



Food Innovation

The Push and Pull of Consumer Demand



WELCOME



Consumer demands are driving innovation in the food and beverage industry. Appealing to consumer desires — the ones they have and the ones they do not know they have — will inevitably help a company keep growing. That is what makes this industry so exciting and so demanding.

In today’s market, the products are not the only sources for innovation. We are also seeing social media and the digital marketplace innovating at warp speed, in turn creating opportunities for even more product innovation. Food and beverage companies are changing as a result and creating space for new and different innovation.

This year’s Green Hasson Janks Food and Beverage Survey asked a cross-section of food industry executives about their views on innovation. Innovation is embedded in our industry so deeply that 94 percent of respondents said their companies invested in innovation. Their customers are playing a major role in innovation too, with 50 percent of our respondents reporting that they are innovating based on customer requests. In addition, our subject matter experts, quoted throughout this whitepaper, overwhelmingly feel that those companies with a commitment to innovation do better in the marketplace.

I hope you hear some practical advice and some new ideas from our survey respondents and subject matter experts on innovation by food and beverage companies.

Thank you,

Donald Snyder
Partner and Food and Beverage Practice Leader
Green Hasson Janks



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The Push: Customer-Driven Innovation



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Industry Growth and Innovation

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“Innovation is a response to consumer demands, but it is also the lifeblood of successful companies and their management.”

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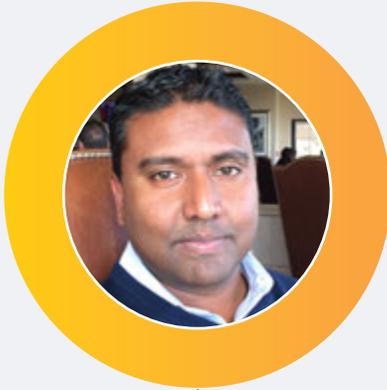


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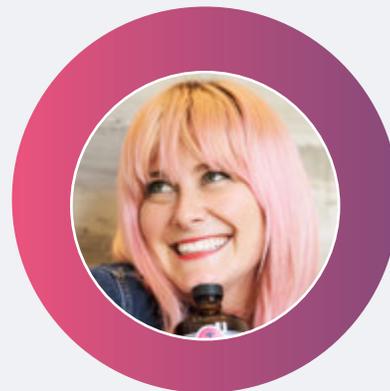
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**BY THE NUMBERS:
INSIGHTS FROM THE
2018 GREEN HASSON JANKS FOOD AND BEVERAGE SURVEY**

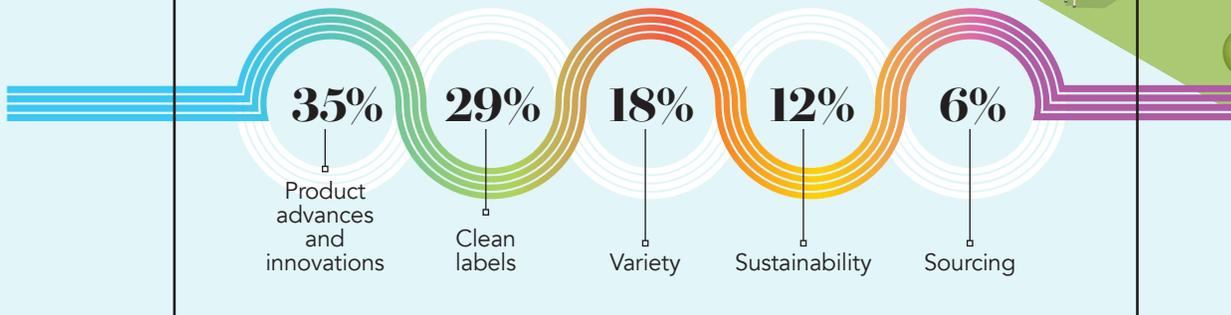


82% of respondents currently sell **less than 20 percent** of their products online

Only **6%** of respondents said their companies **DID NOT invest in innovation**

50% of respondents are innovating based on customer requests

**PRODUCT CHANGES
REQUESTED BY CUSTOMERS**



82% of survey respondents' companies report gross revenues of under \$100 million



TOP 6

advertising and digital media channels to tout innovation

- 1 E-mail campaigns
- 2 Instagram
- 3 Facebook
- 4 Online shopping
- 5 Paid media
- 6 Twitter

97% of respondents expect revenue growth in 2018



58%

of respondents see employee bandwidth as a major roadblock to innovation

34% of respondents have an R&D department

QUALITY

is the overwhelming driver of brand loyalty



THE PUSH: CUSTOMER-DRIVEN INNOVATION

Consumer demand for new products is the primary driver for food and beverage innovation. For example, over the past few years the healthy foods moment has pushed companies to come out with products that are gluten free, organic, no preservatives and much more. Whole product lines are being created, while others are fading. Food and beverage companies that want to succeed will need to listen to their customers and continue to innovate.

This year's survey respondents say that their customers are playing a major role in innovation, with 50 percent of respondents reporting that they are innovating based on

customer requests. The types of changes being requested include product innovation, clean labels, variety, sustainability and sourcing.

"Food and beverage companies that want to succeed will need to listen to their customers and continue to innovate," says **Donald Snyder, Partner and Leader of the Green Hasson Janks Food and Beverage Practice.**

Innovation does not just come in the products, but also in things like store layouts, adds Snyder.

"I am seeing quite a bit of change in store layouts, which

affects what food and beverage companies are placing in stores,” Snyder explains. “The center floor space of grocery stores have been traditionally stocked with items like soft goods, packaged goods and canned goods, which are lower margin. To grow, stores have been making changes in the peripheries. That is where the fresher and more impulse-driven purchases are made, and they can be significantly more profitable.”

The marketplace is changing, and concepts like the “grab and go” of complete meals or meal kits are becoming popular and being placed on the store periphery.

“Consumers want to spend less time in stores and they want to spend less time cooking,” adds Snyder. “Stores are also putting healthier foods like kombucha and functional beverages on the periphery. All of these products are higher margin, so smart companies are using it to their advantage.”

CONSUMERS ARE SMARTER AND MORE ENGAGED

Consumers now have easily accessible ways to find out about what goes into the foods and beverages they are buying. Knowledge is power, and the result has been new trends that are catalysts for change in the industry.

For example, the trend of convenience in meal preparation is driving more than store-prepared food kits. Over 80 percent of all consumers still eat their food at home, but it does not mean they are making their food at home. They could be ordering meal kits from Blue Apron, getting restaurant delivery or picking up meals at fast food restaurants, according to **Donald Snyder, Head of the Green Hasson Janks Food and Beverage Practice.**

“The trend is pretty clear — fine dining is down, casual dining is down and fast food restaurants are up,” Snyder explains.

John Linehan, President and Chief Strategy and Planning Officer at Kings Hawaiian, cautions to look at the bigger picture.

“No matter what research or trend, consumers want products that really taste good,” Linehan says. “They read the label more today and do not want to decipher long words, even if those words are healthy ingredients, so we are attempting to put ingredients on our labels that are easy to understand. We listen closely to our consumers and are committed to giving them what they want — cleaner and cleaner labels.”

