promotes research on heirloom grains. In marketing the rice, the various companies focus more on the history of the rice rather than its taste, appearance, or texture. Consequently, although Carolina Gold does compete in the heirloom rice market, it does not seem that these companies offer strong competition because the rice lacks the exotic locale and back story of sustainable development that Eighth Wonder brings to the table.

[75] "Ahaar Organic Foods launches Organic Indian Basmati Rice in the U.S.", *Nutrition Horizon*, 7 March 2005, <http://www.nutritionhorizon.com/newsmaker_article.asp?idNewsMaker=7643&fSite=AO545& category=22&page=1>, accessed on 14 May 2006, and Enray homepage, www.enray.com, accessed on 14 May 2006.

[76] Phone conversation with Nirmala's Kitchen owner Nirmala Narine, 17 May 2006.

American Specialty Rice – Lundberg Family Farms and RiceTec
In the more basic varieties of specialty rice, such as jasmine and basmati, the field is crowded by both imports and domestic players. Some of the larger competitors are Lundberg Family Farms (www.lundberg.com) and RiceTec, which markets under the RiceSelect brand (www.riceselect.com).

Lundberg background: Lundberg Family Farms has been around since 1923 and has, in the view of Lotus Foods co-founder Ken Lee, done much to convince America that rice is not just white, thereby opening up the market for companies such as Lotus.[77] Today, Lundberg offers a wide variety of brown, white, wild rices, and blends in natural, organic, and specialty food stores such as Whole Foods and Wild Oats; it also sells its rice online. In addition, the company sells a variety of rice-based products. Lundberg's rice lines are either labeled organic or Eco-Farmed®, which is a marketing tool to convey the sustainable nature of the farming methods that Lundberg employs.[78]

RiceSelect background: RiceSelect is similarly focused on marketing specialty rice grown in the US. In fact, the company developed its own varieties of Basmati rice and markets them under names such as Texmati®, Jasmati®, and Kasmati®; it also sells Italian and Japanese rice that the company now grows in the US. RiceSelect's parent company, RiceTec, is primarily focused on seed sales and improving the yield of its patented rice varieties. RiceSelect's products can be found on store shelves nationwide as well as online, where the primary retail channel is amazon.com. Additionally, RiceSelect offers Chef's Originals®, which are specialty rice dishes from three top American chefs – Mark Miller, Paul Prudhomme, and Sam Choy.

<u>Implications</u>

- Given the fact that these rices are grown in the US and consequently lack the exotic back story, Lundberg and RiceSelect do not compete for the same customers as Eighth Wonder.
- Given the size and distribution of these two companies, they continue to help develop the market for specialty rice and convince people that rice is not just white. In fact, Lundberg and RiceSelect customers may one day move up to the gourmet varieties offered by Eighth Wonder.

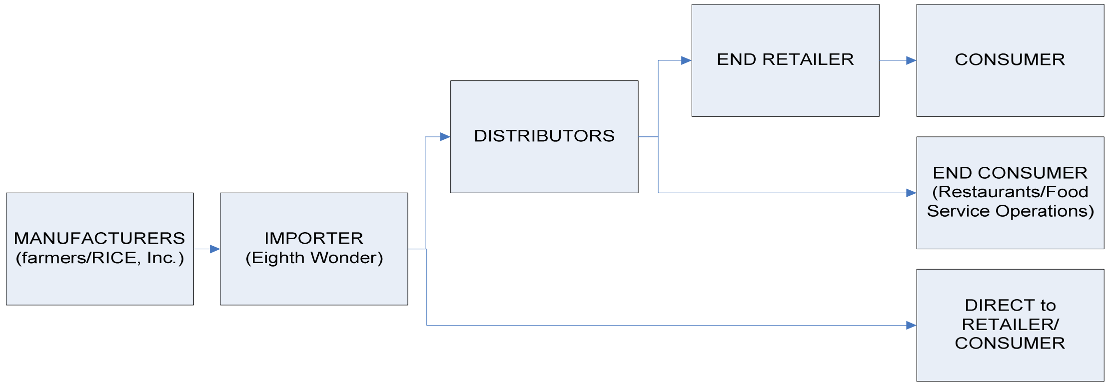
3. Analysis of Distribution Channels

There are five major end-user and end-retail distribution channels through which Eighth Wonder could market its specialty heirloom rice:

- Gourmet/Specialty stores
- Grocery/natural food stores
- Gift stores
- Chefs/Restaurants
- Ethnic food stores and restaurants

There is inherently some overlap in these categories. We will discuss each of them in turn. First, we provide an overview of the specialty food supply chain as it relates to Eighth Wonder. This market is complex with many different players: manufacturers, importers, distributors, end-retailers and end-users (primarily restaurants and foodservice), and consumers.

[77] Phone conversation with Ken Lee.
[78] "Introducing 'Eco-Farmed,' Lundberg Family Farms press release, 24 January 2005, accessed at http://www.lundberg.com//press/eco-farmed.pdf on 24 April 2006.



Importers

Eighth Wonder imports specialty rice from farmers through RICE, Inc. in the Philippines at the beginning of the supply chain.

Market Background

According to Mintel, the median annual sales for specialty food importers was $835,000 in 2005 (see Table A14). Importers that specialize in one product from a specific country tend to distribute locally to a small number of outlets and are likely to have sales well below $1 million. Roughly 38% of the specialty food importers surveyed specialized in one country (see Table A15).[79]

Most specialty food products sold in the US come from Europe. However, specialty food products from Asia increased from 12.5% to 30.4% in 2005 (see Table A16).[80]

Specialty food importers sell primarily to distributors (51.6%), but a third of the sales are direct to retailers (see below Table 1). Importers who sell direct to retailers are in essence themselves distributors. For example, Woodland Foods, the largest importer of rice in the US, distributes directly to industry, retail, and foodservice outlets.[81] Whereas importers sell both direct and to distributors, manufacturers themselves tend to sell more direct and less through distributors (see below Table 2).[82]

Table 1: **Share of specialty foods importer annual sales by channel, 2005**

Base: 2005: 25 specialty food importers

Annual sales by channel	%
Distributors	51.6
Retailers	32.5
Other/not specified	15.9

SOURCE: Mintel/Market Tools

Table 2: **Share of specialty foods manufacturer annual sales by channel, 2005**

Base: 2005: 176 specialty food manufacturers

Annual sales by channel	%
Retail stores (direct)	43.6
Distributors	33.7
Institutional/foodservice	13.1
Online channel	9.6

SOURCE: Mintel/Market Tools

[79] Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006
[80] *Ibid.*
[81] Alan Roupp, Woodland Foods, personal communication 5/17/06.
[82] Specialty Foods - The NASFT State of the Industry Report - The Market - US.

Implications

- Eighth Wonder fits the profile of most specialty foods importers in terms of sales and product/regional specificity.
- Increased specialty food imports from Asia represent a favorable trend in terms of consumer preferences and tastes but may also signal increased competition.
- As an importer, Eighth Wonder could sell either through a distributor or direct to a retailer.

Distributors

Market Background

According to Mintel, half of the specialty food distributors are fairly small with 500 or fewer SKUs (see Table A17). About 70% of the distributors service less than 200 stores (see Table A18). Distributors sell their products through a variety of channels, primarily specialty food stores, supermarkets and restaurants. However, natural foods stores and gift stores are also important customers.[83]

Specialty food distributors make the majority of their sales to specialty food stores and supermarkets. Natural food and gift stores are a smaller percentage of sales but also represent smaller markets. In addition, many do not distribute to natural food stores or to gift stores, which suggests some level of specialization (see Table A19).[84]

It should be noted that some distributors import products directly, through networks of on-the-ground agents in the export regions.[85] Some distributors who import products directly, such as Woodlands Foods, would not be interested in sourcing Eighth Wonder's product since Eighth Wonder is also an importer.[86] Woodland Foods in turn distributes to Indian Harvest, which is in turn a distributor (and also a competitor to Eighth Wonder).[87] Thus, Indian Harvest would be a potential Eighth Wonder distributor since it is willing to source from an importer. Chef's Warehouse, a distributor to gourmet restaurants, both imports directly and sources from other importers on smaller volume items.[88]

Some restaurant distributors work regionally and source their products from larger distributors. A restaurant requests a product from the regional distributor, who in turn sources it from the major distributor.[89] Restaurant distributors also learn about new products through trade shows.

The major hubs for specialty food distribution are Boston, New York, Miami, San Francisco, Los Angeles, and Chicago.[90]

Implications

- Specialty foods, supermarkets, and foodservice are the biggest markets and therefore afford Eighth Wonder the greatest opportunity for exposure. However, we recommend Eighth Wonder not sell through the supermarket channel as detailed below.
- Natural food and gift outlets may require finding specialized brokers.
- As an importer, Eighth Wonder will need to find distributors who are willing to source from importers.

[83] Specialty Foods - The NASFT State of the Industry Report - The Market - US.
[84] *Ibid.*
[85] Carla Deykin, Williams-Sonoma, personal communication 5/15/06.
[86] Alan Roupp, Woodland Foods, personal communication 5/17/06
[87] *Ibid.*
[88] John Magazino, Chef's Warehouse, personal communication 5/24/06
[89] Kevin, Provisions International, personal communication 5/5/06.
[90] John Magazino, Chef's Warehouse, personal communication 5/24/06

End-Retailers

Gourmet/Specialty Food Stores

Sourcing:

Specialty food stores learn about new products in several different ways, the most important being the Fancy Food Show and trade magazines (see below Table 3).[91] The National Association for the Specialty Food Trade is one such trade magazine.[92] Customer recommendations are also very important. Direct marketing to stores (presentations by vendors) is a less significant source but nevertheless important and cited by several gourmet food stores as a good way to catch their attention and to develop in-store demos.[93] The website www.specialtyfood.com is another source of new product ideas for gourmet stores.[94]

Table 3: **Sources for discovering new products, 2004 and 2005**

Base: 2004: 420 specialty food store operators. 2005: 284 specialty food operators.

	2004 (%)	2005 (%)
Fancy Food Shows	96.4	96.7
Trade magazines	80.6	74.7
Customer recommendations	59.7	69.8
Presentations at your store	36.5	36.7
Other trade shows	28.1	38.0
Other	15.6	26.9

Multiple answers accepted
SOURCE: Mintel/TechnoMetrica/Market Tools

Specialty food stores on average purchase about 50% from distributors and 50% directly from the importer/manufacturer (see below Table 4). However, some specialty foods stores with whom we spoke (Williams-Sonoma, Dean & Deluca, Savenor's Market) purchase significantly more through distributors for the conveniences related to invoicing, delivery, and service.[95]

Table 4: **Mean % of purchases made through distributors vs. direct purchases, 2003, 2004 and 2005**

Base: 2003: 349 specialty food store operators; 2004: 420 specialty food store operators. 2005: 284 specialty food operators.

	2003 % (mean)	2004 % (mean)	2005 % (mean)
Through distributors	46.3	53.1	48.3
Direct purchases	51.7	50.5	47.1

* The separately asked questions means that figures may not sum to 100
SOURCE: Mintel/TechnoMetrica/Market Tools

Trends:

Sourcing locally produced products is an emerging trend: almost a third of all specialty food products were sourced locally in 2005 (see Table A20). "Artisan" is another trend evidenced by the fact that 40% of the products sold in specialty food stores in 2005 were classified as artisan.

As discussed above, distributors sell specialty food products to a variety of retail channels. One example of a new channel is kitchenware stores. Moran describes the retail trend of co-marketing specialty foods with kitchenware and also points out that The Gourmet Products Show co-located with The Hardware

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[91] Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006
[92] General Manager, Savenor's Market (Boston), personal communication 5/19/06.
[93] Genral Manager, Savenor's Market (Boston), personal communication 5/19/06; Carla Deykin, Williams-Sonoma, personal communication 5/15/06.
[94] Jamie, Cardullo's Gourmet Store, personal conversation 5/26/06
[95] Genral Manager, Savenor's Market (Boston), personal communication 5/19/06; Carla Deykin, Williams-Sonoma, personal communication 5/15/06.

Show in 2005.[96] This seemed to be a success as the same theme can be observed in 2006 where The Las Vegas Gourmet Housewares Show represents a variety of markets, including cookware, kitchen gadgets, cutlery, and specialty foods.[97]

Large retailers such as Crate & Barrel and Williams-Sonoma also offer a limited selection of specialty food products in their stores. From our observations, they focus on private label offerings or products that are exclusively packaged for them. Williams-Sonoma in Boston carried 6 types of specialty rice, primarily private label. This was confirmed through conversations with Williams-Sonoma. In order to maintain very high margins on their specialty foods (approx. 70%), they cut out all middle distributors.[98]

Market Opportunities:
Mintel cites the following challenges faced by specialty food retailers: importance of staying current with new products, sourcing products that are not commonly found in stores, and bringing new products to the specialty store at reasonable prices.[99]

As more retailers offer specialty food products, "specialty foods" will become less special.[100] Specialty food stores will need to find smaller producers in order to provide a unique product offering. This trend should offer a market opportunity for small scale producers.

<u>Implications</u>

- Eighth Wonder should market its rice to end-retailers both through relevant trade shows and through exposure in trade magazines. Consumer awareness of the product, and in turn requests from consumers to end-retailers, is also very important.
- Direct marketing to gourmet stores, including in-store demos, will also be an important marketing technique for Eighth Wonder, particularly as a smaller player.
- Eighth Wonder should market to end-retailers both directly and through distributors.
- Eighth Wonder may be able to overcome the trend towards locally produced specialty foods by focusing on the Eighth Wonder story to make consumers aware of the unique place-based association of the rice with the farmers and the UNESCO World Heritage terraces. The trend towards artisan food is in Eighth Wonder's favor, and Eighth Wonder should emphasize the small-scale, hand-grown nature of the product.
- Eighth Wonder may have an opportunity to co-market its food with kitchenware stores and hardware, including rice cookers. However, large vendors like Williams-Sonoma tend to sell under private label to improve their margins. Eighth Wonder would thus be better served by targeting smaller retailers.
- The unique nature of Eighth Wonder's product presents an advantage as the specialty foods space becomes more crowded and specialty foods stores seek more unique products from smaller producers.

Grocery/Natural Food Stores
Natural food grocery stores are growing in popularity. We found that there is potential demand for unique Philippine rice, ranging from the small local co-op level to the larger retailers, such as Whole Foods Market.[101] We considered the larger supermarket chains as a retail channel. However, the small

[96] Moran M. *The evolution of gourmet: the marriage of specialty foods & kitchenware: a look ahead,* The Gourmet Retailer Magazine. 2004
[97] http://www.thegourmetshow.com/content/facts.html
[98] Carla Deykin, Williams-Sonoma, personal communication 5/17/06.
[99] Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006
[100] Moran M. *The evolution of gourmet:the marriage of specialty foods & kitchenware: a look ahead.* The Gourmet Retailer Magazine. 2004
[101] Crystal Doctorow, Regional Buyer; WholeFoods, Cambridge

scale operation of Eighth Wonder in conjunction with high slotting fees, competitive pricing, and a price-sensitive customer base led us to conclude that this would not be a good distribution channel.

Small Players: independent natural food stores and co-ops:
Independent natural food stores and co-ops tend to have products supplied by both distributors and direct vendors. Demand is largely customer-driven, and these stores will often try to sell goods grown and produced locally. Because of the nature of some of the stores, there may be a mixture of "mainstream" and local/organic items sold.

Managers and buyers at small-scale retailers are very accessible and have the authority to easily display/promote new products. If not using a distributor, in-person peddling is a common way to get a product on the shelf.

The Large Player: Whole Foods Market:
The majority of food at Whole Foods is purchased through a distributor or broker. Each region (North Atlantic, South, Midwest, etc.) consists of 10 to 35 stores and has specific buyers. Product buyers are grouped by category (grocery, dairy, produce, etc.) and work with distributors to stock their stores. While not the norm, buyers can choose to work with vendors directly.[102] Distribution costs for the vendor as well as volume constraints are taken into consideration. New products are first introduced on a trial basis at a few large stores before being sold regionally. Store buyers also recognize local (ethnic, religious, etc.) food demands and stock their stores accordingly. Each region allots an individual store a 10% product selection to be decided at the store manager's discretion.

While Whole Foods Market acknowledges the demand for organic certified products, its number one criteria is food quality. The Fair-Trade certification seems to be of less importance. Whole Foods' buyers are on a constant quest for innovative quality products with a good story.

