



FRUIT OAT NUT SQUARES

for a quick, healthy, filling breakfast

HOME MADE * WILDER. VT

EFFICIENT NUTRITION, INC.

MISSION STATEMENT

To deliver the best-valued breakfast option to the health conscious consumer

PRODUCT OVERVIEW

Fruit Oat Nut Squares (FONS) is a new high protein, high fiber, and convenient all-natural breakfast alternative. It has a muffin consistency and diverse sampling confirms that it appeals to consumers' taste preferences. Given its all-natural ingredients, the product is perishable and must be frozen, which will create a barrier to large-scale competition. FONS is designed and packaged to maximize portability and space-saving in storage and shipping, and will be sold through the natural foods retail channel and high-end supermarkets. The individually wrapped squares are prepared in one minute in a microwave or toaster oven for at-home, on-the-go or workplace use, and minimal cleanup. FONS addresses an evolution in the breakfast and food industry by combining health and convenience, a trend we call "efficient nutrition." Survey results confirm consumers will pay for this value proposition.

THE MARKET

The total breakfast market value for the U.S. was \$33.5 billion in 2006. From a top down analysis, we estimate FONS' addressable market size to be \$3.7 billion. Given macro factors that will drive a need for "efficient nutrition" food options (e.g. longer commutes and hours worked, more single parent homes, more women in the workforce), there is expected to be significant market growth. Based on an initial consumer survey, health conscious consumers value nutrition, taste, cost and convenience as the most important attributes on a breakfast option – all of which FONS addresses.

MARKET STRATEGY

The targeted consumer is employed, age 22 to 50, and middle-to-upper class; a demographic willing to pay for "efficient nutrition." The consumer that will buy FONS is health-conscious, with a regular hectic or on-the-go lifestyle. FONS will be sold through the natural foods retail channel. Non-impulse retailers currently account for the majority of sales of breakfast goods. We expect to sell FONS in packs of four individually wrapped squares for \$6.00, or \$1.50 for each FONS. The initial rollout of FONS will be a soft launch conducted in three stores in the Upper Valley. This initial product test will validate our value proposition, help to refine our marketing strategy, and

improve any operational inefficiencies. Upon successful completion of the soft launch, we anticipate a gradual rollout of FONS strategically within the northern New England region.

COMPETITION

Traditional breakfast options of baked goods, cereals, yogurt, and breakfast bars are the primary competitors to FONS. Within each of these categories, the industry is principally dominated by a few large players. The most direct competition that FONS will compete against is health cereals and traditional health bars. Competing firms include Kellogg, Quaker, Kashi and Kraft. However, given FONS' unique product and value proposition, it will not directly compete against any of these food categories, but will create its own category and steal share from the other alternatives.

MARGIN ANALYSIS (PER UNIT)

	Soft Launch	Full Launch
Raw Ingredients	\$ 0.40	\$ 0.30
Labor	0.14	0.05
Gas/Electricity	0.08	0.08
Packaging	0.10	0.08
Storage	0.03	0.03
Shipping	0.04	0.04
Total Cost	\$ 0.79	\$ 0.58
MSRP	\$ 1.50	\$ 1.50
FONS Unit Revenue	0.98	0.83
Per Unit Margin	19.0%	30.1%

NEXT STEPS

- Further customer surveying
- Complete marketing strategy for Soft Launch and develop strategy for Full Launch
- Finalize production and recipe; submit product for nutritional testing
- Finalize pricing chain and structure
- Develop financial projections

MANAGEMENT TEAM

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