Of this year’s survey respondents, 29 percent listed clean

labels as among the product changes requested by customers.

Kombucha is a hot product for healthy consumers, and Health-Ade Kombucha’s Chief Executive Officer and Co-Founder Daina Trout capitalizes on the fact that the consumer is becoming more exploratory and investigating where their food is actually coming from.

“It is all over our website and marketing,” Trout expands. “We open the curtains and engage consumers in our process. We produce our kombucha in 2.5-gallon glass jars and, use natural fermentation, and flavor with things like cold pressed juice. We are much more vocal about our process.”

INSPIRING BRAND LOYALTY

Innovative food and beverage companies attract loyal customers. Quality is the overwhelming driver of brand loyalty, with 70 percent of survey respondents listing quality as their top choice.

Mari-Anne Kehler, Green Hasson Janks’ Chief Marketing and Strategy Officer, sees two important components of building consumer loyalty.

“The primary driver of brand loyalty is a great product or service, but smart food and beverage companies also build out a customer experience that is built on the product or service,” Kehler explains. “To be a brand that people cannot do without, there needs to be an experience wrapped around the product or service. The overall customer experience is the game changer for brand loyalty differentiation.”

David Horwich, Managing Director of Growth and Value



Planning at Green Hasson Janks, adds some other examples of effective customer experiences.

“There is a feeling that you get by buying a BMW or Mercedes,” Horwich says. “People flock to Apple products because of the perception of innovation and ease of use, so the experience is key. In the food and beverage industry, consumers love companies that are known for their ability to innovate new tastes or delivery methods, like Chobani, Beyond Meat or Sprouts. These companies are creating involvement in the consumer’s lifestyle.”

In the small grocery store business, price is more the driver of brand loyalty, according to **Mimi Song, Chairman and Chief Executive Officer of Superior Grocers.**

“Larger stores have more choices, so for smaller stores whoever gives the most value will get the customer,” Song expands. “In our stores, only a few products inspire loyalty, like soda pop. Not so much with things like diapers, cereal or coffee. Customers have more information, and they are demanding trendy products like coconut water.”

Daina Trout, Chief Executive Officer and Co-Founder of Health-Ade Kombucha, feels that consumers want honesty, truth and transparency about how products are made.

“Long gone are the days when manufacturers had a proprietary process they did not show,” Trout says. “I heard an excellent TED talk, where Simon Sinek said ‘People do not buy what you do; they buy why you do it.’ That is what makes people loyal to a brand.”



Trout also feels that successful food and beverage companies need to understand, articulate and share why they are there.

“At Health-Ade, we are big advocates of our Follow Your Gut tagline, which we hope will inspire people to be the best version of themselves,” Trout says. “We want to support them on that journey. That is our mission — to champion the healthiest and happiest you.”

John Linehan, President and Chief Strategy and Planning Officer at Kings Hawaiian, feels that consumers are not loyal to products that are not a wow.

“The food and beverage industry has about a 93-percent failure rate for new products,” Linehan explains. “So it is all the more important to respect and be grateful for your consumers — not many brands really feel and appreciate that.”

Linehan feels that an overreliance on market share is indicative of a lack of respect for customers.

“It is not my prerogative to monitor what else they buy,” Linehan says. “To measure brand loyalty, we monitor how many homes we are invited into each year — it is an honor to be brought in. That is very different from volume or manipulating consumers into buying less of another brand. You have to earn those invitations into their home and be grateful. Build a trusting and loyal relationship.”

Linehan also emphasizes loyalty to the customer and paying more for an improved customer experience.

“Our consumer care line will get you to someone who really wants to fix whatever issue you have,” Linehan says. “We pay above industry rates for those people. We do not see it as a cost — it is an opportunity to inspire loyalty. They are not working from scripts. Those are our best spent marketing dollars. A great thing about it is that 15-20 percent of our calls each month are simply to tell us how much they love our product and how they use it. Sometimes it takes an hour! That is the polar opposite of most calls to food and beverage companies that think of market share rather than a grateful relationship.”

Kehler adds that adapting to customer needs is about listening to them, noting that product lines and product expansion come from the needs and demands of the customer.

“My son Liam had a gluten allergy, and back a few years

ago, I had to spend every weekend baking, because edible solutions did not exist," Kehler explains. "Now you can even go into most convenience stores, let alone specialty stores and they have now have gluten-free options on the shelf. Innovative companies have realized

they can capitalize on customer needs if they just listen. The companies that are able to hear the customer needs are able to innovate product solutions. Those brands will have a major advantage in the marketplace."

David Horwich, Managing Director of Growth and Value Planning at Green Hasson Janks, feels that ongoing innovation is important. He advises to stay ahead of competitors by offering something with new features.

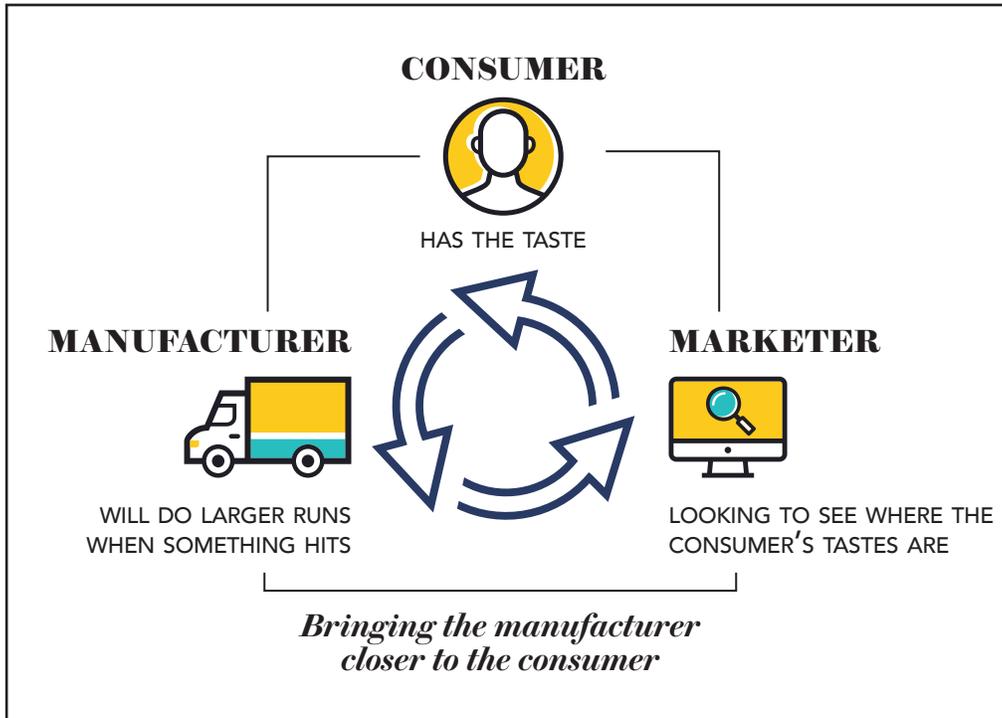
"Something to consider is making smaller product runs of a wider range of variations," Horwich notes. "By offering the customers a means to evaluate the choices, you engage them."

Mimi Song, Chairman and Chief Executive Officer of Superior Grocers, agrees that customers really expect food and beverage to be constantly developing new products.