Gift Stores
The gift store market is another option. These are small players with low per-store volume and therefore look for food items with a long shelf-life. Stores to target in this distribution channel would be small niche retailers who specialize in selling an assortment of unique, natural products. They are interested in products that are unusual and difficult to purchase, have an interesting story/cause, and already complement the theme of the existing store.[103]

Ethnic Food Stores
Ethnic food stores may also be a distribution option for Eighth Wonder. Currently, there are 35,796 Asian ethnic food stores in the US, 936 of which are Filipino.[104] Many shoppers at ethnic food stores look for new, unique products or emerging cuisine products. Filipino food markets, however, are not as developed in the US and may ultimately cause challenges for Eighth Wonder, especially if the heirloom rice becomes associated solely with Filipino cuisine.

<u>End Users</u>

Chefs/Restaurants
Chefs and restaurants represent a key distribution channel for product testing and recipe development, creating awareness and buzz around the product and a steady source of repeat purchases. Tamaya Gourmet, a specialty fruit importer, targeted this distribution channel when beginning to import to the US.

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[102] Crystal Doctorow, Regional Buyer; WholeFoods, Cambridge
[103] Mara, owner, IIKH www.twoKH.com
[104] http://fmi.org/events/may/2005/presentations/From_Ethnic_to_Mainstream.pdf

They brought their product directly to chefs for testing. This led to chefs requesting the product through distributors, restaurant distributors picking it up, and ultimately a wider consumer base. [105]

Sourcing:
Chefs with whom we spoke indicated that they source local products directly and all other products through distributors.[106] Chefs request products through distributors and become aware of the products in the first place through trade shows and trade journals.[107] *Food Arts* magazine is an important trade journal.[108]

Chefs are very particular about the new products they choose: they must be unique, interesting, and tasty. Chefs are also very interested in a unique story. Rice expert Marie Simmons reports that chefs would in particular love the heirloom nature of this product.[109]

Implications

- Eighth Wonder should first approach chefs directly and then target the distributors who sell to those particular chefs.
- Exposure in trade journals including *Food Arts* is critical.
- The unique nature and story associated with Eighth Wonder's rice will catch chefs' attention.

Ethnic Restaurants
Ethnic restaurants are likely end-users for rice. Asian restaurants, in particular, use rice extensively with their dishes. There are 69,903 Asian-owned restaurants in the US, 1,121 of which are Filipino. Although a large part of this population prefers sourcing food products through a distributor (e.g. Indian Harvest and Sysco Asian Foods[110]), recent conversations with a Pan-Asian restaurant owner in New York also indicate that chefs and restaurant owners do not mind sourcing direct if a product is uniquely suited to their cuisine.[111] Many chefs at ethnic restaurants, however, use rice from Thailand and China, as these are widely available in the US and are of acceptable quality and price. Filipino chefs may find the Eighth Wonder rice very appealing as this has a strong connection to their heritage, and most Filipino-Americans are familiar with (and take pride in) the historic rice terraces.

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[105] Daniel Vitis, Tamaya Gourmet, personal communication 5/4/06.
[106] Chef/Owner, Marceau's Fine Foods, personal communication 5/2/06; Peter Ireland, Chef/Owner, Carpenter and Main, personal communication 5/15/06.
[107] Chef/Owner, Marceau's Fine Foods, personal communication 5/2/06; Kevin, Provisions International, personal communication 5/5/06.
[108] Marie Simmons, personal communication, 5/8/06.
[109] *Ibid.*
[110] www.asianfoods.com
[111] Conversation with Chef Romy Dorotan (*May 04, 2006*), owner of the Cendrillon Restaurant

4. Pricing Study

Eighth Wonder Current Pricing

Eighth Wonder's current pricing is as follows:[112]

package size	distributor price/lb	distributor margin	retailer price/lb	retailer margin	suggested retail price/lb
1 lb	$ 2.66	28%	$ 3.69	26%	$ 5.00
10 lb	$ 2.49		$ 3.46		
volume discount	6%		6%		

The above margins are consistent with the margins we were quoted when speaking with distribution professionals (25-35%).

Tuck Team Pricing Study

We conducted a pricing study to benchmark Eight Wonder prices against the current rice market. We collected price points (and other information including packaging type, etc.) from 29 different retailers. These retailers included websites; an extensive sampling of grocery, natural foods, and ethnic stores in the Upper Valley (Vermont/New Hampshire) and Boston; and a sampling of specialty foods stores in the Upper Valley and Boston. We collected data on a total of 486 products (representing approximately 75 brands).

We classify our pricing data in the following ways:

- Rice Type:
  - Private Label (packaged under store name)
  - Commodity (a branded, non-specialty rice, for example Uncle Ben's)
  - Specialty (specialty grain, ethnic variety, generally non-white and non-standard brown rice; *Eighth Wonder rice fits in this category*)

- Distribution Channel:
  - Grocery Stores
  - Natural Food Stores
  - Ethnic Food Stores
  - Specialty/Gourmet Food Stores
  - Direct (from rice producer, i.e. Lundberg Farms website)

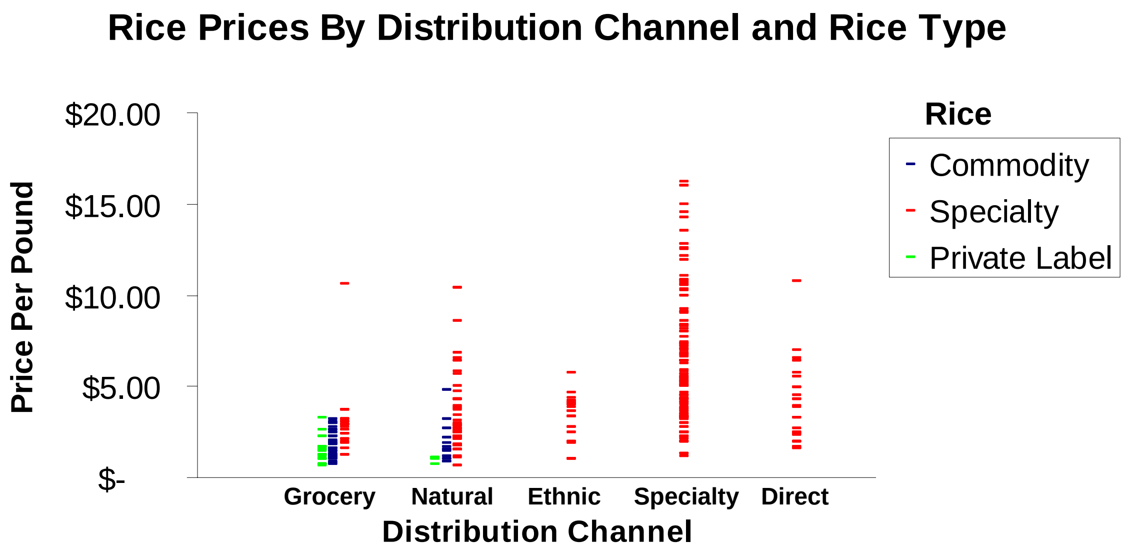
We also classified the rice based on whether it is certified organic, whether it is described as heirloom, and color (white, brown, other; *Eighth Wonder rice fits in the "other" color category*).

Pricing Study Findings

The below graph illustrates that specialty rice was the most widely available rice type in our sample and was found in all channels (whereas private label and commodity rice is only found in the grocery and natural foods segments). The fact that specialty rice was so common is explained by the fact that we sampled many online gourmet stores that only sell specialty rice. Specialty rice has a wide price spread in

[112] As of April, 2006

all channels, particularly in the specialty channel. (this graph only includes data on packages less than or equal to 64 oz.).



Specialty Rice

Not surprisingly, our data indicate that specialty rice commands a premium over both commodity and private label rice. This premium is higher in the natural foods channel than the grocery channel (see Table D1).

Further analysis of specialty rice type reveals :

- On average, specialty rice price per pound is $4.67 but has a large spread that puts the upper price range (one standard deviation from the average) at $7.84.
- Eighth Wonder current prices are above average but below upper limit specialty rice prices.

Further analysis of specialty rice by channel reveals:

- Average price per pound is highest in specialty channel, at $6.26, with upper range at $9.81. Direct and natural foods channels are the second and third highest average and upper range prices, respectively.
- Eighth Wonder current prices are above average in all channels except specialty (and below average in specialty), and above the upper range in the ethnic and natural channels.
- Comparing specialty rice sold in specialty food stores vs. online reveals that online retailers charge a premium. The online average price was $7.30/lb vs. $4.55/lb in specialty food stores.

Specialty Rice Prices Per Pound (<64 oz)

	Average price/lb	Spread	Upper Range (1 st. dev.)
Overall	$ 4.67	$ 6.34	$ 7.84
By Channel			
grocery	$ 2.96	$ 4.85	$ 6.58
ethnic	$ 3.09	$ 2.63	$ 4.41
natural	$ 3.14	$ 3.27	$ 4.59
direct	$ 4.15	$ 3.88	$ 5.08
specialty	$ 6.26	$ 7.10	$ 9.81

Organic, Heirloom, and Color Distinctions

Our data indicate that within the specialty rice category, there is:

- Small premium for organic certified rice in all channels except grocery (see Table D2). We judge this premium to be insignificant.
- No conclusive premium for an heirloom description, but there are too few products with this marketing angle to be conclusive (see Table D3).
- Substantial premium (ranging from 1.3 to 3 times) for "other" colored rice over white or brown specialty rice (see Table D4).

Competitors

Our data indicate that:

- Eighth Wonder is currently priced higher than all its major competitor, except Anson Mills and Carolina Gold (Carolina Gold is going out of business), in all channels (see Table D5).

Competitor	**Average Price Per Pound**
Anson Mills	$ 7.37
Carolina Gold	$ 9.95
Carolina Plantation	$ 4.30
Indian Harvest	$ 4.50
Lotus Foods	$ 4.22
Lundberg	$ 2.91
RiceSelect	$ 3.06

Bulk

Our data indicate that:

- On average, bulk (>64 oz, including bulk bins in grocery store) specialty rice prices are at a 47% discount to non-bulk, packaged rice prices (<64 oz) (see Table D6).
- This is a significantly higher discount than Eighth Wonder's (6%). However, Eighth Wonder "bulk" size is 10 lbs., which is on the small side of the bulk volumes we investigated, so some degree of lower discount is warranted.

Implications

- Eighth Wonder should consider raising prices.
- It appears that Eighth Wonder can charge a premium when selling online.
- Eighth Wonder will not garner a price premium from organic certification.
- Eighth Wonder cannot compete against the major player competitors based on price point alone.
- Once it starts marketing its bulk rice, Eighth Wonder should conduct further evaluation as to whether a 6% bulk discount is viable; if not, Eighth Wonder should consider increasing the discount accordingly.

IV. Recommended Strategic Marketing Plan

Clarifying Eighth Wonder's Goals

Before developing a strategic marketing plan, it is important to clarify the ultimate goal that Eighth Wonder hopes to attain, since this decision heavily influences the path that Eighth Wonder should take to market. We have identified two paths:

- **Brand Strategy: Build Eighth Wonder as a business and brand**
  If the goal is to establish Eighth Wonder to give the Filipino farmers a stake in how the rice is marketed in the US and serve as a model shared-equity company, then the focus should be on establishing the brand and pursuing a gradual retail roll-out strategy.

- **Volume Strategy: Provide rapid returns to farmers and investors**
  If the goal is to get the fastest returns for the farmers, then Eighth Wonder should work to increase sales volume quickly. Options include selling the various varieties as private label rice to retailers and distributors who would then sell or distribute the rice under their own brand names.

Given the goals stated in the business plan, we recommend that Eighth Wonder pursue the brand strategy.

1. To WHOM you should sell - selecting your target market

Focus on the Specialty Food Market

We believe that Eighth Wonder's rice will appeal to several market segments. However, we recommend that the marketing strategy focus on a specific target market: the specialty food market. This market includes both chefs and individual consumers.

This fast growing market includes both gourmet consumers and natural food consumers, classifications that often overlap. Gourmet products are increasingly using natural and organic ingredients and appeal to consumers' social conscience by focusing on the environmental and social benefits for producers. An increasing number of natural food retailers are also selling expensive gourmet foods.[113] Whole Foods is the prime example of the trend of natural and gourmet foods merging. These specialty food consumers can be reached through restaurants, media (TV, magazines, newspapers), and specialty food stores as described above in the market analysis section. Many specialty foods consumers buy specialty foods as a gift, which offers opportunities for product extensions, including variety gift packs.

There are some potential pitfalls with this target market. Natural food consumers may prefer to buy local. If they live in an area where rice cannot be grown, this is not an issue. However, they may prefer to buy rice grown in the US. Gourmet consumers may not pay attention to the product unless it has more elaborate packaging.

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[113] MarketResearch.com (Packaged Facts). *The U.S. Market for Gourmet and Specialty Foods and Beverages*. 2005.

Do Not Devote Resources to All Potential Markets

Eighth Wonder's rice is also likely to appeal to the following markets:

- Fair trade,
- Organic, and
- Filipino.

However, we strongly recommend that marketing activities to these markets be limited given the importance of staying focused on one target market with limited resources.

Fair trade consumers are willing to pay a premium for the product since it benefits those who are less well-off. The fair trade market is growing rapidly and the currently limited product offering means that Eighth Wonder could fill a niche. However, we do not recommend focusing on this market since it will quickly become more mainstream and the premium these consumers are willing to pay may not cover the additional production costs associated with the terrace-grown rice. In addition, reaching the fair trade market will result in increased costs as both the producers (Filipino farmers) and the importer (Eighth Wonder) need to pay certification and licensing fees. These costs are not justified until the volume is higher.

The organic foods market is large, growing rapidly, and moving into the mainstream, which means involvement by supermarkets and discount retailers such as Wal-Mart that results in increased competition and lower prices. Eighth Wonder's cost of production is high compared to the price of "regular" organic rice. Obtaining the organic certification would further increase the cost structure. These costs are not justified until the volume is higher.

Filipino consumers may feel a close connection to the product and may be the first to buy the rice to the extent celebrity chefs focusing on Filipino or Asian Fusion cuisine endorse the rice. However, ethnic food stores and ethnic food consumers do not appear to be willing to pay the premium associated with this rice. Nonetheless, these consumers may participate in the gourmet market.

2. WHAT you should sell- building a brand and positioning your product

Creating a Mental Map

Eighth Wonder's rice exhibits a wide range of attributes. In order to capture these descriptions, concepts and feelings we created a "mental map" to reflect our associations with the rice (see Appendix **B**). Once the rice has been commercially available for some time, it would be useful to conduct consumer research to create a new mental map based on consumers' associations with the Eighth Wonder brand, not just the rice.

Categorizing Attributes

The mental map reflects the fact that this rice can be marketed in many different ways to different consumers. This flexibility is good but also makes it difficult to focus on a particular market. In order to develop a focused marketing strategy we divided the major attributes into two categories based on how Eighth Wonder's rice compares to other specialty rice varieties:

- **Points of parity**
  = attributes required to be considered as good as competing products
- **Points of differentiation**
  = attributes that distinguish the product from competitors

Points of parity	Points of differentiation
Packaging	UNESCO World Heritage site
Healthy	Filipino origin
Natural, pesticide free	Limited supply, rare
Eco-friendly	Heirloom, unique varieties
Texture, color, aroma, taste	Shared-equity model, ethical

Exploring the Sustainable Competitive Advantage

A competitive advantage is something Eighth Wonder is better at than its competitors, and the points of differentiation shown above reflect these advantages. However, competitive advantages erode as competitors imitate successful practices. Therefore, it is important to have *sustainable* competitive advantages.

We have identified the following sustainable competitive advantages for Eighth Wonder:
- UNESCO World Heritage site,
- Filipino Origin,
- Limited Supply, and
- Heirloom, unique varieties.

UNESCO World Heritage site: The terraces where Eighth Wonder's rice is grown are classified as a cultural World Heritage site by UNESCO. It appears that this is the only World Heritage site with rice cultivation. Therefore, co-branding with UNESCO presents a truly unique opportunity. However, it is unclear whether most American consumers who may consider buying Eighth Wonder's rice are familiar with UNESCO. This may be an educational opportunity to pursue in the future.

Filipino Origin: The Philippines is a rice importer and it is therefore difficult to obtain export permits from the government. Eighth Wonder is thus in a unique position for the foreseeable future. A review of the specialty rice available today in the US reveals that nobody else is offering rice from the Philippines. Conversations with Indian Harvest and Nirmala's Kitchen confirm that Eighth Wonder's rice has an appeal as it fits the unique Filipino niche. Whether or not the Filipino origin is appealing to the end consumer remains to be seen. Conversations with the Filipino community indicate that the source of the rice is appealing but that they may not be willing to pay a premium. However, some consumers may buy the rice simply because it is unique, and the Filipino origin is one source of that uniqueness.