"Customers want to see something new every day when they go to Superior Grocers," Song explains. "And we need to give it to them."

DIGITAL MEDIA IS A GAME CHANGER

Digital media and social media connects companies with their customers in a way that is not intrusive but reinforces their loyalty on a frequent basis. Social media does not need to be passive either — it can be a way to create a dialogue. A strong example is weekly Twitter chats.



Donald Snyder, Partner and Head of the Green Hasson Janks Food and Beverage Practice, feels that social media has gotten sophisticated.

"It started with Yelp — for good or bad," Snyder expands. "Restaurants have had to respond to

platforms that trumpet consumer opinions. On the bright side, social media gives consumers a direct line to every aspect of the food and beverage industry, and they can heavily influence new products."

Snyder adds that social media also provides food and beverage companies the opportunity to generate actionable data that helps them understand the needs of their customers.

"Data analytics helps them make more informed decisions about new products and services," Snyder explains.

Daina Trout, Chief Executive Officer and Co-Founder of Health-Ade Kombucha, emphasizes the importance of being present digitally.

"Our consumers are young, so we have always invested in social media," Trout says. "But it hasn't been until the last 12 months or so that we have invested in advertising online, and we have seen a big return in customer engagement."

Trout also notes that online orders are a little more difficult for Health-Ade Kombucha because it comes in glass bottles and needs to be refrigerated. She is now seeing companies springing up to meet the need, though.

"We now partner with a company called Milk & Eggs in Los Angeles and Orange County that cuts out the store," Trout explains. "They are not a delivery service — they are the

store. The consumer gets the freshest product. It's like the Amazon of fresh food."

John Linehan, President and Chief Strategy and Planning Officer at Kings Hawaiian, has a warning for food and beverage companies that go online and make promises they cannot meet, however.

"Anyone who wants to know the truth can find it on the internet," Linehan explains. "If you are making brand promises that are exaggerated and inauthentic, the market will punish you. But if the promise is met, you will succeed."

Mimi Song, Chairman and Chief Executive Officer of Superior Grocers, sees social media as a way to draw customers into her stores.

"Social media helps us get the word out," Song says. "We do special promotions and coupons that are targeted to our customer base, and manufacturers help us by creating coupons just for distribution on social media."

Mari-Anne Kehler, Green Hasson Janks Chief Marketing and Strategy Officer, sees the digital marketplace making consumers smarter and putting knowledge about sourcing, ingredients and distribution alternatives at their fingertips.

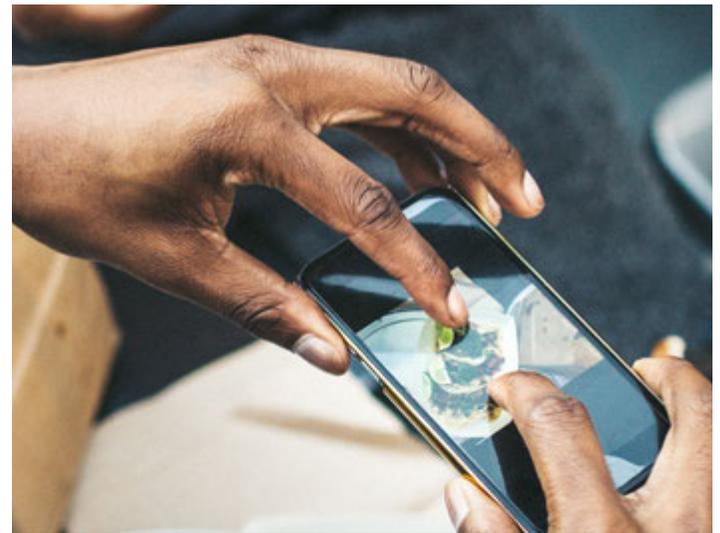
"Food and beverage companies need to tap into that customer knowledge and delight us with products we did not even know we wanted or needed," Kehler explains. "A good example of how consumers can be delighted is through packaging, like how juice products have been reinvented because parents expressed needs for packing lunches, and now can be purchased in squeeze juice sacks versus bottles or boxes or cans."

Kehler also sees a downside.

"Social media puts a demand on companies to be transparent, and that can increase certain kinds of risk," Kehler says. "Yelp or Yelp-like applications allow us to have a voice that is outsized compared to individual consumer power. It opens up the possibility of public relations risk. An example is Starbucks. I'm a huge Starbucks fan. But in the last year, they got tough media coverage over racial issues in Philadelphia. The company responded immediately and did a good job seeking to recover, but it became national news. There was similar backlash by the disability community about eliminating straws from stores. Both instances put PR pressure on them. But around the same time they got positive PR by opening the first ever U.S. store to be run in

American Sign Language (ASL). Starbucks is the ultimate brand in understanding the customer experience is a critical extension of the product. The brand was built on providing a 'third place' for customers, beyond home and work. Social media transparency has helped expand that brand but also keeps the company accountable for how that experience is executed."

Kehler sums it up by quoting Warren Buffet: "It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."



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DONALD SNYDER
 Partner and Food and Beverage Practice Leader
 Green Hasson Janks



Social Media and Blogging



AN INTERVIEW WITH MARI-ANNE KEHLER

Green Hasson Janks Marketing Manager Sarah Phelan recently sat down with **Mari-Anne Kehler, Green Hasson Janks Chief Marketing and Strategy Officer**, to discuss social media and blogging in the food and beverage industry.



SP: Why should food and beverage companies have a social media presence and strategy?

MAK: It really is not an option to not have one anymore. Social media is how we have evolved to engage as a society — and now it is difficult to be taken seriously without it. There are 330 million Twitter users who send more than two billion tweets every single day, and 80 percent of customer issues and concerns are reported via Twitter. To not have Twitter that allows customers to have a voice could damage the relationship with the customer.

SP: That is very true. It is a way of building loyalty by giving customers direct access and regular interactions to the brand. How else are food and beverage companies utilizing social media and what has been seen to work well?

MAK: Food is clearly such a visual experience. It is ready-made for Instagram and other social media platforms. Influencer marketing also works well, which is where someone with social media influence is paid to mention a product or dine at a restaurant.

Coolhaus, which makes incredible ice cream cookie sandwiches, was launched at Coachella. They know their customer, and they creatively use influencer marketing — any celebrity who visits a Coolhaus truck gets their picture taken with the product and it goes right onto their social media. Product placement is a more subtle way to influence buyers. A great example of product



placement is Eggo Waffles, which is an obsession for Eleven, the lead character on the television show *Stranger Things*. After the show launched Eggos saw sales soar.

SP: I have noticed that Coolhaus is very responsive to positive comments. I sent a tweet to them when enjoying their ice cream and got an immediate response myself. I also see consumers using Instagram and sharing their photos of delicious foods and beverages. They are engaged, and companies seem to be trying to get even more engagement through things like giveaways or discounts to customers that post positive Yelp reviews.

MAK: Absolutely. Many food companies also take advantage of “social good” messaging, where they tie their product or service to a cause or charity. It serves a bigger purpose because it defines who they are as an organization.

SP: Video posts are having more and more influence lately, too. Social media is moving in this area. The amount of shares on social media of video has grown exponentially, and Twitter’s research shows that people who view videos on Twitter are 50 percent more likely to be aware of an advertiser’s brand. So what ways do you think food and beverage companies can leverage social media to get off the ground?

MAK: This is an industry that really promotes entrepreneurship, more than many other industries. You can start a product and a company in your kitchen and end up as a major global brand. Social media is perfect for this because the cost parameters are significantly lower than any other kind of advertising or influence strategies. Small companies can innovate with the messaging and still afford it because getting access and building a message does not hinge on dollars as much.

SP: Can you give any examples of food and beverage companies with a successful social media presence? I see local companies like

Tender Greens, Coolhaus and Three Weavers doing a remarkable job.

MAK: Yes, those companies are doing a great job. I also love what Wendy’s is doing on Twitter. They have a funny, snarky tone and it gets attention. It has blown out their revenue. Just last year, Wendy’s grew their Twitter following from 2.4 million followers to 2.8 million and grew their profit from \$129.6 million to \$194 million — a 49.7-percent rise! There is definitely a correlation. Moon Pies is another example — it was once considered a thing of the past, and now it is “hip” due to its innovative social media presence.

SP: Those are incredible numbers, speaking of which, what defines success for a social media strategy?

MAK: Data analytics are important for measuring things like shares, likes, reposts and follows. The underlying definition of success is about how much time they spend looking at your videos and on your site, as well as the ability to convert follows into sales. You have to measure that.

SP: That is true. There are multiple levels to looking at when determining ROI on a social media strategy. What are the other challenges involved with creating and executing a successful social media strategy?

MAK: The biggest challenge is defining and understanding who your customer is and understanding how to have that conversation and keep the conversation alive. There is nothing worse than being passionate about a brand and not getting engaged back.



SP: It takes a certain level of resources, too. Companies need to be willing to dedicate the resources needed to post regularly and develop new content such as pictures, memes, video and even blogs that can be shared. How do you see blogs being used to engage consumers?

MAK: You can tell a story with blogs. It can be within one blog or over the course of a series of blogs. That is what helps define the brand and helps it become three-dimensional — it invites a conversation through comments. Guest bloggers are important, too, because they extend their brand to you.

SP: It is an automatic endorsement. Once customers are engaged on social media, how do food and beverage companies turn them into buyers?

MAK: There are three solid ways that come immediately to mind. First, soften the actual sell — social media works best when you let the customer help interpret and reinforce the brand.

Second, have a point of view — consider aligning with causes you care about, and it can resonate with the customer and end up as an effective secret ingredient. Third, monitor and measure the engagement so you can replicate what works and reaches people more profoundly and helps you engage with your customers.

SP: As you have said before, “a brand is not what you say you are; it is what the customer says you are.” So what does the future hold for social media in the food and beverage industry?

The technology will get better and better. For example, like augmented

reality, your phone can sense where you are and notify multiple devices, which is a key concept of the “Internet of Things.” If your phone knows you are near Tender Greens and it is lunchtime, it can push a reminder or a coupon. Technology can help you get people at the right time with the right message.

SP: Do innovative food and beverage companies have an advantage in the market?

MAK: Yes. They are more interested in disrupting the norms and less interested in what the competition is doing. Competitive information is important to track, but it does not always indicate how to innovate. We care so much about things like food, entertainment and nourishment. Those food and beverage companies that can tap into what matters to their customer and prompt that conversation are the ones that will move forward. With technology, the speed of change is so rapid that keeping up is a very difficult thing.

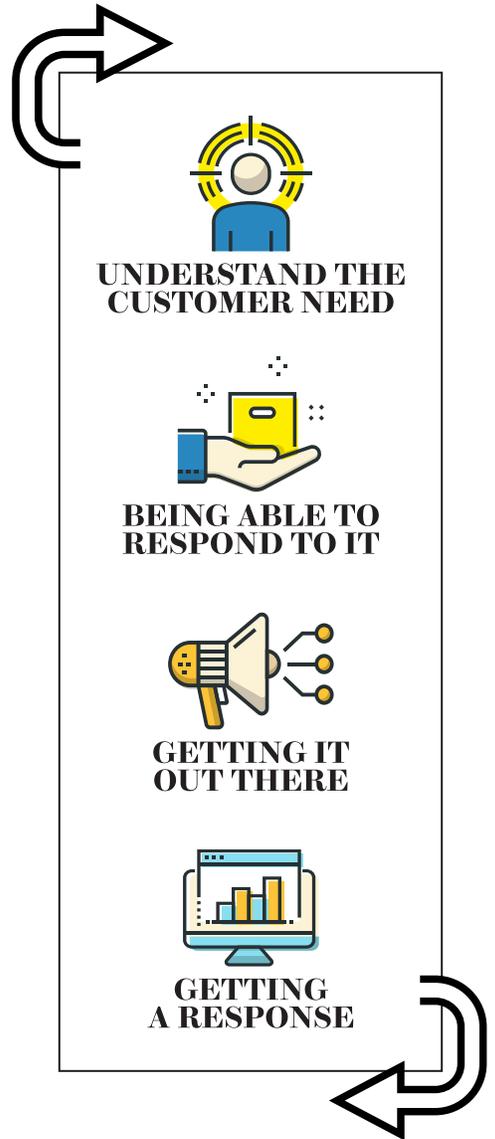
SP: What is the best way for food and beverage companies to get the word out to consumers about their innovation philosophies?

MAK: Innovation is an outcome of listening. Your innovation is based on doing your homework, understanding the marketplace and responding to a need customers do not even know they have.

SP: So you should not be going out and saying, “I’m innovative!” but show it by constantly innovating and showing customers new things via social media. Customers will associate your brand with innovation. Apple is a great example. What types of consumers are likely to respond to an innovative food and beverage company?

MAK: Innovation crosses all demographics. We tend to think of youth when we think of innovation, but there is now a trend for older models and spokespeople. What is innovative is what catches our attention because it disrupts the norm.

For food, it is such a personal and cultural part of our lives that it allows for brilliant storytelling. Different consumers will respond differently — it needs to speak to them.



"Eleven + Eggo" by TheEndOfGrey (deviantart.com/theendofgrey)

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THE PULL: COMPANY-DRIVEN INNOVATION

Innovative food and beverage companies attempt to be one step ahead. Reacting to trends by definition puts them a step behind, so companies that want to succeed innovate in a way that often takes chances and appeals to an uncertain population.

LEVERAGING TECHNOLOGY AND R&D

Food and beverage companies are innovating with their machinery and equipment. In fact, 34 percent of this year's survey respondents reported that they have an R&D department.

The new Tax Reform Act has helped push R&D with additional tax advantages. **Donald Snyder, Partner and Head of the Green Hasson Janks Food and Beverage Practice**, notes that the new rules favor buying new equipment.

"Companies can take a one-time expense rather than depreciating a new piece of machinery over seven years," Snyder explains. "That puts extra cash in their pocket, which can be deployed for more innovation. It can also reduce labor costs because some of that machinery can automate processes."

Analytics offer ways for food and beverage companies to “see the future.” There is more data available from an array of sources, and companies that collect and use it well may have an advantage.