Limited Supply: Since Eighth Wonder's rice is grown on high-altitude terraces using traditional cultivation methods and no pesticides, the yield is lower. The land is cultivated by many small, independent farmers, which means that ensuring export quantities for the American market will take time. However, this constraint of limited supply can also be turned into a competitive advantage. Just like rare wines are expensive, rare rice can be expensive. Supply is very difficult to predict since individual farmers are selling to a cooperative. Weather can also impact the size of the harvest. If demand exceeds the supply of a rare item, gourmet customers may not abandon the product but may instead be willing to pay a higher price as a result of the scarcity.

Heirloom, unique varieties: Eighth Wonder's current product mix offers unique varieties. Assuming that Eighth Wonder's rice varieties are not grown for commercial use elsewhere, this competitive advantage will be sustained.

Creating a Brand

We recommend that Eighth Wonder leverage its competitive advantages and focus on telling the story of the **rare** and unique **heirloom** rice sustainably grown on the **Filipino** terraces designated as a **UNESCO** World Heritage Site. The label on the back of the package is extremely important and needs to tell this story as well as explain the consumer's role in supporting the farmers. However, we do not believe that the fair trade aspect should be the primary marketing message. Specialty food consumers will first be attracted to the product because of what it offers them, not what it offers to the farmers. Not only is it a story to be told, but it is also an experience to sell. As one specialty food store manager said when the rice was described to her, "You are not selling rice but a *rice experience*."[114]

We do not want consumers to think of the purchase as $5 for a pound of rice. Therefore, the rice should not be sold in traditional supermarket as there are too many cheaper alternatives to buy for someone who is looking for rice for dinner. Instead, consumers are paying $5 for a rare culinary experience (value), $5 for a gift (affordable luxury), or $5 to help poor rice farmers (justice, charity).

In order to appeal to the specialty food consumer, we suggest the following description:

> ***"Natural Gourmet"*** - *a gourmet product brought to you by nature.*

Natural: The word "natural" would describe the fact that this is a product that is grown and packaged, not processed like most gourmet food products. It would also communicate the traditional features associated with nature, such as healthy, pesticide free, eco-friendly. "Heirloom" would fall under this category as well, and it also communicates tradition.

Gourmet: The word "gourmet" can justify the price premium and suggests that it can be used as a gift. The gourmet label would also highlight that the rice is rare, unique and exotic. Endorsements by high-end chefs will further convey the gourmet aspect of the rice.

This positioning should appeal to specialty food consumers who are looking for either natural or pure gourmet products. There may be a risk of diluting the appeal to either category. However, given that natural and gourmet products appear to be becoming more and more alike and are sold through similar channels, we think the benefits outweigh the risk.

Consider Impact of Increasing the Price

Our pricing study concluded that Eighth Wonder's suggested retail price of $5.00/lb is below average in the specialty foods channel, especially in the online channel. We recommend a price increase of 10%. This results in a suggested retail price of $5.50/lb. Assuming the same margins for the distributor and retailer, Eighth Wonder's new wholesale price would be $2.92/lb. This results in a huge impact on the farmers as the additional $0.26/lb which could be paid to the farmers would represent a 60% increase in revenue from their rice production. We believe that increasing the price by 10% will not negatively impact Eighth Wonder's competitiveness in the specialty foods market.

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[114] Phone conversation on May 19, 2006 with Juliana Kolson-Lyman, General Manager at Savenor's Market in Boston.

3. HOW you should sell - identifying, reaching & educating your customers

As discussed above, there are two paths Eighth Wonder could take to bring the rice to the US market: the brand strategy and the volume strategy (see Appendix C). We recommend the brand strategy as it is consistent with the goals and mission of Eighth Wonder. We will first outline the volume strategy to explain the advantages and drawbacks of that option before moving onto an explanation of the brand strategy and why that is the best path to market.

<u>A Volume Strategy: Offer Private Label Rice</u>

As a start-up, Eighth Wonder does not currently have strong connections with distributors or retailers, nor is the rice currently available for purchase online. While Eighth Wonder's relationship with Timeless Seeds has allowed the company to piggy-back on some of Timeless' relationships, it still needs to establish connections to distributors and convince them of the end-market demand for the product.

As a way to build volume quickly and increase consumers' exposure to these unique rice varieties, Eighth Wonder could pursue a volume strategy that would entail negotiating agreements with retailers and distributors to sell them the rice under a private label. These purchasers would then distribute, market, and/or sell the rice under their own brands to stores and/or restaurants. In effect, Eighth Wonder would be outsourcing these functions to its business partners, who also would be competitors to any Eighth Wonder-branded rice. These companies would not use the Eighth Wonder name, but it is likely that the rice would be sold under the varietals' names, e.g. Tinawon Fancy and Kalinga Unoy. This would provide exposure for the rice and, in a sense, create a brand for the various varieties that Eighth Wonder is currently importing.

Retail Stores

One avenue into retail stores would be through selling rice to companies who already have distribution relationships. Lotus Foods is such a company, though we did not determine whether it would be interested in such an arrangement. Another option would be Nirmala's Kitchen, which buys private label rice, adds a mix of spices, and packages the resulting product in upscale packaging to retail in gourmet stores and online. It may also be possible to sell rice directly to gourmet outlets such as Urban Accents (online) and stores on par with Williams-Sonoma. Research shows that specialty food stores buy 50% from distributors and 50% direct. While anecdotal evidence suggests that large chain gourmet stores tend to work with distributors who import their rice directly, smaller stores seem to buy more direct from manufacturers and importers.[115] Indeed, some coops and smaller natural food stores sell rice unlabeled in bulk (where customers decide how much they want to buy); this may be another option for Eighth Wonder to generate volume sales.

Restaurant Sales

Selling private label rice to distributors who intend to sell the rice to restaurants would be another way of generating consistent bulk sales, though probably not at the same volume as the retail channel. While restaurants tend to purchase through distributors, some restaurants do buy products directly; however, developing a restaurant client list will take time and significant effort. Companies such as Indian Harvest already have extensive contacts with individual restaurants (around 6,000 in the case of Indian Harvest).[116] This approach would provide the rice varieties with significant exposure to chefs, who hopefully would feature the rice on their menu due to its unique nature. In turn, this could help build the varietals' brand, on which Eighth Wonder could capitalize by selling Eighth Wonder-branded rice to consumers. Since Indian Harvest has a limited direct-to-consumer business, a partnership would lead to minimal competition from another brand of Tinawon or Kalinga rice.

[115] Phone conversations with Carla Deykin, Williams-Sonoma purchasing (formerly of Dean & Deluca), dated 15 May 2006, and with Debra Stark, owner of Debra's Natural Gourmet, 19 May 2006.
[116] E-mail communication to Eighth Wonder from Indian Harvest corporate chef Michael Holleman, dated 10 May 2006.

Advantages of this approach:

- Gets the rice into the marketplace in a shorter time
- Generates consistent bulk sales from the contracts
- Requires fewer in-house resources for sales and marketing
- Capitalizes on existing interest in product from people who buy private label rice

Disadvantages of this approach:

- Brand dilution may occur since the rice will be sold under different brands
- Eighth Wonder would not have control of the marketing to the consumer/chef
- Sales volume would be concentrated with only a few companies, thus increasing the business risk associated with the lack of customer diversification
- Less value (and revenue) is captured when only serving as an importer and not selling the rice as a branded product
- Customer relationships may be difficult to manage if supply is not reliable

This business model is not the best for Eighth Wonder, since a brand is one of the key factors in being able to secure a higher price for a product (especially for a perceived commodity such as rice). If Eighth Wonder would follow the path of the volume strategy and then launch its own branded product later down the road, it would only be one of many brands that would offer the terrace rice, rather than the sole merchant.

A Brand Strategy: Gradually Rolling out Eighth Wonder Rice

For Eighth Wonder to build a strong brand and market its rice successfully, it needs to follow a gradual roll out, given the limited production in the company's first few years. This gradual roll out will also give time for the company to build demand in the market and conduct further research to understand the market.

The Importance of a Story

To secure distribution, the rice must be in demand, which can only occur if consumers are aware of the rice. Currently, many people still think of rice as a commodity, though companies such as Lotus Foods are beginning to change that perception. More work remains to educate the public about heirloom rice given its price premium. While Eighth Wonder rices have a unique taste, texture, and look, they also have the added advantage of having a great back story. The rice can be marketed in a way that highlights not only its role in the local culture (as a gift from the gods), but also the fact that its purchase helps to sustain a threatened way of life in UNESCO-protected terraces in the Philippines, which is incredibly powerful. Specialty retailers are intrigued by the story, because it also gives them a great marketing opportunity in rice, which has rarely provided marketing potential. Thus, it is imperative that the first step of the process is to hone the story and develop a 30-second marketing pitch that can be used to build interest from writers, chefs, retailers, and distributors. This pitch can then be incorporated into the marketing materials that are included in sample packets and some purchases.

Step 1: Overhaul the Online Presence

Revamping Eighth Wonder's online presence is the next critical step. Currently, the website is appropriate for a project, but it needs to be redesigned to better reflect a professional business. Additionally, the rice must be sold online. In researching new products, writers and consumers tend to go online, and thus a new product should have a presence and an outlet through which they can purchase the product since it is difficult to write about something that is not available. Thus, a consumer-oriented website is necessary to market the product and tell the story of the rice in a manner that draws the consumer in and connects them personally to the farmers who grow the rice. Such features could include recipes, stories on the farmers, and the latest news from the terraces. Finally, selling the rice online gives

Eighth Wonder a better understanding of its customer base and will generate direct feedback from the customers. While it will require more up-front work building up relationships, it will provide higher margins than working through distributors and will also provide time for the supply of rice to increase to meet the volume requirements of some distributors.

Step 2: Create Buzz via Writers and Chefs

After establishing an enhanced online presence, Eighth Wonder should then work with restaurants, chefs, and food writers to publicize the rice and build up buzz for the product. This will be a mix of "push and pull," whereby some writers and chefs will contact Eighth Wonder directly while others will need to be contacted. Writers should be especially interested, since the rice back story provides color in the article and gives them a lot with which to work. Another channel to target would be culinary institutes, since they are often at the forefront of culinary trends and also have an influence upon current and future chefs. Hopefully, chefs and restaurants could transition into customers who deal directly with Eighth Wonder. While some may be unwilling to do this due to the added logistics of having to source directly, even having some restaurant customers would help diversify the customer base.

Step 3: Secure Distribution into Natural Food/Gourmet Stores

After generating publicity, building up awareness of the rice, and registering online sales and inquiries, Eighth Wonder should be in a position to secure distribution of the product. Given the product's limited scale, Eighth Wonder should not attempt to move the rice into general supermarkets for the near future, but rather should focus on natural food stores and gourmet stores. Natural food store customers will certainly appreciate the back story of the rice and the fact that it is grown using traditional, natural methods that do not employ chemicals. Having a unique taste will also help sell the product in these stores. For gourmet stores, packaging and a great taste are more important, so some changes may be necessary to the packaging in order to enter into this market as the Eighth Wonder brand. However, these consumers may also be swayed by the back story and the intimate connection to the farmers. Entering this channel will require working with distributors and possibly contracting with brokers to sell the product. Consequently, Eighth Wonder must ensure that it has sufficient staff power to manage the relationships and market its product.

Step 4: Leverage Future Product Potential

Additionally, the branded strategy allows for expansion into future markets and products. To begin with, the rice could be mixed with spices to create unique products that could then be sold at a premium under the Eighth Wonder brand. Similarly, the different varieties could be packaged together into variety baskets, possibly even using Filipino-made baskets that could be another revenue source for the region. Also, Eighth Wonder could target the corporate gift market. Companies may be interested in buying the rice for corporate gifts since not only is it is a unique product, but the purchase also helps improve the lives of the farmers. Finally, once the brand is established, Eighth Wonder could move into the private label business described above to provide another sales channel and secure a larger sales volume.

Advantages of this approach:

- Strategy is more in line with goal of building a sustainable business
- Best approach to capitalize upon Eighth Wonder's competitive advantages
- Branded products can command higher prices in the marketplace
- Eighth Wonder can remain in control of the marketing of the rice and story
- Approach will provide time to ramp up the rice supply to meet distributors' requirements

Disadvantages of this approach:

- Requires considerable time and human resources to build up website, develop marketing material, and run an online business
- Necessitates entering complicated world of distributors, smaller distributors, and brokers instead of 'outsourcing' to private labels

Branded Strategy Is Best Chance of Success

Given the premium price of the product and the limited quantity, especially in the first couple of years, Eighth Wonder is best suited to build a brand by following a step-by-step strategy that gives the company a direct sales outlet via the internet, then builds up buzz and publicity by working with chefs and food writers, and finally enters the retail market through natural food stores and gourmet stores. However, if distributors contact Eighth Wonder directly about stocking the product, there is no reason not to work with them to negotiate a contract. Rather, the above strategy outlines a path that should maximize the return based upon the time and effort spent to generate business and build a sustainable brand that will endure in the market.

V. An Implementation Roadmap

We recommend the following roadmap in order to successfully implement the strategic marketing plan. Items are listed in the order that we feel they should occur, not necessarily by level of importance. Associated with each item is advice based on interviews with food writers, cookbook authors, chefs and players in the distribution channels. A summary of this section can be found in Appendix E in the form of a checklist.

1. **Review Pricing Schedule**
   As outlined above, we recommend considering the following pricing strategies:
   - **Packaged:** Increasing the price by 10% will result in a 60% increase in revenues for the farmers, and maintain competitiveness in the specialty foods market.
   - **Bulk:** Given the bulk discounts observed in the market place, Eighth Wonder may need to provide a larger discount for bulk sales.

2. **Website**
   A functional and informative website is critical for success.
   - **Recipes:** Having an extensive selection of recipes, ideally some uniquely designed for the rice by chefs, is a great way to encourage people to buy the rice by highlighting some easy-to-make dishes. Marie Simmons, author of two cookbooks featuring only rice, has expressed in interest in developing recipes for Eighth Wonder's rice.
   - **Personal Connection:** Fair trade products tend to have a section on the co-ops or farmers that grow the products. Thus it would be a good idea to have a similar feature on Eighth Wonder's website to highlight some individual farmers who grow the rice to give the consumers a personal connection to the area that their purchase helps.
   - **Traditional Cooking Methods:** The website should also explain how the farmers themselves prepare the rice. Such details can help build the brand's identity and allow consumers to connect with the story of the rice.
   - **Fact Sheet:** Fact sheets and press releases about the rice should also be made available on the website.
   - **Purchase Information:** A link to purchase the rice or a list of stores which carry the rice should also be easily accessible on the site. See below for recommendations for an online store.

3. **Memberships**
   Consider memberships with the following organizations and indicate memberships on the website to build credibility as a specialty foods provider:
   - **IACP:** International Association of Culinary Professionals, http://www.iacp.com/. Become a member (annual dues are $420 for a small business) and you may attend their annual conference and get access to a mailing list of other members.
   - **NASFT:** The National Association for the Specialty Food Trade, http://www.specialtyfood.com/. In addition to trade shows, this organization provides the *Specialty Food Magazine*, on-line catalog of hard-to-find gourmet products manufactured by the NASFT's members, Educational Programs, and annual product awards.
   - **Slow Food:** Several people we interviewed advised that the Slow Food organization may be a good fit for Eighth Wonder.[117] One option would be to ask RICE to apply for the "Ark of Taste" designation, through the Slow Food Foundation for Biodiversity: http://www.slowfoodfoundation.com/eng/arca/storia.lasso.This designation could help

[117] Phone conversation with Susan Spungen (former founding food editor at Martha Stewart Living) on May 19, 2006 and Carla Deykin at Williams-Sonoma on May 15, 2006.

increase awareness of the natural production methods employed to grow the rice as well as its heirloom qualities.

4. Online Store

The research that has been done on Eighth Wonder's behalf has already generated interest in the rice and questions as to why it is not yet available for purchase on the website. It is important to make it easy for consumers to purchase the rice once they hear about it. The Indian Harvest website has a catalog section to sell its products. Such a feature would probably be more than Eighth Wonder needs, as it currently has only four products to offer.

- **Store:** Services exist that handle the credit card processing for a fee (such as Yahoo! or Pay-Pal), and thus Eighth Wonder would mostly have to be concerned about filling the orders and responding to questions. The online store can sell to individuals, specialty food stores and chefs. Special login capabilities could be created for specialty food stores and chefs.
- **Market Research:** Another use of the online store would be to build a customer database to track sales by region, which could be used to select distributors and stores to target for selling the rice.
- **Feedback:** A customer feedback form should also be provided on the website to gather information about what customers think of the rice and how they are using it. This data could be used to tailor marketing efforts further.
- **Retailers:** The website should also display where else the rice can be purchased.