Daina Trout, Chief Executive Officer and Co-Founder of Health-Ade Kombucha, sees really useful data being harnessed by companies like Amazon Fresh, Amazon Local and Milk & Eggs.

“As an industry, we have evolved in our analytics massively — there is now so much more data available on consumer habits and general lifestyle preferences,” Trout adds. “And it is so easy to get consumer data today, which gives me important information on things like brand awareness and where consumers are buying.”

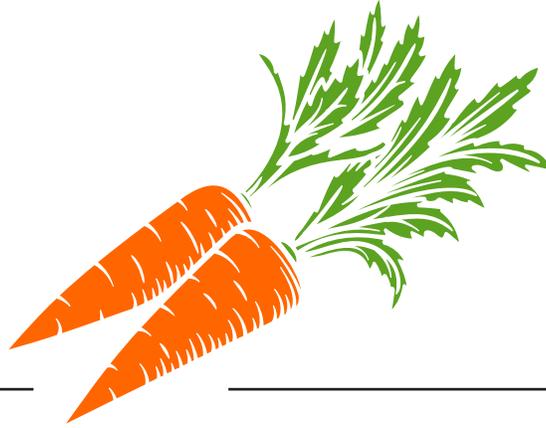
Trout uses information to innovate.

“If I know what else my customers are purchasing,” Trout explains. “I can then partner with that company to sell our products together. That way we can split costs and introduce new brands to these consumers. It allows for much more synergy.”

Developing innovative new products often takes a significant research and development effort.

Frances Ellington, Senior Tax Manager at Green Hasson Janks recently went to a health conference where she saw many wellness-oriented products. She cites Ozmo as an example.

“Ozmo is a high-end water bottle that connects to an app that monitors your hydration throughout the day,” Ellington says. “It showed me that companies are really trying to find a niche in our society that is growing. It can be technology that makes our lives easier or it can be ways to be healthier, like hydration. The most important thing is to bring new ideas to the table.”



“I would advise everyone in the food and beverage business to shut down their R&D functions. Get rid of your food chemistry PhDs. Instead, staff up real innovation departments with foodies who don’t think of food as chemistry or something that has to be made on current equipment to avoid new Capex.”

JOHN LINEHAN

President and Chief Strategy and Planning Officer
Kings Hawaiian

John Linehan, President and Chief Strategy and Planning Officer at Kings Hawaiian, has a completely different view of R&D.

“I would advise everyone in the food and beverage business to shut down their R&D functions,” Linehan explains. “Get rid of your food chemistry PhDs. Instead, staff up real innovation departments with foodies who don’t think of food as chemistry or something that has to be made on current equipment to avoid new Capex.”

Linehan recently heard directly from one of the country’s larger grocery chains that their five-year failure rate on new products was 85 percent. And that

chain is one of the most selective buyers of new food and beverage items, often waiting until year two of new items before putting them on their shelves. He offers another counterintuitive argument that saves his company tens of thousands of dollars in R&D spend.

“We have gone from three products in the pipeline to 40,” Linehan says. “Smaller runs of more products in ‘concept tests’ costs a tiny amount, and the results are almost

immediate. We get a few thousand participants in the tests, and we end up with more predictive analytics and build our database of consumers.”

David Horwich, Managing Director of Growth and Value Planning at Green Hasson Janks, agrees with Linehan on the point that smaller runs of more products can be advantageous.

“Manufacturers can get closer to the consumer by letting them try products, like Birch Box,” Horwich expands. “It is a really interesting business model. Marketers are online and getting feedback. They do short runs of products and test in a very compressed timeframe from manufacturer to customer. This can be as short three or four days. The product development cycle continues to shorten up. Just as important is the rapid feedback loop the innovator gets from the consumer to hone and perfect the offering.”

Linehan feels we all have to do something different.

“Why stick with methodologies that fail 85 percent of the time?” Linehan asks.

INNOVATION AT WHITE LABEL MANUFACTURERS

Everyone has walked into grocery stores and seen the marked increase in white labeled products, particularly in organic foods. Every chain has their own “brand” and sells multiple products under that name. Is it innovation? Certainly, the concept is, and the lower margin products can be profit centers for savvy stores.

Manjiv Jayakumar, Chief Executive Officer of Q Trade Teas & Herbs, says that more brands than consumers realize are open to private label business.

“It gives them access to manufacturing capabilities and intellectual property faster,” Jayakumar explains. “And speed is important.”

He feels that the market demand for innovation and its connection to the private label industry is likely to be a further catalyst for innovation.

“White label manufacturers are realizing they need to include innovation as part of the food process,” Jayakumar says. “And you are now seeing specialty and natural channel products now. There are more options than in the past and manufacturers can react faster.”

Jayakumar says that white labelers still lag major label brands.

“Private label brands are not leading any new trends but are close followers,” he explains.

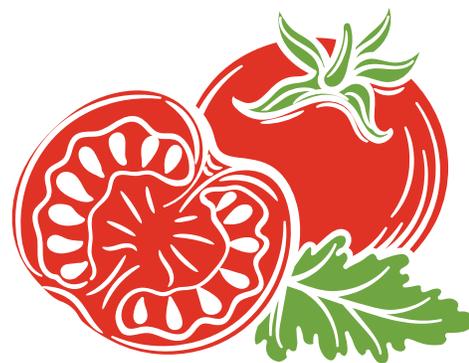
He says that in the tea industry, one venue is Amazon Prime — Wicked Prime is the white label name. It is an internal brand for the organic pantry section and is on par with what you would find in a premium supermarket. His company does not sell to Wicked Prime, but provides services to other brands.

He notes that the store that sells a white label product can earn the consumer’s trust and make it more likely for them to buy, citing Costco and Trader Joe’s as good examples. He also sees some major brands taking a hit, with consumers sometimes questioning their worth.

“There is a lot of suspicion around major brands rather than private label,” Jayakumar says. “It is a little bit sad that there is that stigma because lots of work went into verifying that supply chain at major brands.”

Jayakumar feels that it is too early to tell about the future strength of private labels.

“There is a bit of consumer confusion,” he expands. “There is lots of variety, and people are trusting venues to curate their shopping. At Costco, I value anything under the Kirkland brand because I know Costco did their homework.”



“White label manufacturers are realizing they need to include innovation as part of the food process.”

MANJIV JAYAKUMAR
Chief Executive Officer
Q Trade Teas & Herbs



R&D TAX CREDITS

Frances Ellington, Senior Manager at Green Hasson Janks, notes that R&D tax credits continue to be a key tax consideration for food and beverage companies, and the labor to develop processes and technology will go into this credit.

"The corporate tax rate has gone from 35 percent to 21 percent under the Tax Reform Act," Ellington says. "Companies can tax the R&D tax credit, and then they can also take a reduced credit election that allows them to take an additional deduction due to the rate change."

She goes on to talk about the changes to the Alternative Minimum Tax (AMT).

"Previously large taxpayers using the R&D credit may have been limited in utilization or you would be pushed into AMT," Ellington expands. "Under the Tax Reform Act, AMT is eliminated for corporate purposes so you do not need to worry about limitations under R&D."

She also notes that R&D is driven by millennials and Generation Z, who have a different mindset from older generations. They spend time on the internet looking at foods, beverages and processes and think of ways they can do it better. She advises food and beverage companies to keep this in mind.

"Make sure you have the next generation of thought leaders and contributors at your company," Ellington says. "We have made a conscious effort to do that at Green Hasson Janks, and we reward their thinking."

“Make sure you have the next generation of thought leaders and contributors at your company.”



INDUSTRY GROWTH AND INNOVATION

The food and beverage industry is innovating at a fast pace. The innovation, driven by the swift changes in consumer demands coupled with company-driven innovation, has in turn pushed suppliers and retailers to incorporate more and more innovation into their approaches. It has all added up to a real revolution in the food and beverage industry as a whole.

SUPPLY CHAIN AND MANUFACTURING

Supply chain was listed by 56 percent of this year's survey respondents as a "main innovation driver" over the next three to five years. An important part of the catalyst for innovation for the supply chain has been technology.

David Horwich, Managing Director of Growth and Value Planning at Green Hasson Janks, credits the ability to be online and close to the customer.

"Manufacturers can now have a direct conversation with the customer without the grocery store in between," Horwich says. "As a result, they are getting real-time feedback on what is working in the marketplace, and it directly affects the supply chain."

Daina Trout, Chief Executive Officer and Co-Founder of Health-Ade Kombucha, also sees many technology changes that are occurring due to innovation.

"We manufacture our kombucha in-house," Trout explains. "There is a whole department tasked with manufacturing our product. This is a robust system that needs people and logistics. It is not like baking cookies — a bottle of kombucha takes four weeks to make."

Even though Health-Ade makes a natural product, they would not be able to sell their product at an affordable price without technology.

"We rely on things like ERP systems, CPG Toolbox and Domo that communicate with our systems and allow us to work faster and without error so we can sell our product cheaper," Trout expands. "Our technology does not affect the quality of the product — in fact, it helps us stick to our protocols because our systems alert us to any issues in real time."

In addition to technology, Mimi Song, Chairman and Chief Executive Officer of Superior Grocers, feels the natural foods movement has a huge impact on the supply chain.

"People are more and more concerned about their health and wellbeing," Song says. "Consumers want products that are organic, natural, GMO free and gluten free. They also want quality, and they want to know where the products come from. That is a big difference. My customers will also want it to be affordable, though."

Horwich adds that the obesity epidemic has also caused changes.

"Even fast food restaurants have woken up to the need for healthier and 'better-for-you' products," Horwich says. "We have a client that is up for sale that is a 'better-for-you' product. The multiples in the M&A market are significantly better for them. It is a difference between an eight to 10 multiple and a 10 to 12 multiple."

THE FUTURE OF SUPERMARKETS

Supermarkets have been affected by the rise of the internet in ways they could never have foreseen even 10 years ago. Now that the momentum has increased, the easy and fast availability of products in the digital marketplace has inevitably led to a decrease in storefronts. For grocery stores to survive, key changes will need to be made and a core niche approach may work better.

Mimi Song, Chairman and Chief Executive Officer of Superior Grocers, sees that her customers know much more about the products she sells, but she feels that

grocery stores will still be a necessity for at least the next 10 years.

"People still like to physically touch and see the products," Song explains. "Of course, that is why Amazon is opening physical stores, and it is a part of why they bought Whole Foods. I think the result will be smaller, more-focused stores. We do not need a big footprint for what we are selling. Anybody can sell dry goods, but we specialize in fresh items like meat, seafood, grab and go and vegetables.

We always look for products that taste good."

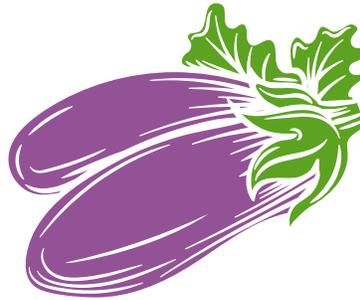
OPERATIONAL CHANGES

Bigger companies have more cash for innovation, but are they more effective at it?

John Linehan, President and Chief Strategy and Planning Officer at Kings Hawaiian, says it is irrefutable that large companies have a hard time innovating.

"It may be impossible," Linehan says. "Risk-taking is discouraged in big companies, as is innovation. They are acquiring innovation by buying small, innovative companies at extravagant prices."

Daina Trout, Chief Executive Officer and Co-Founder of Health-Ade Kombucha, feels there is a sweet spot when it comes to company size.



"Manufacturers can now have a direct conversation with the customer without the grocery store in between."

DAVID HORWICH
Managing Director of
Growth and Value Planning
Green Hasson Janks

"For innovation, the trunk of your tree needs to support the branch," Trout states. "I am careful to make sure we have a strong enough trunk. We are not at the point where we can really introduce many new products. When you are small, you need to do it right and not bite off more than you can chew.

Health-Ade Kombucha has grown significantly, though, going from three employees to over two hundred.

"It is harder now for us to snap our fingers and innovate," Trout explains. "It is important not to lose our agility. Some big companies have lost the benefit of being agile and fast. For small companies, it is important to not lose that. It is a mindset. A big company could be innovative if they never lost sight of it in the first place."

David Sutton, Director of Transaction Advisory Services at Green Hesson Janks, is more enthusiastic about innovation at bigger big companies.

"What I have found fascinating in the last three to five years is the ability of larger companies to innovate and innovate well," Sutton explains. "It is easy to think of larger companies as less innovative, with less ability to pivot as easily as smaller companies. But the food and beverage industry is unique in that if you are not innovating well, you are left behind, so food companies of all sizes are spending more and innovating at a much higher rate compared to other industries."

Sutton gives some examples of companies that have made investments in capital equipment that allow them to produce at a bigger scale, with less (or no) downtime.

"For example, innovation of packaging that maintains shelf life without requiring additives," Sutton says. "At scale, this is not easy — but I have seen developments at several \$100-million-plus companies, and it is working well. New techniques and tools are being developed to pressurize and seal foods that helps keep it fresh. Interestingly, when this particular product goes to market, it is not advertised as having long shelf life because that implies the use of additives, even though it is actually low in additives, so new terminology was also developed to mitigate the misconception."

Mimi Song, Chairman and Chief Executive Officer of Superior Grocers, feels larger companies have the advantage in her sector.

"A big company has access to more technologies, but we are a smaller company and focus on the physical stores," Song says. "Our approach is to innovate through developing new, fresh products like bakery items and hot foods. Providing value to my customers is how I innovate."

MERGERS AND ACQUISITIONS

David Sutton, Director of Transaction Advisory Services at Green Hesson Janks, feels that there is a general sense that the economy is nearing the top of a market cycle right now, and food and beverage in the middle market has been a star performer.

"We have seen a lot of activity in the market," Sutton says. It is a seller's market, and there is a lot of capital availability right now. Depending on what and when the economy changes, could dictate what happens in the food and beverage sector."

If and when a down cycle comes, Sutton feels the food and beverage will do reasonably well since these are products that consumers will still want.

"Food and beverage is never going away, of course," Sutton argues. "There will be casualties of a down cycle, and companies that position themselves now and can access capital will be able to acquire competitors and brands. A down cycle presents opportunity if you are positioned for it at the right time."



"The companies that are able to hear the customer needs are able to innovate product solutions. Those brands will have a major advantage in the marketplace."