5. Marketing Kit

A marketing kit should be developed to send to chefs and food writers/editors. This is customary in the specialty food market.[118] The kit should include the following:

- **Rice Samples:** The chefs will want to test the product. Many food magazines also have test kitchens where they test new products and develop recipes.
- **Fact Sheet and Photos:** a one-page information sheet about the rice and its story.
- **Press Release:** The press releases should cover the story of the rice's origins and include facts about how the rice has already been received here in the US. This is the opportunity to tell a story, highlighting the competitive advantages of Eighth Wonder.
- **Feedback Form:** This is an opportunity to obtain feedback from industry professionals.
- **Recipes**: Depending on the recipient, the kit could also include suggested recipes for the rice.

6. Chefs

Chefs find new specialty foods by traveling, attending trade shows, reading about them in magazine stories and advertisements, and by receiving samples from suppliers. The goals of targeting chefs would be to find customers (chefs), develop recipes, gain publicity and get product endorsements by experts.

- **Marketing Kit:** Chefs would be a good target for a marketing kit, which should include each type of rice but no recipes. The purpose of sending the rice to a chef would be to inspire the chef to make up recipes for it and maybe even use it in a dish at a restaurant or in a cookbook. Send kits to high-end, vegetarian, sustainable foods, Asian Fusion, or story-telling chefs. Follow up with the chefs to see what they thought or if they developed recipes for the rice. A list of recommended chefs can be found in Appendix F3.

[118] Phone conversation with Susan Spungen (former founding food editor at Martha Stewart Living) on May 19, 2006 and Marie Simmons on May 8, 2006.

- **Story Tellers**: Some chefs are particularly interested in the stories behind the food. As a result, if they use a product in a dish, they might be willing to mention the product itself on the menu, which could lead to increased sales to individuals.
- **Events and Cross-Promotion:** Chefs and their restaurants appreciate publicity, so one strategy could be to get a food writer to do a story on a chef who is using the rice in some new dishes. The rice's story will attract the writers. Hosting a tasting at a particular restaurant featuring Eighth Wonder rice is another option to generate press coverage for the chef and the rice.

7. **Culinary Institutes**
   Gourmet learning institutions are thought leaders and train the chefs for tomorrow. A list of recommended culinary institutes can be found in Appendix F4.

8. **Contest**
   A contest should be run to gain publicity and to generate more recipes for the website. Trade magazines run contests on a regular basis. *Food Arts* is a well known trade magazine, free to chefs.

9. **Food Writers and Editors**
   Food writers are always looking for ideas and can be a great resource for getting consumers interested in the rice**.** Food writers come in all varieties. Some are food critics for local newspapers, while many are freelancers for a wide variety of magazines. Cookbook authors would also fall into this category. Food writers often specialize in a certain type of cuisine, from Mediterranean to pastries.
   - **Marketing Kit:** First target writers who are more likely to have a particular interest in the rice, such as those who specialize in Asian or vegetarian cuisine. Also find out what topics food magazines intend to cover in order to pitch story ideas for issues covering relevant topics. For example, the October 2006 issue of *Chef Magazine* is about Asian food, so rice would be a good fit there. We recommend including simple recipes in the marketing kit. Lists of recommended food writers, magazines, and cookbook authors can be found in Appendix F5, F6, and F7.
   - **Chefs as Writers:** Food writers, especially cookbook authors, are often also chefs. As a result, these individuals should be treated first as chefs, and they should not be sent recipes as part of a marketing kit. They could be great assets, both for creating recipes for the rice and promoting it.
   - **Feature Article:** The story behind this rice is unique and some magazines may be interested in traveling to the Philippines for a feature article. *Saveur* would be a good target for this idea as they specialize in authentic world cuisine, heritage, and traditions. Another option would be to find someone who is willing to underwrite the trip for a magazine without the travel budget.

10. **Trade Shows**
    Trade shows are an excellent way to promote the product. While actual booth space can be quite expensive, entry fees for individuals are typically under $100 and product samples/marketing kits can be distributed while walking around. Participation in such shows will facilitate networking with others in the specialty foods industry.
    - **Types:** There are fancy food shows, organic food shows, and ethnic food shows held nationally throughout the year. We recommend targeting the Fancy Food Show initially. A list of recommended trade shows can be found in Appendix F8.
    - **Audience**: Chefs, food writers, wholesalers, retailers, and distributors are often in attendance at such events.

11. Direct Sales to Specialty Food Stores

Many of the natural foods and gourmet stores source directly instead of through distributors. Personal relationships are vital to a product's success, and it will take time to build these relationships.

- **Pitch:** It is important to know what you are and what you want to be and then convey this mission to the retailer when pitching the product. Emphasize quality and story of the product when talking to retailers and customers.
- **Demos:** Retailers welcome in-store samples and demos where the rice can be coupled with an easy recipe.
- **List:** A list of recommended specialty food stores can be found in Appendix F9.

12. Restaurant Distributors

Some chefs buy directly from the source but many chefs prefer to order from distributors. Chefs who like the rice will request it from their distributors, many of which specialize in restaurants. A list of recommended restaurant distributors can be found in Appendix F10.

13. Specialty Food Distributors

In order to reach more specialty food stores, Eighth Wonder will need to sell through specialty food distributors. Most specialty food distributors service a small number of stores that reach few customers. Therefore, Eighth Wonder will need to find more than one distributor. The smaller distributors may be regionally based. Eighth Wonder should target regions based on online sales data from the website. A list of recommended specialty food distributors can be found in Appendix F11.

14. Gift Packaging

Gift packaging is another way to sell the rice from the website and through specialty food stores. People are often willing to spend more money on a specialty item that they are giving as a gift than on a specialty item for themselves, thus margins are higher in this market. The rice would make a thoughtful, useful gift for the socially conscious gift-giver as well as the gourmet shopper looking for a unique product with a story.

- **Variety Pack:** The rice could be packaged as a selection of the four varieties.
- **Basket:** A gift basket will provide an opportunity to include spices or recipes developed for the rice. Additionally, the rice could be packaged in baskets made in the Philippines, which could be another revenue source for farmers and further connect the consumer with the producer.

15. Corporate Holiday Gifts

Often corporations are willing to pay a premium for unique gifts, especially during holiday time. Corporate gifts also have the potential for repeat sales since the recipients may purchase rice themselves if they like the product.

- **Direct Marketing:** Develop direct marketing mailings. Companies specializing in business with Asia or natural foods and fair trade could be potential target customers.
- **Web**: Create a web site section for this business and allow corporations to order online.

16. Organic Certification

Consider applying for this certification once the volume can justify the cost.

- **Price Premium:** While some consumers maintain that the organic label is a prerequisite for purchasing, it is not a must-have in all markets. A higher price premium is commanded with the certification, though this may erode as large discount retailers such as Wal-Mart are entering this market.
- **Fees:** Costs for organic certification will range from $2,000-$3,000, with additional recurring annual inspection and renewal fees. The largest portion of the certification expense stems from the transportation and accommodation costs of the USDA approved certifier should he/she have to be flown to the Philippines to perform the inspection.
- **Additional Costs:** An efficient paper-trail system must be in place, as this is a document-sensitive, audit-prone industry. This may result in increased administrative costs.
- **Process:** See Appendix F1 for details on the organic certification process.

17. Fair Trade Certification

Consider applying for this certification once the volume can justify the cost.

- **Certification options:** There are several certifying bodies that label products and companies as "Fair Trade" in the US:

  Products:
  - **Producers:** Fairtrade Labelling Organization (FLO), www.fairtrade.net
  - **Distributors/Importers:** TransFair USA, www.transfairusa.org

  Companies:
  - The Fair Trade Federation, www.fairtradefederation.com
  - The International Fair Trade Association, www.ifat.org
- **Required Step:** No fair trade price is available for rice from the Philippines. FLO needs to establish this price before an application for certification can be filed. Since the Philippines is a net importer of rice, there is little demand for Filipino fair trade rice and FLO does not have any plans at this time to establish this price.[119]
- **Fees:** There are two fee structures:
  - Producers pay a certification fee
  - Importer/Distributor pay a volume based licensing fee
- **Additional Costs:** An efficient paper-trail system must be in place, as this is a document-sensitive, audit-prone industry. This may result in increased administration costs.
- **Process:** See Appendix F2 for details on the fair trade certification process.

[119] Email dated May 22, 2006 from Ha Tran at FLO in Germany.

VI. Conclusion

Eighth Wonder has a unique product that is likely to appeal to many types of consumers. In order to successfully build demand for the rice in the US market, we recommend a brand strategy focused on the specialty foods market. The natural foods and gourmet foods market are starting to overlap, a trend which has been capitalized on by major retailers such as Whole Foods. Branding the rice as “Natural Gourmet” not only bridges the gap between the natural foods market and the gourmet foods market, but also communicates several key attributes of the rice.

In order to differentiate the rice from competitors’ products, it is also important to leverage the sustainable competitive advantages of Eighth Wonder by telling the story of the rice, the farmers, and the terraces. We recommend a gradual retail roll-out strategy, which will allow for brand building and further market research, while at the same time building up supply. Focusing on the chefs and food writers will provide credibility and publicity. The online store will serve initial customers, but as demand and supply increases, Eighth Wonder will need to build relationships with distributors to reach a wider network of chefs and retailers.

We hope that our recommendations outlined in this report will help provide the focus necessary to stay on track for this challenging, exciting, and meaningful journey.

Appendix A Market Analysis Data

Table A1: Domestic Rice Distribution MY2003-2004

	Without Imports		**With Imports** *	
	mm. cwt.	***% Share***	**mm. cwt.**	***% Share***
Direct Food Use	36.566	*57.1%*	47.595	*63.4%*
Processed Foods	9.773	*15.3%*	9.773	*13.0%*
Beer (source: U.S. Treasury)	11.212	*17.4%*	11.212	*14.9%*
Pet Food	6.522	*10.2%*	6.522	*8.7%*
Total Domestic Distribution:	64.073	*100.0%*	75.102	*100.0%*

- In the above table, rice imports are placed exclusively under direct food use; however, use in processed foods is more than probable.
- Cwt = a hundred weight = 100 pounds

Source: http://www.usarice.com/industry/milledricesurvey.doc

Table A2: Shipments, mm.cwt.

	01-02	**02-03**	**03-04**	**Share 03-04**	***Change 02-03/03-04***
Grocery	21.425	18.266	17.662	48.3%	*-3.3%*
(supermarket chains/independents, wholesale grocers, supercenters, ethnic stores)					
Foodservice	13.168	13.228	15.284	41.8%	*+15.5%*
(independents/chain restaurants, broadline/ethnic distributors, institutions)					
Warehouse Clubs	2.083	2.492	3.145	8.6%	*+26.2%*
Other (domestic USDA feeding programs)	0.522	0.467	0.475	1.3%	*+1.7%*
Total Shipments Direct Food Use:	**37.198**	**34.453**	**36.566**	**100.0%**	***+6.1%***

Source: http://www.usarice.com/industry/milledricesurvey.doc

Table A3: Shipments[1], mm cwt.

U.S. Census Region	Long Grain	Short and Medium	Total (long, short, medium), mm cwt.	% Share [2, 3, 4]	U.S. Household Share	Development Index
New England	95	5	2.001	5.5%	4.	112
Middle Atlantic	74	26	7.559	20.7%	1	147
South Atlantic	90	10	6.629	18.1%	1	98
East North	88	12	2.799	7.7%	1	48
East South	93	7	1.552	4.2%	6.	70
West North	92	8	1.617	4.4%	6.	65
West South	89	11	4.150	11.4%	1	102
Mountain	78	22	1.271	3.5%	6.	55
Pacific	38	62	8.988	24.5%	1	153
Total:	**26.**	**9.69**	**36.566**	**100.0%**	**100.0**	**100.0%**

[1] Does not include rice imports; excludes shipments to U.S. territories.
[2] Does not include imports; includes package mixes. Excludes shipments to U.S. Territories.
[3] Excludes shipments to U.S. territories.
[4] The rice shipment question asked in the last two surveys changed substantially from earlier surveys in that shipment estimates were asked on a state by state basis, rather than by region; and estimates were to provide detail by long grain and medium/short grain, rather than a combined grain estimate. Current year survey represents a more precise measurement than used previously.

Source: http://www.usarice.com/industry/milledricesurvey.doc

Table A4: FDM sales* of emerging ethnic foods, at current and constant prices, 1996-2001

Year	**Sales at current prices**			**Sales at constant 2001 prices****		
	$000	**Index**	**% change**	**$000**	**Index**	**% change**
1996	568,885	100	-	642,540	100	-
1997	582,849	102	2.5	641,614	100	-0.1
1998	595,575	105	2.2	641,787	100	0.0
1999	686,946	121	15.3	724,507	113	12.9
2000	776,585	137	13.0	800,565	125	10.5
2001	799,554	141	3.0	799,554	124	-0.1

* excludes Wal-Mart
** adjusted for inflation using the food and beverages CPI

Source: Mintel Report - Emerging Ethnic Foods - US - June 2002

Table A5: Immigration to the U.S., by country of birth, 1996-2000

	1996	1997	1998	1999	2000
Mexico	163,572	146,865	131,575	147,573	173,919
People's Republic of China	41,728	41,147	36,884	32,204	45,652
Philippines	55,876	49,117	34,466	31,026	42,474
India	44,859	38,071	32,482	30,237	42,046
Vietnam	42,067	31,519	17,649	20,393	26,747
Nicaragua	6,903	6,331	3,521	13,389	24,029
El Salvador	17,903	17,969	14,590	14,606	22,578
Haiti	18,386	15,057	13,449	16,532	22,364
Dominican Republic	39,604	27,053	20,387	17,864	17,536
Russia	19,668	16,632	11,529	12,347	17,110
Other countries	465,329	408,420	336,892	309,238	414,177
Total	**915,895**	**798,181**	**653,424**	**645,409**	**848,632**

U.S. Department of Justice, Immigration and Naturalization Service, Statistical Year Book 2000/Mintel
Source: Mintel Report - Emerging Ethnic Foods - US - June 2002

Table A6: Figure 3 Awareness of specific cuisines, 1994 & 1999

	% of respondents aware of the cuisine	% point
	1994	1999 change
Chinese (Cantonese)	96	97+1
Italian (excluding pizza)	95	97+2
Mexican	95	97+2
Chinese (Mandarin, Hunan, Szechwan)	90	91+1
German	89	87-2
Cajun/Creole	85	86+1
Greek	83	84+1
Japanese (other)	80	82+2
Soul Food	77	81+4
Japanese (sushi)	74	79+5
French	80	76-4
Indian	73	74+1
Scandinavian	74	71-3
Caribbean	68	70+2
Spanish*	-	70-
Korean	69	61-8
Thai	60	68+8
Vietnamese	60	68+8
Middle Eastern	58	64+6
Mediterranean*	-	63-
Latin American*	-	63-
Pan-Asian*	-	62-
Brazilian/Argentinean*	-	59-

*Not asked in 1994
National Restaurant Association, *Ethnic Cuisines II (*adapted)/Mintel

Source: Mintel Report - Emerging Ethnic Foods - US - June 2002

Table A7: Total U.S. retail dollar sales of specialty foods, at current and constant prices, 2003-05

Year	Sales at current prices*			Sales at constant 2005 prices**		
	$million	Index	% change	$million	Index	% change
2003	26,899	100	-	28,444	100	-
2004	30,211	112	12.3	31,117	109	9.4
2005	34,771	129	15.1	34,771	122	11.7

* Does not include sales through Wal-Mart
** Adjusted for inflation using the all items CPI

SOURCE: Specialty Foods - The NASFT State of the Industry Report - The Market - US - April 2006

Table A8: Opinions about spending on quality ingredients and investing in cooking equipment, by region, April 2005

Base: 1,067 adults aged 18 and older

	All (%)	Northeast (%)	Midwest (%)	South (%)	West (%)
I like to try new recipes	75	72	76	77	72
I am willing to spend more money for the highest quality ingredients	55	59	47	53	61

SOURCE: Mintel Reports: Cooking - US - May 2005

Table A9: Cooking for fun and dining out, January 2004–September 2004

Base: 23,908 adults aged 18 and older

	Dining out (not fast food)		Cooking for fun	
	%	**Index**	**%**	**Index**
All	61	100	35	100
Gender:				
Male	56	92	27	77
Female	66	108	43	123
Age:				
18-24	56	92	39	111
25-34	65	107	42	120
35-44	60	98	37	106
45-54	61	100	38	109
55-64	64	105	32	91
65+	59	97	23	66
HH Income:				
Under $25K	46	75	31	89
$25K-49.9K	58	95	33	94
$50K-74.9K	65	107	35	100
$75K+	70	115	40	114
Race/Hispanic origin:				
White	65	107	36	103
Black	47	77	34	97
Asian	51	84	39	111
Hispanic*	39	64	28	80
Marital status:				
Married	65	107	34	97
Not married	57	93	37	106
Presence of children:				
No children	64	105	35	100
One or more children	57	93	36	103