MARI-ANNE KEHLER
Chief Marketing and Strategy Officer
Green Hesson Janks

AMAZON'S *INTEGRATION* OF WHOLE FOODS



The Amazon acquisition of Whole Foods is a game changer, but do not count out brick and mortar stores just yet, according to **Donald Snyder, Partner and Head of the Green Hasson Janks Food and Beverage Practice.**

“There will be changes, however,” Snyder explains “For example, the grab and go concept should only increase, as millennials and Generation Z consumers start to dominate the market. I am also seeing stores start to sell more non-food items as a way to diversify — they are realizing that to compete with Amazon, they have to expand their thinking.”

Snyder is seeing negative effects on some companies, however.

“On the down side, there have also been some notable bankruptcies of chains like Tops and Southeastern, Winn-Dixie’s parent company,” Snyder adds. “So industry consolidation seems inevitable.”

Mari-Anne Kehler, Green Hasson Janks Chief Marketing and Strategy Officer, sees strength in the Whole Foods

brand from a customer experience perspective and foresees continued growth.

“Many customers are passionate about shopping at Whole Foods because the brand represents the standards of high quality,” Kehler says. “They have become a destination. They have also moved into experiential programs like wine bars, and most recently wellness and home goods departments that experientially extend the brand. That builds loyalty.”

Snyder agrees, and adds that Amazon will only be capitalizing on Whole Foods’ brand and consumer loyalty. **Nineteen percent of the survey respondents are now seeing the expansion into brick mortar stores by online companies as a main innovation driver over the next 3-5 years.**

“Amazon is creating brick and mortar stores now, using Whole Foods as testing sites for related products,” Snyder adds. “That helps Whole Foods and Amazon, so the synergy of that acquisition is growing already.”

CONCLUSION: OPERATING IN A NEW WORLD ORDER

The economy. The internet. Twitter. Amazon. The food and beverage world is changing swiftly, and companies in all sectors of the industry are looking for strategies to keep pace. Innovation must be backed up by a real commitment, however, and resource constraints will be a factor for most food and beverage companies. **Fifty-eight percent of survey respondents saw employee bandwidth as an operational roadblock, while 32 percent saw the need for technology as a roadblock.**

MARKETING OPPORTUNITIES WITH INNOVATION

Food and beverage companies are innovating in how they reach and appeal to customers, with 59 percent of survey respondents saying they are using different mediums like social media and digital advertising to target users in a new way. The respondents still see email as their top way of reaching customers, but Instagram ranked #2, Facebook was #3 and Twitter was #6.

First and foremost, marketing is a way for food and beverage companies to tout their innovative products and practices.

Mari-Anne Kehler, Green Hasson Janks Chief Marketing and Strategy Officer, feels that innovation is about creativity and not necessarily about having a big budget.

“Large companies have an advantage, but the ability to break through clutter and reach an audience is available to anyone with good ideas,” Kehler explains. “Marketing innovation is about being disruptive to what is currently happening and coming up with a better way to reach the customer. Companies should focus on why their product exists — the motivation of their customer to buy the product is what separates successful brands.”

Daina Trout, Chief Executive Officer and Co-Founder of Health-Ade Kombucha, says that every time they launch a new product they leverage social media.

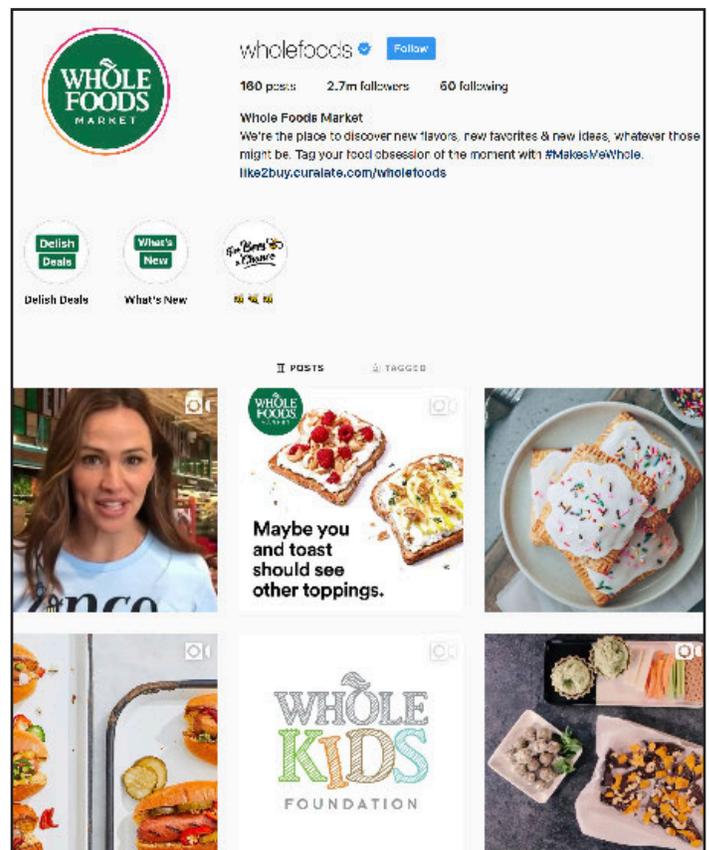
“Innovation is not just about that, though,” Trout expands. “We think of ourselves as a marketing company rather than a beverage company — if no one knows who we are, then who cares? Every time we develop a new product, I am using my marketing arm to make sure the public knows.”

LOOKING TOWARDS THE FUTURE

This year's survey respondents were enthusiastic about industry growth and reported that 73 percent of their companies saw an increase in gross annual sales over the last calendar year. Respondents expect even better growth in 2018, with 97 percent expecting revenue growth in 2018. None of our respondents expect revenues to decline in 2018.

Donald Snyder, Partner and Food and Beverage Practice Leader at Green Hasson Janks, sums it up.

“No matter what the market does, it is innovation that leads to market success, and food and beverage companies are exceptionally good at innovation,” Snyder says. “Find what meets consumer demand — even if they do not know what they want — and go for it. Then manufacture it or sell it in new, fresh ways. All in all, the future looks bright as long as food and beverage companies listen to their consumers and continue to innovate.”



"NO MATTER WHAT THE MARKET DOES, IT IS INNOVATION THAT LEADS TO MARKET SUCCESS, AND FOOD AND BEVERAGE COMPANIES ARE EXCEPTIONALLY GOOD AT INNOVATION."

DONALD SNYDER

Partner and Food and Beverage Practice Leader
Green Hasson Janks





3 WAYS TO IMPROVE YOUR WEBSITE RANKINGS AND SEO

by Sarah Phelan, Marketing Manager, Green Hasson Janks

One of the primary goals of creating a website is to publicize your products and services, but if you are not ranking in search-engine results, your site is missing its mark. Below are three ways to make sure you are getting the most out of your site and are truly optimized for search engines.

—1—

PUBLISH RELEVANT CONTENT AND UPDATE IT REGULARLY

The term “content is king” is especially true when it comes to websites. In order to get people to your website, you need to have relevant content they want to look at. This content needs to contain keywords customers would be searching as well as valuable content that they would want to read.