* Hispanics can be of any race
SOURCE: Mintel Reports: Cooking - US - May 2005

Table A10: Cooking enthusiasts' leisure activities and hobbies compared to all respondents, January-September 2004

"Do you agree with the following statements: I really enjoy cooking The kitchen is the most important room in my house?"
Base: 24,868 adults aged 18 and older

	All	**Enjoys cooking and kitchen most important room in house**	**Index**
	%	**%**	
Needlework/quilting	11	17	153
Gardening	33	43	132
Antique shopping/shows	15	20	128

SOURCE: Mintel Reports: Cooking - US - May 2005

Table A11: Cooking enthusiasts' magazine readership/subscriptions compared to all respondents, January-September 2004

"Do you agree with the following statements: I really enjoy cooking. The kitchen is the most important room in my house?"
Base: 24,868 adults aged 18 and older

	All	**Enjoys cooking and kitchen most important room in house**	**Index**
	%	**%**	
Child rearing/parenthood	16	21	137
Home & home services	30	39	131
Health & fitness	17	22	127
Women's	34	42	123

SOURCE: Mintel Reports: Cooking - US - May 2005

Table A12: Reasons for purchasing specialty foods, December 2004

Base: 892 adults aged 18 and older who purchased specialty foods in past 6 months

	All (%)
As a special treat for myself	57
As a gift	41
For regular meals at home	39
As a regular treat for myself	37
For a special occasion at home (birthday, holiday, etc.)	32
Having a party or dinner party	31
To have on hand for unexpected guests	15
To bring to the office/workplace	14
As a hostess gift	11
Other	4

SOURCE: Mintel Reports: Cooking - US - May 2005

Table A13: Cooking enthusiasts' select food consumption/use compared to all respondents, January-September 2004

"Do you agree with the following statements: I really enjoy cooking. The kitchen is the most important room in my house?"
Base: 24,868 adults aged 18 and older

	All	**Enjoys cooking and kitchen most important room in house**	**Index**
	%	**%**	
Unroasted nuts	14	18	130
French/Italian bread	12	16	125
Salads, salad oil	18	23	125
Dijon mustard	16	19	125
Dry packaged pasta	16	20	124
Parmesan/romano natural or imported cheese	12	15	122
Hot/spicy sausages	15	18	121
Almonds/nuts for cooking & snacks	16	19	121
Peppers – jalapeno	12	14	120
Wedge/chunk/stick natural or imported cheese	26	31	119
Frozen yogurt	28	33	117
Long grain or wild rice/rice dishes	13	15	117
Solid white canned tuna	20	24	117
All fruit/no sugar added jams, jellies & preserves	15	18	116
Cornish game hen (fresh/frozen)	24	28	116
Spread cheese	23	27	116
Refrigerated meat alternatives	13	15	116
Low fat frozen yogurt	10	12	116
Regular (long cooking) rice/rice dishes	46	53	116

SOURCE: Mintel Reports: Cooking - US - May 2005

Table A14: Average annual specialty food sales by specialty food importers, 2003, 2004 and 2005

Base: 2003: 67 specialty food importers. 2004: 40 specialty food importers. 2005: 25 specialty food importers.

Average annual sales	2003 (%)	2004 (%)	2005 (%)
Under $100K	8.1	8.8	4.2
$100K-500K	17.7	20.6	16.6
$501K-1 million	24.2	23.5	37.5
$1.1 million -5 million*	22.6	26.5	16.7
$5.1 million-10 million*	11.3	14.7	20.8
More than $10 million	16.1	5.9	4.2

*Note: respondents in the 2003 and 2004 surveys were provided with the option of "Over $1 million- under $4 million"nd "$4 million-$10 million." Data for all three years are shown for comparison purposes, but should be considered directional in nature.
SOURCE: Mintel/TechnoMetrica/Market Tools

Table A15: Number of countries imported from, 2005

Base: 25 specialty food importers

Number of countries	%
1 country	37.5
2-4 countries	25.0
5-9 countries	20.8
10 or more countries	16.7
Mean	**5.3**

SOURCE: Mintel/Market Tools

Table A16: Regions from which specialty food importers obtain products, 2004 and 2005

Base: 2004: 40 specialty food importers. 2005: 25 specialty food importers

	2004	2005
Region	**% of importers**	**% of importers**
Europe	80.0	78.3
Asia	12.5	30.4
South America	10.0	26.1
Africa	10.0	13.0
North America	5.0	13.0
Other	7.5	4.3

SOURCE: Mintel/TechnoMetrica/Market Tools

Table A17: Number of SKUs carried per specialty food distributor, 2003, 2004 and 2005

Base: 2003: 32 specialty food distributors. 2004: 20 specialty food distributors. 2005: 20 specialty distributors.

Number of SKUs	2003 (%)	2004 (%)	2005 (%)
100 or fewer	36.7	47.4	38.9
101-500	20.0	26.3	11.1
501-3,000	26.7	10.5	22.2
3,001-4,999	6.7	5.3	11.1
5,000+	10.0	10.5	16.7

SOURCE: Mintel/TechnoMetrica/Market Tools

Table A18: Stores serviced and number of customers per specialty food distributor, 2003, 2004 & 2005

Base: 2003: 32 specialty food distributors. 2004: 20 specialty food distributors. 2005: 20 specialty distributors.

	2003 (%)	2004 (%)	2005 (%)
Number of stores serviced			
50 and under	31.0	10.0	35.3
51-200	31.0	20.0	35.3
201-500	10.3	30.0	11.8
501-1,499	13.8	35.0	11.8
1,500+	13.9	5.0	5.9
Number of customers			
100 and under	37.1	57.9	35.3
101-300	33.3	15.8	23.5
301-750	14.8	15.8	29.4
751+	14.8	10.5	11.8

SOURCE: Mintel/TechnoMetrica/Market Tools

Table A19: Share of sales of specialty food distributors, by channels sold through, 2003, 2004 & 2005

Base: 2003: 32 specialty food distributors. 2004: 20 specialty food distributors. 2005: 20 specialty distributors.

Channel and % of sales	2003 (%)	2004 (%)	2005 (%)
Specialty food stores			
None	3.8	5.6	15.4
1-10%	11.5	11.1	30.8
11%+	84.6	83.3	69.2
Median % of sales derived from specialty food stores	37.5	35.0	25.0
Supermarkets			
None	16.7	17.6	30.8
1-10%	29.2	23.5	30.8
11%+	54.2	58.9	53.8
Median % of sales derived from supermarkets	22.5	25.0	20.0
Natural food stores			
None	33.3	18.2	53.8
1-10%	38.9	36.4	30.8
11%+	27.8	45.5	30.8
Median % of sales derived from natural food stores	5.0	10.0	5.0
Gift stores			
None	7.1	15.4	46.2
1-10%	64.3	53.8	38.5
11%+	28.6	30.8	30.8
Median % of sales derived from gift stores	8.0	10.0	5.0
Foodservice/restaurants			
None	-	15.4	15.4
1-10%	50.0	61.5	46.2
11%+	50.0	23.1	53.8
Median % of sales derived from foodservice/restaurants	12.5	5.0	10.0
Delis			
None	23.1	50.0	15.4
1-10%	30.8	50.0	46.2
11%+	46.2	--	53.8
Median % of sales derived from delis	5.0	2.0	5.0
Other			
None	8.3	27.3	15.4
1-10%	33.3	27.3	46.2
11-50%	58.3	45.5	53.8
Median % of sales derived from other outlets	15.5	10.0	10.0

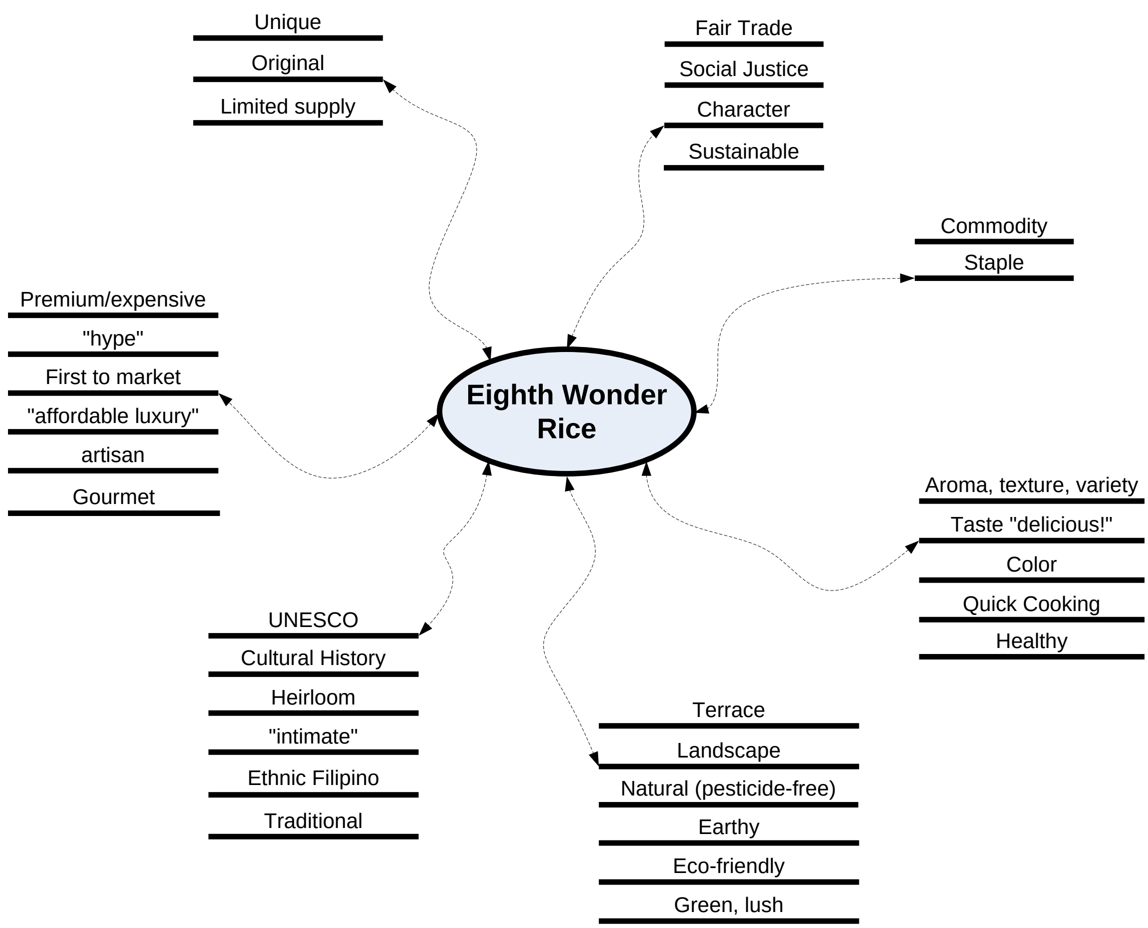
Note: Total responses for each channel adds to 100, but medians do not add to 100
SOURCE: Mintel/TechnoMetrica/Market Tools

Table A20: Share of products locally sourced; artisan, 2005

Base: 284 specialty food operators.

	2005 (% (mean)
Product characteristics	
Products locally sourced	31.3
Products characterized as Artisan	40.2

Note: locally sourced is defined as within 250 miles distance from operator
Note: This question was not asked in 2003 and 2004
SOURCE: Mintel/Market Tools


Unique
Original
Limited supply
Fair Trade
Social Justice
Character
Sustainable
Commodity
Staple
Premium/expensive
"hype"
First to market
"affordable luxury"
artisan
Gourmet
Eighth Wonder Rice
Aroma, texture, variety
Taste "delicious!"
Color
Quick Cooking
Healthy
UNESCO
Cultural History
Heirloom
"intimate"
Ethnic Filipino
Traditional
Terrace
Landscape
Natural (pesticide-free)
Earthy
Eco-friendly
Green, lush

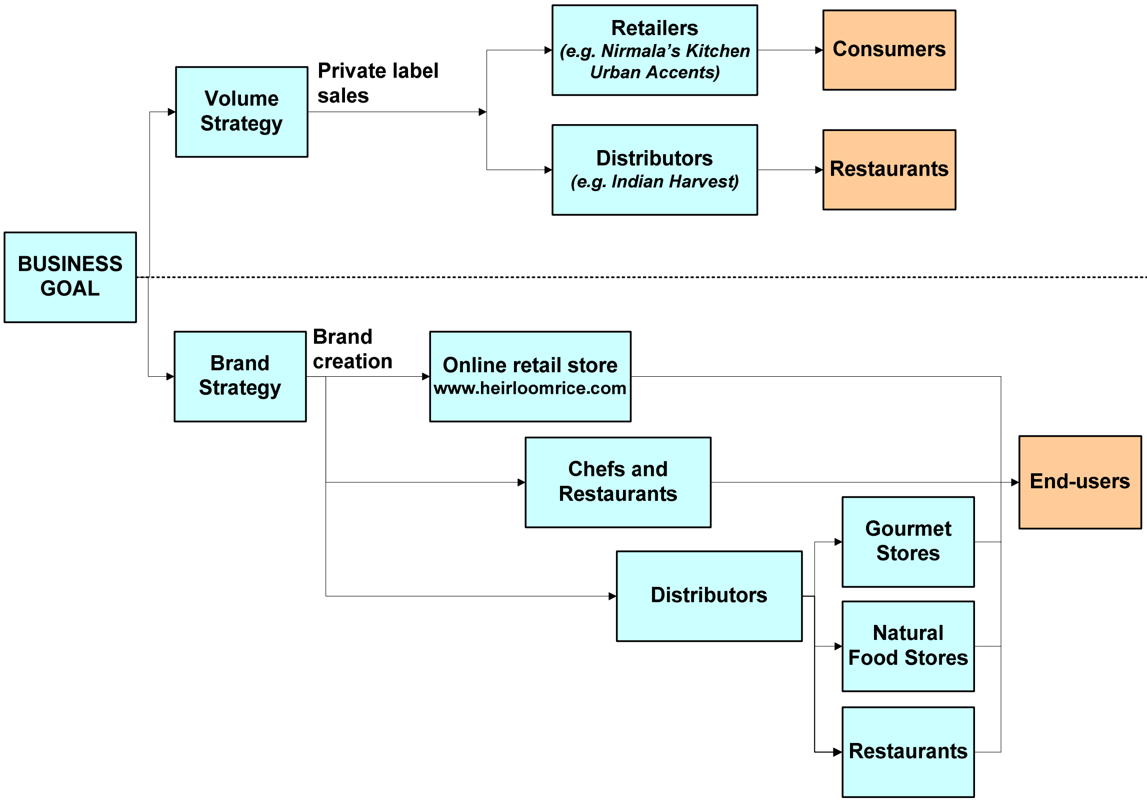

BUSINESS GOAL
Volume Strategy
Private label sales
Retailers (e.g. Nirmala's Kitchen Urban Accents)
Consumers
Distributors (e.g. Indian Harvest)
Restaurants
Brand Strategy
Brand creation
Online retail store www.heirloomrice.com
Chefs and Restaurants
End-users
Distributors
Gourmet Stores
Natural Food Stores
Restaurants

Table D1:

Average price per pound by store type and rice type <64 oz

Average of Price/lb			price premium over:	
Store Type	Rice Type	Total	private label	commodity
Direct	Specialty	$4.15		
Direct Total		$4.15		
Ethnic	Specialty	$3.09		
Ethnic Total		$3.09		
Grocery	Commodity	$1.84		
	Private Label	$1.39		
	Specialty	$2.96	212%	161%
Grocery Total		$2.04		
Natural	Commodity	$1.83		
	Private Label	$1.00		
	Specialty	$3.14	313%	171%
Natural Total		$2.82		
Specialty	Specialty	$6.26		
Specialty Total		$6.26		
Grand Total		$3.97		

Table D2:

Average price of specialty rice per pound by store type
Organic vs. Non-organic
<64 oz

Average of Price/lb				
Store Type	Rice Type	Organic	Total	**price premium over: non-organic**
Direct	Specialty	O	$4.67	120%
		(blank)	$3.90	
	Specialty Total		$4.15	
Direct Total			$4.15	
Ethnic	Specialty	O	$3.12	101%
		(blank)	$3.09	
	Specialty Total		$3.09	
Ethnic Total			$3.09	
Grocery	Specialty	O	$2.56	83%
		(blank)	$3.09	
	Specialty Total		$2.96	
Grocery Total			$2.96	
Natural	Specialty	O	$3.21	103%
		(blank)	$3.12	
	Specialty Total		$3.14	
Natural Total			$3.14	
Specialty	Specialty	O	$6.34	101%
		(blank)	$6.26	
	Specialty Total		$6.26	
Specialty Total			$6.26	
Grand Total			$4.67	

Table D3:

Average price of specialty rice per pound by store type
Heirloom vs. Non-heirloom
<64 oz

Average of Price/lb				**price premium over:**
Store Type	Rice Type	Heirloom	Total	**non-heirloom**
Direct	Specialty	(blank)	$4.15	
	Specialty Total		$4.15	
Direct Total			$4.15	
Ethnic	Specialty	(blank)	$3.09	
	Specialty Total		$3.09	
Ethnic Total			$3.09	
Grocery	Specialty	(blank)	$2.96	
	Specialty Total		$2.96	
Grocery Total			$2.96	
Natural	Specialty	H	$4.26	137%
		(blank)	$3.10	
	Specialty Total		$3.14	
Natural Total			$3.14	
Specialty	Specialty	H	$5.15	81%
		(blank)	$6.33	
	Specialty Total		$6.26	
Specialty Total			$6.26	
Grand Total			$4.67	

Table D4:

Average price of specialty rice per pound by store type
White vs. Brown vs. Other Rice Color
<64 oz

Average of Price/lb				price premium over:	
Store Type	Rice Type	Color	Total	white	brown
Direct	Specialty	B	2.70		
		O	6.50	215%	241%
		W	3.02		
	Specialty Total		4.15		
Direct Total			4.15		
Ethnic	Specialty	B	$2.38		
		O	4.11	131%	173%
		W	3.15		
	Specialty Total		3.09		
Ethnic Total			3.09		
Grocery	Commodity	B	1.91		
		W	1.82		
	Commodity Total		1.84		
	Private Label	B	1.15		
		O	2.39	172%	208%
		W	1.39		
	Private Label Total		1.39		
	Specialty	B	2.65		
		W	3.13		
	Specialty Total		2.96		
Grocery Total			2.04		
Natural	Commodity	B	1.68		
		O	$4.77	303%	284%
		W	1.58		
	Commodity Total		1.83		
	Private Label	B	0.98		
		W	1.03		
	Private Label Total		1.00		
	Specialty	B	2.26		
		O	4.99	190%	221%
		W	2.63		
	Specialty Total		3.14		
Natural Total			2.82		
Specialty	Specialty	B	4.80		
		O	8.93	169%	186%
		W	5.29		
	Specialty Total		6.26		
Specialty Total			6.26		
Grand Total			3.97		

Table D5:

Average price of specialty rice per pound by store type, <64 oz
Eighth Wonder Competitors

Average of Price/lb						Range		
Store Type	Store/Web	Company	Total	Average	Standard Deviation	Lower	Upper	Spread
Direct	W	Carolina Plantation	$4.30	$ 4.30	$ -	$4.30	$4.30	$ -
		Indian Harvest	$4.50	$ 4.50	$ 1.32	$3.18	$5.82	$ 2.64
		Lundberg	$3.70	$ 3.70	$ 3.14	$0.56	$6.84	$ 6.29
	W Total		$4.03	$ 4.03	$ 2.49	$1.53	$6.52	$ 4.99
Direct Total			$4.03	$ 4.03	$ 2.49	$1.53	$6.52	$ 4.99
Ethnic	W	Lundberg	$2.80	$ 2.80	$ -	$2.80	$2.80	$ -
		RiceSelect	$3.54	$ 3.54	$ 0.33	$3.21	$3.87	$ 0.65
	W Total		$3.33	$ 3.33	$ 0.45	$2.88	$3.78	$ 0.90
Ethnic Total			$3.33	$ 3.33	$ 0.45	$2.88	$3.78	$ 0.90
Grocery	Store	Lundberg	$2.53	$ 2.53	$ 0.50	$2.03	$3.03	$ 0.99
		RiceSelect	$3.14	$ 3.14	$ 0.29	$2.85	$3.44	$ 0.59
	Store Total		$2.82	$ 2.82	$ 0.51	$2.31	$3.33	$ 1.02
Grocery Total			$2.82	$ 2.82	$ 0.51	$2.31	$3.33	$ 1.02
Natural	Store	Lotus Foods	$3.85	$ 3.85	$ 0.66	$3.19	$4.51	$ 1.32
		Lundberg	$2.74	$ 2.74	$ 2.48	$0.26	$5.22	$ 4.96
		Rice Select	$2.84	$ 2.84		$2.84	$2.84	$ -
		RiceSelect	$2.59	$ 2.59	$ 0.28	$2.30	$2.87	$ 0.56
	Store Total		$2.92	$ 2.92	$ 1.98	$0.94	$4.90	$ 3.96
Natural Total			$2.92	$ 2.92	$ 1.98	$0.94	$4.90	$ 3.96
Specialty	Store	Anson Mills	$9.09	$ 9.09		$9.09	$9.09	$ -
		Lotus Foods	$4.67	$ 4.67	$ 0.94	$3.73	$5.61	$ 1.88
		Lundberg	$2.00	$ 2.00		$2.00	$2.00	$ -
		RiceSelect	$3.39	$ 3.39	$ 0.25	$3.14	$3.64	$ 0.50
	Store Total		$3.99	$ 3.99	$ 1.54	$2.45	$5.53	$ 3.08
	W	Anson Mills	$5.66	$ 5.66		$5.66	$5.66	$ -
		Carolina Gold	$9.95	$ 9.95		$9.95	$9.95	$ -
		Lotus Foods	$4.48	$ 4.48	$ 1.48	$3.00	$5.96	$ 2.96
	W Total		$5.03	$ 5.03	$ 2.08	$2.96	$7.11	$ 4.15
Specialty Total			$4.41	$ 4.41	$ 1.82	$2.59	$6.22	$ 3.63
Grand Total			$3.41	$ 3.41	$ 1.98	$1.44	$5.39	$ 3.95

Table D6:

Average Prices of Bulk vs. Non-Bulk Specialty Rice

bulk
>64 oz

Average of Price/lb			% bulk discount
Package Type	Rice Type	Total	(based on average bulk price)
Packaged	Specialty	$1.89	
Packaged Total		$1.89	
Specialty Bulk	Specialty Bulk	$2.76	
Specialty Bulk Total		$2.76	
Grand Total		$2.21	

non-bulk (packaged)
<64 oz

Average of Price/lb		
Rice Type	Total	
Specialty	$ 4.67	47%
Grand Total	$ 4.67	

Table D7: Impact on Farmers of Increasing Suggested Retail Price

Pay farmers additional	**$ 0.26**	/lb			
% increase in farmer income	**60%**				
	Year 1	Year 2	Year 3	Year 4	Year 5
Metric tons sold	1	5	20	50	90
Pounds sold	2,205	11,025	44,100	110,250	198,450
Price/lb paid to farmers	$ 0.43	$ 0.43	$ 0.43	$ 0.43	$ 0.43
Total payment to farmers	$ 948	$ 4,741	$ 18,963	$ 47,408	$ 85,334
New price/lb paid to farmers	$ 0.69	$ 0.69	$ 0.69	$ 0.69	$ 0.69
New total payment to farmers	$ 1,521	$ 7,607	$ 30,429	$ 76,073	$ 136,931
Current wholesale price	$ 2.66	/lb			
New wholesale price	$ 2.92	Markups			
New distributor price	$ 4.05	1.39			
New retail price	$ 5.49	1.36			

Appendix E Implementation Check-List

Priority	Task	Description
1	Review Pricing Schedule	Increasing the price by 10% would result in a 60% increase of revenue to the farmers.
2	Web site	Develop recipes, describe history of the farmers and traditional cooking methods, fact sheet for download.
3	Memberships	IACP, NASFT, Slow Food
4	Online store	Opportunity for market research: feedback from consumers and track zip codes for later retail rollout
5	Marketing kit	The kit should include: press release, fact sheet, feedback form, samples, and photos.
6	Chefs	Send kits to high-end, vegetarian, sustainable foods, Asian Fusion, or story telling chefs. Set up events/tastings.
7	Culinary institutes	These institutes are thought leaders and train the chefs for tomorrow.
8	Contest	Get more recipes for website.
9	Food writers and editors	Send marketing kits, include recipes. Develop a feature article.
10	Trade shows	Fancy Food Show is the most important.
11	Direct Sales to specialty food stores	Many of the natural foods and gourmet stores source directly instead of through distributors.
12	Restaurant distributors	Chefs who like the product will request it from their distributor, many of which specialize in chefs.
13	Specialty food distributors	Target regions based on on-lines sales data.
14	Gift packaging	For example, a variety basket can be created. A basket for the rice could be another revenue source for farmers.
15	Corporate holiday gifts	Develop direct marketing mailing and web site tab for this high margin business with potential for repeat sales as receiver of gifts may purchase rice.
16	Organic certification	Consider applying for this certification once the volume can justify the cost.
17	Fair trade certification	Currently no fair trade price is available for rice from the Philippines. Consider applying for this certification once the volume can justify the cost.

Table F1: Organic Certification Process

1. **Identify a suitable certifier:** Organic certification agencies may be operated by a state agriculture department, or they may be private entities, but they must be accredited by the National Organic Program (NOP). Certifies work as an extension of the federal government, licensing procedures to use the term "organic" in selling their products.

2. **Submit an application:** After identifying a certifier, the producer should request a copy of the certifier's organic standards and an application packet, which typically includes an organic farm plan questionnaire. An application fee is commonly requested at this stage. The producer should read the standards and materials lists carefully; the certification agent can answer any questions. The producer must complete the questionnaire, which elicits information about the farm or ranch, including details about soil fertility planning, seeds and seedlings, weed and pest management practices (including the materials one plans to use), and storage and handling routines. Farm maps may be required along with crop and input histories for all fields. Strategies to prevent contamination with prohibited substances and commingling with non-organic products must be outlined. The farm plan questionnaire will also elicit information on the producer's plans to monitor the farm operation to insure compliance.

3. **Completeness Review:** The certifier reviews the organic farm plan application to be certain that it is complete and that the operation appears able to comply with NOP organic standards. If additional information is required, the producer will be asked to submit it.

4. **On-farm Inspection:** If the organic farm plan application is judged to be complete, the certifier assigns an organic inspector to inspect all relevant areas of the farm. The inspector looks for all indications that the producer is operating according to their organic plan and is in compliance with organic standards. He or she inspects the fields, farm implements, and buildings; reviews borders and adjoining land use; and assesses contamination and commingling risks. The inspector reviews all written records documenting management practices, seed sources, inputs used, compost production, conventional production done on the farm, and records of harvest, storage, transportation, and sales. An inspection affidavit is completed during the inspection and signed by the producer and the inspector. The inspector reviews with the producer all identified non-compliance issues at the end of the inspection. Finally, the inspector submits a detailed report to the certifier on all findings. The job of the inspector is to only record observations; they do not make decisions about certification.

5. **Final Review:** The organic farm plan application and inspection report is reviewed by an individual or certification committee with expertise in organic farming and certification standards. If certification is granted, the producer can begin marketing his or her products as organic. The producer is free to use the seal of the certifier and also the USDA's organic seal.

For further details, please refer to http://www.attra.ncat.org.

Table F2: Fair Trade Certification Process

1. **Establish Fair Trade Price:** There needs to be a fair trade price established for rice from the Philippines. This establishes the required price premium above the market price. FLO is the certifying agency and they do not have plans to establish a fair trade price for the Philippines at this time. Due to demand, they are focusing their efforts on rice from Thailand and Vietnam. Ha Tran (h.tran@fairtrade.net) is the contact person at FLO in Germany.

2. **Establish Coop:** The farmers need to be organized as a coop. The coop needs to have export capability since all parts of the chain have to be fair-trade certified.

3. **Certify Coop:** The coop needs to become a certified producer. An application needs to be filed with the FLO (http://www.fairtrade.net/). The inspection takes 3-7 days and they go through a 20 page checklist covering procedures, financials, environmental impact etc. A report is issued certifying the producer as fair-trade – could be conditional approval.

4. **Certify Importer/Distributor:** Eighth Wonder needs to apply to TransFair USA to become a licensed importer and distributor. Submit quarterly reports to TransFair detailing sales, purchases, prices paid, ship dates, contracts, proof of payment, etc. on Fair Trade rice transactions.

Fee structure

- Producers - certification fee
  - Application fee (250 Euro)
  - Initial certification fee (2,200-3,400 Euro depending on the number of coop members)
  - Annual recertification fee (1,750-2,713 Euro depending on the number of coop members)
  - Additional fee for processing plant - milling (200-600 Euro initially and 88-350 annual recertification)
  - Possibly inspection fees
  - Importer/distributor can pay the certification fee on behalf of the producers.

- Importer/Distributor – volume based licensing fee
  - US$0.025/lb. on Fair Trade Certified rice purchases.

For further details, please refer to: http://www.fairtrade.net/sites/certification/FLO-Cert%20PC%20Fee_System_SF_INFO%20Ver1%206en.pdf

Appendix F Resources

Please note: yellow highlighting indicates we spoke with this person or organization.

Table F3: Chefs

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Le Bernardin Restaurant	"A Member of SeaWeb's Seafood Choices Alliance, he serves only eco-friendly fish at his four-star restaurant Le Bernardin in New York City. Winner of the James Beard Award for 2003 Outstanding Chef of the Year."	E-mailed, no response.	http://www.le-bernardin.com/	Eric Ripert, Executive Chef	dine@le-bernardin.com
Restaurant RM	"Rick Moonen is a founding Seafood Choices Alliance member and the chef and co-owner of rm seafood, a new upscale Las Vegas seafood restaurant. The restaurant's continuously changing menu features dishes that reflect Rick's love and passion for the creatures of the sea and his interest in sustainable seafood."	E-mailed, no response.	http://starchefs.com/chefs/RMoonen/html/index.shtml	Rick Moonen, Chef and Owner	restaurantrm@rmseafood.com
RestaurantPR, Inc.	"Restaurant PR is the first complete, affordable public relations program designed specifically for food service and restaurant operators located anywhere in the world. "	E-mailed, no response.	http://www.restaurantpr.com/	Stephanie Crane Faison, President and CEO	sco111@aol.com 888.888.9609
Lisa Ekus Public Relations Company, LLC	"The firm, founded in 1982, specializes in "promoting a world of culinary talent" consisting of authors, chefs, restaurants, and food products. The company acts as a multimedia placement service matching food experts with corporations looking for product representatives, spokespersons, consultants, and recipe developers. They consult on marketing and public relations strategies for culinary businesses. They also create press packages, develop specialized mailing lists for the print and electronic food media, and coordinate in-store demonstrations, cooking classes, book signings, and publicity tie-ins in conjunction with food events. "	E-mailed but she did not have time to talk as she is traveling for the month.	http://www.lisaekus.com/	Lisa Ekus, Owner	LisaEkus@LisaEkus.com (413) 247-9325

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Union Square Café	"From outstanding wines by the glass, dining at the bar and seasonal ingredients to an emerging downtown location and a mission to support our community, USC has changed the restaurant landscape in NYC and across the country. A critical success from the outset, USC has twice garnered The New York Times' three-star rating, and also earned Zagat Survey's #1 ranking as New York's Most Popular Restaurant for an unprecedented seven years."	Chef Michael Romano, interested in Asian Food; recommended by Marie Simmons	http://www.unionsquarecafe.com/cookbooks.html		info@unionsquarecafe.com 212.243.4020
resource list	List of featured chefs		http://earthy.com/g_featarch.htm		
Heritage Foods USA	"Heritage Foods USA exists to help accomplish this goal by selling foods from small farms to consumers and wholesale accounts.Heritage Foods USA was formed in 2001 as the sales and marketing arm for Slow Food USA, a non profit organization founded by Patrick Martins and dedicated to celebrating regional cuisines and products."	will share conatcts for chefs in NYC	www.heritagefoodsusa.com	Patrick Martin	
Fronterra Grill		recommended by Patrick Martin, Heritage Foods		Brian Enyart	312-661-1434
The Tasting Room		recommended by Patrick Martin, Heritage Foods		Collin Alevras	212-358-7831
Telepan		recommended by Patrick Martin, Heritage Foods		Bill Telepan	212-580-4300
A-16		recommended by Patrick Martin, Heritage Foods		Nate Appleman	415-771-2216
Cerrino's		recommended by Patrick Martin, Heritage Foods		Dominique Cerrino	440-237-3434
Simon Pearce	The original Simon Pearce Restaurant is located at the Mill in Quechee, Vermont. Features a range of regional and house specialties complemented by seasonal offerings, extensive wine selections and a firsthand opportunity to experience our glass and pottery while dining.	E-mailed, no response.	http://www.simonpearce.com/CSTM_Restaurants.aspx	Joshua Duda, Executive Chef	jduda@simonpearce.com (802) 295-1470 ext 3311

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Table F4: Culinary Institutes					
School of Natural Cookery	"where culinary art and healing food meet"	Amazing Grains cookbook author	www.naturalcookery.com	Joanne Saltzman	
New England Culinary Institute	award-winning culinary institute	several restaurants in Vermont	www.neci.edu		
The Culinary Institute of America	"With nearly 60 years of experience as The World's Premier Culinary College, the CIA has more than 150 chefs and instructors from more than 15 countries serving on faculty."	E-mailed Jeff Levine, PR Contact, and he forwarded message to Dr. Kathy Merget, Dean of Liberal and Management Studies. No response from her.	http://www.ciachef.edu	Jeff Levine, PR Contact	j_levine@culinary.edu 845-451-1372
Natural Gourmet Institute for Healing and Culinary Arts	"provided education and leadership in the field of health-supportive culinary arts and theory. People around the world have turned to the Natural Gourmet Institute for Food and Health's avocational public classes to learn the basics of healthy cooking. They come to the Natural Gourmet Institute for Health & Culinary Art's Chef's Training Program to prepare for careers in the rapidly expanding natural foods industry."	Friday night dinners featuring unique products; cooking courses; focus on organic and whole grains E-mailed, no response.	www.naturalgourmetschool.com http://www.tograndmothershousewego.com/	Susan Baldassano, Director of Education	info@tograndmothershousewego.com 212-645-5170, ext. 111 718-768-4662
The Institute of Culinary Education (ICE)	"The Institute of Culinary Education (ICE) runs the largest program of hands-on recreational cooking, baking and wine education classes in the country, offering over 1500 classes and serving over 20,000 students a year."		http://www.iceculinary.com/recreational/index.shtml		

Table F5: Food Writers

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Vegetarian Times		"The Rice Revolution" article published in Vegetarian Times and available on Amazon		Susan Jane Cheney	
Susan Spungen	former founding food editor at Martha Stewart Living	worked at Martha Stewart Living until 2003; advice: Become a member of IACP Contact Florence Fabricant, regular food writer for the New York Times Saveur magazine is a good target. Contac Slow Foods			sspungen@earthlink.net (212) 674-8756
resource list			http://www.food-writing.com/		
Maureen Abood			http://www.maureenabood.com/about.htm	Maureen Abood	maureenabood@aol.com
Monica Bhide			http://mbhide.typepad.com/my_weblog/	Monica Bhide	monica@monicabhide.com
Eugenia Bone			http://www.etable.net/	Eugenia Bone	EGBone@aol.com
Jon Bonne	Lifestyle ed. For MSNBC.com		http://amuse-bouche.net/	Jon Bonne	jon@amuse-bouche.net
Georgeanne Brennan			http://www.georgeannebrennan.com/	Georgeanne Brennan	gbrennan@yolo.com
Kristen Browning-Blas				Kristen Browning-Blas	kbrowning@denverpost.com
Melissa Clark			http://www.melissaclark.net/	Melissa Clark	melissa@melissaclark.net
Shirley Corriher			http://splendidtable.publicradio.org/souptonuts/science.html	Shirley Corriher	
Sara Dickerman	online magazine Slate and Seattle's "The Stranger"			Sara Dickerman	srdickerman@hotmail.com
Florence Fabricant	New York Times			Florence Fabricant	http://www.nytimes.com/gst/emailus.html
Gabriella Gershenson	The New York Times, San Francisco Chronicle, The Boston Globe, The Providence Journal, Paper magazine, Time Out New York, npr.org, USATODAY.com, newyorkmetro.com		http://www.gabiwrites.com/	Gabriella Gershenson	gabi@gabiwrites.com
Eric Gower	Japanese studies, lives in San Francisco		http://www.ericskitchen.com/	Eric Gower	eric@ericskitchen.com
Corby Kummer	Atlantic Monthly		http://www.theatlantic.com/doc/by/corby_kummer	Corby Kummer	

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Emily Kaiser	Gourmet, Saveur, The New York Times,Town & Country, The Washington Post and Washingtonian Magazine, as well as The Best Food Writing of 2005, Worked in Washington, DC and San Francisco		http://www.emilykaiser.com/	Emily Kaiser	emily@emilykaiser.com
Craig LaBan	Philadelphia Inquirer			Craig LaBan	claban@phillynews.com
John Mariani	Esquire, Wine Spectator, Diversion, Bloomberg News & Radio, and Restaurant Hospitality		http://www.johnmariani.com/	John Mariani	john@johnmariani.com
Harold McGee	New York Times, The World Book Encyclopedia, The Art of Eating, Food & Wine, Fine Cooking, and Physics Today		http://www.curiouscook.com/cook/home.php	Harold McGee	harold@curiouscook.com
Dara Moskowitz	City Pages, Minneapolis, MN			Dara Moskowitz	dmoskowitz@citypages.com
Kathleen Purvis				Kathleen Purvis	kpurvis@charlotteobserver.com
Kim O'Donnel			http://www.washingtonpost.com/wp-srv/artsandliving/foodanddining/whats_cooking/bio/bio.html	Kim O'Donnel	
Thane Peterson	Business Week			Thane Peterson	
Laura Schenone	James Beard Award winner, The Washington Post Style Section, The New York Times, and The New York Post		http://www.lauraschenone.com/	Laura Schenone	http://www.lauraschenone.com/contact.html
Regina Schrambling			http://www.gastropoda.com/	Regina Schrambling	writeme@gastropoda.com
Steven Shaw	James Beard Award winner			Steven Shaw	
Nina Simonds	Spices, Asian (Chinese), The Los Angeles Times, Health magazine, Cooking Light, Harper's Bazaar, Bon Appetit, Family Circle, Self, and The Washington Post, Gourmet Magazine, Sunday New York Times		http://ninasimonds.com/	Nina Simonds	
Andrea Strong	The New York Times, New York Magazine, Time Out New York, The New York Post, Real Simple, Conde Nast Traveler, Crave, Paper, Food & Wine, Gourmet, Drinks, Organic Style		http://thestrongbuzz.com/	Andrea Strong	andrea@thestrongbuzz.com
Association of Food Journalists			http://www.afjonline.com/about.htm	Carol DeMasters, Executive Director	carolafj@execpc.com
Robert Wolke	James Beard Award winner		http://www.robertwolke.com/	Robert Wolke	

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Table F6: Food Magazines					
resource list	Top 10 Magazines for Food Lovers		http://gourmetfood.about.com/od/televisionforfoodies/tp/foodmag.htm		
Art Culinaire			http://www.getartc.com/		ArtCulinaire@Verizon.net
Art of Eating			http://www.artofeating.com	Edward Behr	mail@artofeating.com
BHG			http://bhg.com/bhg/food/index.jhtml		
Bon Appétit			http://www.epicurious.com/		http://www.epicurious.com/services/help/magazines#contactba
Chef Magazine		October 2006 issue is a about Asian food	http://www.chefmagazine.com/		http://www.chefmagazine.com/contact.htm
Chicago Conscious Choice			http://chicago.consciouschoice.com/index.php	Marla Donato, Editor	editor@consciouschoice.com
Cooking Light			http://www.cookinglight.com/cooking/		cookinglight@customersvc.com
Cook's Illustrated			http://www.cooksillustrated.com/default.asp		
Cuisine At Home			http://www.cuisineathome.com/		cuisineathome@cuisineathome.com
Eating Well			http://www.eatingwell.com/		editors@eatingwell.com
Epicurean			http://www.epicurean.com/	Jennifer Miller	212-790-5198
Fancy Food & Culinary Products			http://www.fancyfoodmagazine.com/index.htm	Barbara Wujcik, Associate Editor	bwujcik@talcott.com
Fine Cooking			http://www.taunton.com/finecooking/index.asp		http://www.taunton.com/finecooking/pages/fc_contactform.asp
Food Arts				Beverly Stephen	212-684-4224, 387 Park Ave S Fl 8, New York, NY 10016
Food and Wine			http://www.foodandwine.com/		http://www.foodandwine.com/contact/
Food Writer Symposium			http://www.greenbrier.com/site/foodwriters/about.aspx	Antonia Allegra, Writing Coach	antonia@fcs.net
Food Writing			http://www.food-writing.com/pages/5/index.htm	Pam White	pwhite05@twcny.rr.com

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Gastronomica			http://www.gastronomica.org/	Darra Goldstein, Editor	gastronomica@williams.edu
Gourmet			http://www.epicurious.com/		http://www.epicurious.com/services/help/magazines#contactba
Living Without			http://www.livingwithout.com/welcome.htm	Alicia Pitzer, Managing Editor	Editor@LivingWithout.com
Martha Stewart Living			http://www.marthastewart.com/page.jhtml?type=learn-cat&id=cat20838	Lucinda Scala Quinn, Editorial Director, Food & Entertaining	lquinn@marthastewart.com
Nation's Restaurant News			http://www.nrn.com/		http://www.nrn.com/register.cfm?REF=/contactus/index.cfm?&CFID=6757335&CFTOKEN=65658977
O Magazine			http://www.oprah.com/omagazine/omag_landing.jhtml		http://www.oprah.com/omagazine/omag_wehear.jhtml
The Progressive Grocer			http://www.progressivegrocer.com/progressivegrocer/index.jsp	Jenny McTaggart, Senior Editor	jmctaggart@progressivegrocer.com
Saute Wednesday			http://www.sautewednesday.com/	Bruce Cole, Publisher/Editor	sautewednesday@yahoo.com
Saveur			http://www.saveur.com/	Colman Andrews, Editor	colman.andrews@worldpub.net
Slammed Magazine			http://slammedmagazine.com/	Marc Onigman, Editor	marc@slammedmagazine.com
Southern Living			http://www.southernliving.com/southern/foods/0,13362,,00.html		http://www.southernliving.com/southern/help/contactus
Sunset Magazine			http://www.sunset.com/sunset/food		food@sunset.com, editservices@sunset.com for story ideas
Taste of Home			http://www.tasteofhome.com/		editors@tasteofhome.com
The Gourmet Retailer			http://www.gourmetretailer.com/gourmetretailer/index.jsp	Kristin Montalvo, Assistant Editor	kmontalvo@gourmetretailer.com
Veggie Life			http://www.veggielife.com/		info@VeggieLife.com
Vegetarian Times			http://www.vegetariantimes.com	Val Weaver, Editor	editor@vegetariantimes.com
Yankee Magazine			http://www.yankeemagazine.com/food/index.php		http://www.yankeemagazine.com/feedback/index.php

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)

Table F7: Cookbook Authors

Amber Waves	"Amberwaves, a network of concerned citizens, families, farms, and small businesses, was launched this spring to help preserve brown rice, whole wheat, and other essential foods from the threat of genetic engineering and to promote the health of society and preserve the environment. It is a division of Planetary Health, Inc., a federally approved nonprofit (501) (c) (3) organization."	Amber Waves of Grain cookbook publishing a book called Saving Organic Rice; Lundberg is a member and supporter.	www.amberwaves.org	Gale Jack	
		Rice Is Nice; macrobiotic			
		Eco-Cuising: An Ecological Approach to Gourmet Vegetarian Cooking			
Jay Solomon		Vegetarian Rice Cuisine: From Pancakes to Paella, 125 Dishes From Around the World			
Joanne Saltzman		Amazing Grains: Vegetarian Dishes Made With Whole Grains; cookbook features different rice types; Lundberg mentioned as a source of interesting rice			
Marie Simmons		Author of several books, including Rice, The Amazing Grain and The Amazing World of Rice, see: http://www.mariesimmons.com/books.html ; Received rice samples. Expressed interest in trying the rice and maybe develop recipes.			marie.simmons@comcast.net 510-235-2970
Anne Marie Colbin		Author of Natural Gourmet E-mailed, no response.	http://www.foodandhealing.com/		212-645-5170 (This is the number for Natural Gourmet Institute for Healing and Culinary Arts)
Leslie Brenner	Food Editor of LA Times, Book Author		http://www.lesliebrenner.net/	Leslie Brenner	leslie@lesliebrenner.net
Alton Brown			http://www.altonbrown.com/index.html	Alton Brown	
Mollie Katzen			http://www.molliekatzen.com/	Mollie Katzen	mollie@molliekatzen.com

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Arthur Schwartz			http://www.thefoodmaven.com/index.html	Arthur Schwartz	
Heidi Swanson			http://www.101cookbooks.com/about/Heidi.html	Heidi Swanson	heidi@heidiswanson.com
Millenium	award-winning vegetarian restaurant "dedicated to supporting the essential earthly concepts of organic food production, small farms, sustainable agriculture, recycling and composting. We cook with fresh produce delivered every day, and choose organic whenever possible. We believe that a gourmet dining experience can be created out of vegetarian, healthy, and environmentally friendly foods. We are proud to state that our restaurant is completely free of genetically modified foods."	Millenium Cookbook; feature a rice and sake dinner June, 2006 with Lotus Foods rice; Indain Harvest listed as a source of rice and grains	www.millenniumrestaurant.com	Eric Tucker, Chef	
Deborah Madison		Vegetarian Cooking for Everyone; multiple other cookbooks; strong proponent of natural foods			deborahmadison@randomhouse.com
Native Foods	"an ethnic fusion of bright colors, rich flavors, and delicious textures in a quick-service, stylish, fresh and fun way. In our menu concept we unite both the vegetarian and the traditional diner, and in doing so we specialize in introducing alternative tasty textures"	Native Foods Restaurant Cookbook; chain of vegan restaurants in Southern California	www.nativefoods.com	Tanya Peteronova	
Candle Café	"New York's renound vegan restaurant"	Candle Café Cookbook		Joy Pierson	
Cary Neff	Author of Conscious Cuisine; Appears to work for La Costa Resort and Spa	E-mailed, no response.	http://topchefs.chef2chef.net/recipes-2/neff/#BIO		tgreen@lacosta.com (Tracy Green, banquet contact)
Peter Berley	Author of The Modern Vegetarian Kitchen and Fresh Food Fast	E-mailed, no response.	http://www.peterberley.com/		peter@peterberley.com

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
The Wooden Spoon	"I am a cooking teacher and a personal coach.I help people enjoy their lives. More."	She has significant experience in the food media industry: Food Network, Martha Stewart, TV Chef, Saveur Magazine and Cooking Light Made e-mail contact and she was willing to talk but could not work out a time to actually connect.	http://www.thewooden-spoon.com/	Allison Fishman, Owner	info@thewooden-spoon.com (718)522-2789
Jay Weinstein		Author of The Ethical Gourmet E-mailed, no response.	http://www.randomhouse.com/catalog/display.pperl?isbn=9780767918343		jweinstein13@nyc.rr.com
Linda Eckhardt	Author of Great Food Catalog			Linda Eckhardt	
Rachel Ray			http://www.foodnetwork.com/food/rachael_ray/article/0,1974,FOOD_9928_1702057,00.html	Rachel Ray	

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)

Table F8: Trade Shows

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
The Las Vegas Gourmet Housewares Show			http://www.thegourmetshow.com/		
Fancy Food Show			http://www.specialtyfood.com/do/fancyFoodShow/LocationsAndDates		
National Restaurant Association Show			http://www.restaurant.org/show/index.cfm		
IACP Conference			http://www.iacp.com/conference/		
International Restaurant and Food Service Show		New York	http://www.internationalrestaurantny.com/app/homepage.cfm?moduleid=3153&appname=100072		

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Table F9: Specialty Food Stores					
Awesome Gourmet	"a fine collection of unique gourmet flavors"	focus on US products; especially California; gift baskets; 3 varieties of native American harvested "true" wild rice, $13.50-16.25 per pound	http://www.awesomegourmet.com/		
River Street Gourmet	"THE lowest priced gourmet and specialty food, beverage and gourmet gift shop on the web today"	Varity of products; "wild rice" listed as a product category but no products listed; Formerly had food gift baskets but no products listed; Offer frequent buyer's club	www.onriverstreet.com		
Epicurean Foods	Our mission is to create premium quality Canadian foods and gifts at reasonable prices	Primarily seasonings, sauces, herbs, dips, oils; gift basekets; also wholesale to other gift basket co's; resource page listing gourmet and gift basket retailers by state	www.epicureanfoods.com/ca/main.php		
Gourmet Boutique	Passport to a gourmet journey	Ultra high end (caviar, etc.); gift basekets; retail store in Boston. Does not believe rice makes a good hostess gift unless it is packaged very nicely. Visited store, emailed with founder.	www.givetastefully.com	Anya Zelfond, Founder	info@gourmetboutique.net 617-266-2906
Gourmet Food Mall	"premier resource on eBusiness for the gourmet products and specialty food industry....Gourmet Food Mall provides the gourmet products and specialty food industry with a state of the art platform to do business on the Internet, the location where your webstore and products can be seen by targeted customers.....We are actively selecting companies with unique products and a great story to tell to be featured on the award winning Gourmet Food Mall website."	central online portal for smaller specialty foods retailers; several specialty foods retailers who carry rice	www.gourmetfoodmall.com		
New Product Launch Pad	online application/website/portal that enables manufacturers and suppliers of natural & specialty products to introduce and promote their new products to the natural products industry	variety of products posted; Lotus Foods has one rice product posted	www.nplp.com		

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
GourmetStore.com	Niche "as a growing leader in procuring and providing difficult to find speicalty foods from around the world to food service distributors and food manufacturers"	related to Woodland Foods			
Tamaya Gourmet	importer of specialty Chilean papaya	chefs are the key test market and gateway to the best restaurant distributors; this is how he piloted distribution of his specialty import product	www.tamayagourmet.com	Daniel Vitis, CEO	
World Pantry	"connecting lovers of fine food with the people who make it"	primary online retail portal for Lotus Foods; gift baskets	www.worldpantry.com		
i Gourmet	specialty cheeses, fine foods, exquisite gifts	international themed gifts; gift baskets	www.igourmet.com		
Ethnic Grocer	"EthnicGrocer.com, a division of Namaste Partners, Ltd, is the premier online provider of authentic ethnic products. Our Company serves as a bridge enabling customers to easily access the most extensive selection of their favorite authentic ethnic brands and products, delivered with world-class service, right to their doorstep."	feature Philippines (but no rice products); site includes recipees and cooking lessons by geography	www.ethnicgrocer.com		
Gluten Free Mall	"the best prices and selection of gluten-free, wheat-free, casein-free and other allergy-related health foods and special dietary products on the Internet"	feature rice products from Shiloh Farms	www.glutenfreemall.com		
Nirmala's Kitchen	To feed my insatiable appetite for exotic ingredients, I have spent the past ten years traveling to every ethnic corner of the world seeking out spice plantations, locals farms, markets and food stalls. Today, I invite you into my kitchen so I can share with you pinches and dashes of the traditions, cultures and cuisines of the people I have met	Variety of organic dried fruit, nuts, sauces, syrups; several kinds of rice; rice gift baskets; rice promoted geographically	www.nirmalaskitchen.com		

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Cardullo's Gourmet Shoppe	"Cardullo's Gourmet Shoppe is a true, local family owned gourmet food store. Located in historical Harvard Square, with quite a history of its own, Cardullo's soon became Harvard Square's "Other Institution". For over 50 years Cardullo's has been offering outstanding specialty foods and beverages from around the world."	Find new products in three ways: o Specialtyfood.com o Producers call and ask for an appointment to discuss a new product o Customer requests They sell 6,000 products, 50% sourced from distributors and 50% direct; Visited store. Spoke with Jamie about sourcing of products.	http://www.cardullos.com/	Jamie	info@cardullos.com 617-491-8888
Savenor's Market	"Savenor's Market has been a Boston family tradition for more than sixty-five years. First opened in 1939 in Cambridge, Massachusetts, the gourmet butcher shop and high-end grocer made a name for itself through its commitment to providing customers with the finest meats and produce anywhere in the world. In addition to the retail stores, Savenor's wholesale business provides the finest meats to Boston's premier restaurants."	Three ways they find new products: o Vendors/manufacturers contact them directly o Distributors push new products o Purchasing managers looks for products 90% of their products come from distributors, 10% direct from manufacturers Advice: "You need to know WHAT/WHEN you can deliver before dealing with distributors. Then need to provide consistent pricing and delivery."	http://www.savenorsmarket.com/	Juliana Kolson-Lyman, General Manager	juliana@savenorsmarket.com 617-723-4036
Earthy Delights	"Earthy Delights is America's premier supplier of specialty foods to quality conscious American Chefs. We pioneered the use of overnight delivery to get fresh produce from the farm to the kitchen in the shortest time possible. We are leaders in offering wild-harvested and hand-crafted foods from small harvesters and growers to a larger audience. Now we are bringing this same selection of fine products to the adventurous home chef, using the power of the internet."	"Small niche player in this market. I tend to sell 5 or 10 lbs at a time, and only buy 100 lbs at a time."	http://earthy.com/	Ed Baker, Founder and president	info@earthy.com (800)367-4709

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Debra's Natural Gourmet	"Her boundless energy, savvy instincts, and sincere generosity have earned Debra's Natural Gourmet distinction as one of the country's top 100 natural product stores. As the author of two cookbooks, founder of Stark Sisters maple-sweetened granola, and a recognized expert on nutrition and health," "We're always glad to help you understand how something works, explain why it's better, or share an interesting tidbit of folklore" "You'll find everything from the tried and true, to Israeli seaweed seasonings and fabulous date candies from Egypt."	Sell many hard to find products and source them in various ways: o People call them about products o travel o trade shows o reading food articles o look online ¾ of their products are sourced directly from the producers while ¼ come from distributors. Better selection of bulk rice than Whole Foods. Look for products that excite people, either because of the story or because they are different. Recommend that we go through smaller distributor: Associated Buyers.	http://www.debrasnaturalgourmet.com/	Debra Stark, Owner and Cookbook writer	978-371-7573
Lebanon Health Food Store		Currently sells Lotus Foods' rice. They buy from a couple of distributors. A sales person usually comes with a suitcase of new products and discuss the new products with them. They then select what they think will sell. Sometimes they request certain products from the distributor based on consumer requests.		Tracy Andrew	603-448-3700
resource list	List of Food Co-ops, Health Food stores, Natural Food Stores, alphabetically by US state		http://www.greenpeople.org/healthfood.htm		
Kitchen Kapers	"The company currently operates 13 retail locations, as well as a mail order division and website. It is still operated as a (growing) family business today, and is one of the largest independent kitchenware stores in the United States."	Sells specialty foods online	http://www.kitchenkapers.com/abkitkap.html		customerservice@kitchenkapers.com 800-455-5567

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
resource list	NASFT Listing of specialty foods stores		http://www.specialtyfoodmarket.com/do/market/BrowseByGroup?adSpecialtyGroupId=6		
Urban Accents, Inc.	"Urban Accents. Inc. was founded in 1996 with the goal of bringing unique, premium quality and visually appealing herbs and seasonings to the contemporary home cook. Frustrated with what he could find on the grocery store shelf, Tom Knibbs founded Urban Accents, Inc. in the basement of his Chicago home. As a packaging sales manager, he understood the need for image to convey the attention to detail and quality in his spices. "	Sells 5 "exotic" rices.	http://www.urbanaccents.com/	Tom Knibbs, founder	tknibbs@urbanaccents.com 1 (877) UA - SPICE
Tropical Traditions	Owner is from the Philippines. "Tropical Traditions is constantly adding more products to its customers as we move forward, and find people producing products that meet our high standards. We are already working with farmers to be able to drop ship products directly to your home from the farm. In time, we will also setup regional centers where you can pick up local food produced close to your community. In early 2006 we launched our Healthy Buyer's Club that allows individuals and families to purchase bulk retail products for a significant savings. Join us today as we seek to restore traditional ways of producing healthy food and healthy products!"	Expressed an interest in buying the rice.	http://www.tropicaltraditions.com/about.htm	Brian Shilhavy, Founder	brian@tropicaltraditions.com 1-866-311-2626
resource list	Top 10 Online Gourmet Shops		http://gourmetfood.about.com/od/wheretobuygourmetfoods/tp/bygourmetonline.htm		
resource list	Top 10 Gourmet Food of the Month Clubs		http://gourmetfood.about.com/od/wheretobuygourmetfoods/tp/foodmonthclubs.htm		
Awesome Gourmet	Gift baskets	Organic	www.awesomegourment.com		

Appendix F   Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Zest Gourmet	speicalty foods: oils, vinegars, spices; gifts for the chef, gifts for the cook		www.zestgourmet.com		
Taraluna	fair trade, organic, and green gifts	no food (except some tea)	www.taraluna.com		
The Mandala Collection	tools for soulful living; exclusive line of Fair Trade Gift Baskets and Gift Sets, featuring fair trade gifts and handicrafts, made in Nepal by Tibetan and Nepalese artisans. Our Fair Trade Gifts, Gift Sets and Gift Baskets are perfect for relaxation, rejuvenation, healing, nurturing, comforting, yoga, meditation, spiritual practice, self discovery, inner reflection, pilgrimages, and personal retreats!		www.themandalacollection.com		
Kate's Caring Gifts	people and earth friendly gifts	organic treats gift baskets	www.katescaringgifts.com		
The Animal Rescue Site Store	cause-related store; portion of profits go to Animal Rescue site	gift baskets and gourmet; includes international fair trade products	www.theanimalrescuesite.com		
One World Projects	"your global marketplace for socially and environmentally responsible gifts"	have gift baskets; food products include nut candies and chocolates	www.oneworldprojects.com		
Clear Remedies	"organic boutique for body and home"	range of organic food offerings and gift baskets, no rice	www.crigifts.com		
Organic Universe	"only carry the finest organic and natural products available for your body, bath, pets, home and garden"	range of food offerings incuding Lundberg brown rice but no other varieties; gift baskets	www.organicuniverse.com		
A Greater Gift	"a program of SERRV International, a nonprofit alternative trade and development organization. Our mission is to promote the social and economic progress of people in developing regions of the world by marketing their products in a just and direct manner. "	carry limited food products, no rice	www.agreatergift.org		

Appendix F Resources

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Delightful Deliveries	"one of the premiere Internet Gift Retailers. Our mission is "To bring great products to gift givers, while providing world-class service."	feature gourmet specialty products and gift baskets; no rice, no organic; monthly clubs	www.delightfuldeliveries.com		
Eco Express	"EcoExpress Gifts creates natural and organic gifts that are unique, memorable and high quality. You can combine beautiful gifts with supporting the environment. Our wide assortment of earth friendly gourmet, spa and rainforest items are attractively packaged and fun! We hope you enjoy sending these gifts as much as we do making them!"	E-mailed, no response.	http://www.ecoexpress.com/index.php		eco@ecoexpress.com

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Table F10: Restaurant Distributors					
Chef's Warehouse	Sell to top chefs/restaurants nationwide, country clubs, caterers, hotels, and gourmet retailers. "to reach out and bring to all gourmands, many of the top quality products sourced by the highest profile chefs." ; "the place where the "chefs shop"; importer/ distributor that services most of the upscale food retailers in New York City and up & down the east coast; direct importer of exclusive specialty products from Italy, France, Spain and many other Mediterranean countries	Wide variety of products; lots of rice! Including buthanese red; gift baskets; Tamaya Gourmet distributes through here. Chefs Warehouse recently purchased Van Rex Gourmet Foods to reach the west coast market: http://chef2chef.net/news/foodservice/Press_Releases-Business/The_Chefs_Warehouse_Heads_West.htm	www.chefswarehouse.com	John Magazino, Specialist	jmagazino@belcantofoods.com (347) 203 1478
Provisions International	distributor to restaurants throughout New England	carry product if can get through larger distributors, for example D'Avena, Harry Willis, Demonicci, Bel Canto/Diaryland, Cheeseworks, Woodland Foods; carry sevral rice types including wild rice from MN in small 36 lb batches		Kevin	(802) 291-6100
Progressive Gourmet, Inc.	"Delivering premium quality, convenience and variety, we are a specialty-food distributor focused on convenient, labor-saving solutions for all your banquet and catering needs."	Sells primarily to colleges, universities, hotels for banquets. They do not use rice. Recommended that we contact: o Sid Wainer & Son o Specialty food distributors	http://www.progressivegourmet.com	Corporate chef	(800) 224-7630
Chef Shop	"To change the way people think and feel about the foods that they eat by finding the very best-tasting foods from small farmers and artisan producers from around the world – especially from those growers and craftspeople who see the connection between the way the land is maintained and the quality of the food they produce - and making these products available to ChefShop.com's customers wherever they live."	wide variety of products; like to feature stories; several types of rice but none from Asia	www.chefshop.com		

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Table F11: Specialty Food Distributors					
Tree of Life	"the nation's leading distributor of natural, organic, specialty, ethnic, and gourmet food products"	recommended as New England distributor	www.treeoflife.com		
JJ Sloane	largest broker in New England	brokers Lotus foods; organic and fair trade certifications are important		Jon Sloane	jsloane@jjsloaneassociates.com 508-852-4444
resource list	List of specialty food distributors.		http://www.worldfiner.com/distributors.html		
Steiner Foods	distributor	recommended by General Manager at Savenor's Market	http://www.steinerfoods.com/productindex.cfm		
Newmarket Fine Foods	distributor	recommended by General Manager at Savenor's Market	http://www.newmarketfinefoods.com		
JMB Foods	distributor	recommended by General Manager at Savenor's Market	http://www.jmbinter.com/		
Sid Wainer & Son	"Sid Wainer & Son®, since 1914, is the most prominent importer and distributor of specialty produce and specialty foods in the U.S.A. Sid Wainer & Son® is committed to supplying only the freshest, safest and most wholesome products from around the globe. We are the international leader of spectacular specialty food gift baskets with packaging which screams of elegance and quality."	E-mailed, no response. Recommended by chef at Progressive Gourmet, Inc.	http://www.sidwainer.com/		hwainer@sidwainer.com (508) 999-6408

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)

Table F12: Certification Agencies

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
TransFair USA	Certifies importers and distributors of fair trade products in the US.	Currently most fair trade rice is sold in natural food stores and coops. It will soon become available in bulk. Her role as the rice product manager is to work with importers and create new opportunities. She audits the supply chain and helps with packaging and promotions. Thus, the licensing fee you pay to TransFair includes some level of support. She was very interested in working on this project!	http://www.transfairusa.org/	Maya Spaull, Rice Product Manager	mspaull@transfairusa.org (510)663-5260 ext. 338
FLO	Certifies producers of fair trade products.	Comments from her e-mail: "For as far as the Philippines, we do not have any rice project there. Since the demand of rice has been coming more from the Mekong region, we are focusing our efforts to support rice producers in that region, Thailand and Vietnam are large rice exporting country. The Philippines have been a large rice importing country, since they do not produce enough rice for their own domestic consumption. Therefore we have not had any request for specific rice from the Philippines thus far. Unfortunately, we do not have standards for rice from the Philippines either, so any developments in this area will need some funding for a price research to take place. As well as identifying groups that are interested in getting fairtrade certification." Recommended by Maya Spaull.	www.fairtrade.net	Ha Tran	h.tran@fairtrade.net

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Slow Food	"The founding father of the Slow Food Movement, Carlo Petrini, recognized in 1986 that the industrialization of food was standardizing taste and leading to the annihilation of thousands of food varieties and flavors. Concerned that the world was quickly reaching a point of no return, he wanted to reach out to consumers and demonstrate to them that they have choices over fast food and supermarket homogenization. He rallied his friends and began to speak out at every available opportunity and soon the movement was born and Slow Food was created. Today the organization is active in 50 countries and has a worldwide membership of over 80,000."	E-mailed, no response.	http://www.slowfoodusa.org/	Sara Firebaugh, Editor	sara@slowfoodusa.org 718.260.8000

Appendix F Resources

Company/Organization/Person	Product/Service Description	Notes	website	Contact Person, Title	contact info (phone, email)
Table F13: Grocers, Other					
Co-op, West Lebanon	upper valley cooperative	Interested in product. Received sample May 2006	www.coopfoodstore.com	Dan Hazelton, Bulk Foods Manager	(603) 643-4889 x 3417
Homegrown Naturals	producer of Annie's Naturals, Annie's, Fantastic Foods, Consorzio brands	sell through Amazon; focus group finding is that consumers don't understand term organic and descriptive soundbites more effective; more expensive to go direct to retail than through distributor	www.homegrownnaturals.com	Sarah Bird, VP Marketing	
Whole Foods Market	World's largest retailer of Organic Foods	new product purchaser for New England stores		Crystal Doctorow	Crystal.doctorow@wholefoods.com
Riviana	produces, markets, and distributes branded and private label rice in the US, Central America, and Europe	major mainstream channel rice distributor; brands include Mahatma, Success, Carolina, River; sees growing demand in ethnic specialty reices and has responded with new ethnic product lines; promoting the health and whole grain angle of	www.riviana.com	Joe Hafner, CEO	