A helpful way to approach creating content for your site is to think about things your customers regularly ask you about. These topics often directly correlate to what people are entering into search engines. The closer your content is to the words and phrases people are searching, the more likely it is to come up organically in a search. When it comes to search engine rankings, it helps to be specific rather than vague with your content.

Additionally, once you identify items people are looking for and develop content around those topics, be sure to identify a few keywords and phrases for each page and then repeat them throughout the text. Be sure to do

so in a way that fits naturally with your content so you provide real value to your readers. It is important not to sacrifice good writing for search engine rankings or people will not click your content or stay on your page and actually buy products.

—2—

CREATE A BLOG

Blogs are a great way to direct traffic to your site. While it might not make sense to have a page or section of your site dedicated to certain topics (such as industry trends), you can address them in blogs. Good blog content not only has the benefit of showing up in searches and directing people who might not know about you to your site but also promotes your company and people as thought leaders in the industry. Blogs are a way to brand your company and get your name out to new customer bases.

One of the most important parts of blogging is providing regularly updated content without revamping your site every week. Search engines respond well to sites with regularly updated content as it is viewed as an indicator that your site is relevant and not stale.

Blogs also provide the perfect way to supplement your social media pages with relevant content that can pull your audience back to your website and hopefully lead to future sales.

—3—

UTILIZE DESCRIPTIONS

When designing your website, having the right wording is key. Whether it is for links, metadata (titles/keywords/etc.) or photos, including descriptions will help make your site content more readable to search engines.

For links, it is important to have more detailed descriptions of what pages you are linking to that a simple “click here” text button. Click here (or even image icons) cannot be read by search engines ranking your site. It is important to include more detailed and relevant descriptions rich in keywords to improve your rankings on Google and other search engines. Use descriptors such as “Our Sustainability Focus” or “Commitment to Sustainable Farming Practices” to hyperlink rather than “Click Here” or “Learn More Here” to improve your rankings when including links in text.

There are also several forms of metadata (data that gives information about elements of your website) such as:

- **Title Metadata:** Page headlines displayed at the top of a browser window or in search engine results
- **Description Metadata:** Short descriptions that lays out the content on the page (about two sentences)
- **Keyword Metadata:** Not as big a deal as the above two when it comes to rankings, but adding one to three word descriptions for page content can help

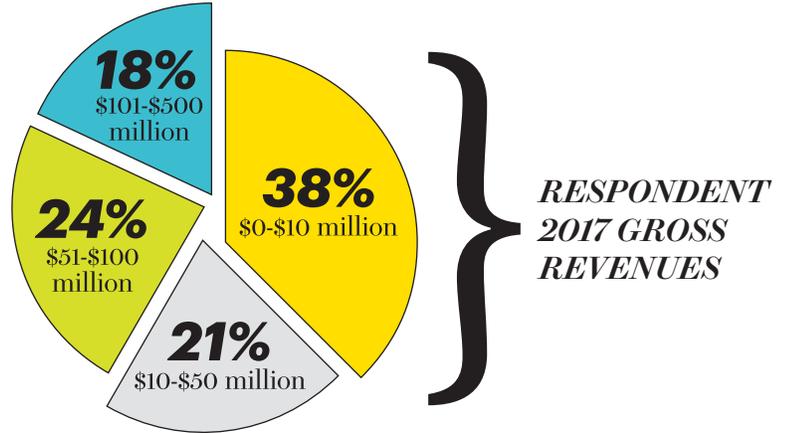
These all should be available in the backend of your website. Your web team (whether external or internal) should be able to help make sure this content is populated. It is important that these descriptions use keywords that offer concise descriptions of the content on each page. The better the description, the more likely the page will come up when someone searches that item, and it will help getting people to click onto your page when it comes up in searches.

For photos and videos, it is especially important to include alternative text descriptions (alt tags). This not only helps make your site more friendly for the visually impaired, but is crucial in allowing search engines to read and properly sort the visual media on your site.

APPENDIX A: KEY TAKEAWAYS FROM THE 2018 FOOD AND BEVERAGE SURVEY

SURVEY RESPONDENTS

The survey results were gathered from industry executives that represented mostly mid-market and smaller food and beverage companies, with **82 percent of survey respondents' companies reporting gross revenues of under \$100 million.** Respondents came from a wide range of industry sectors, with larger representation from snack foods and confectionery, beverages (non-dairy), food services (restaurants/caterers), meat/poultry/seafood, produce and baked goods.



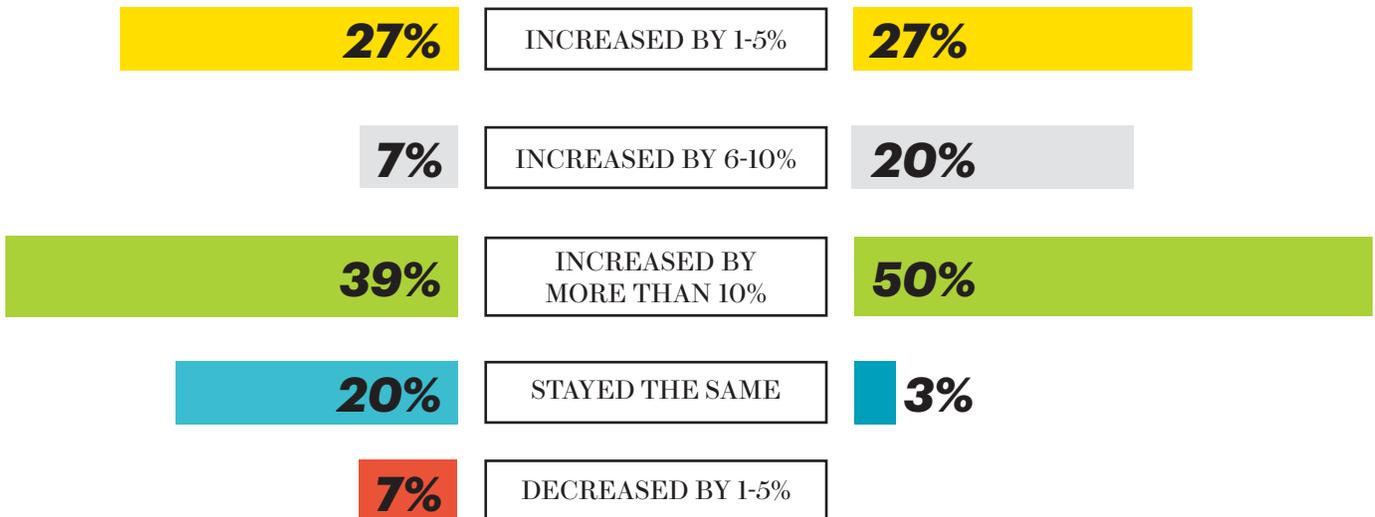
INDUSTRY GROWTH

Respondents were enthusiastic about industry growth and reported that **73 percent of their companies saw an increase in gross annual sales over the last calendar year. Only 7 percent saw a decline, and no decline was more than 5 percent.** Respondents expect even better growth in 2018, with **97 percent expecting revenue growth in 2018. No respondents expect revenues to decline in 2018.**

GROSS ANNUAL SALES CHANGE
(2016-2017)

VS

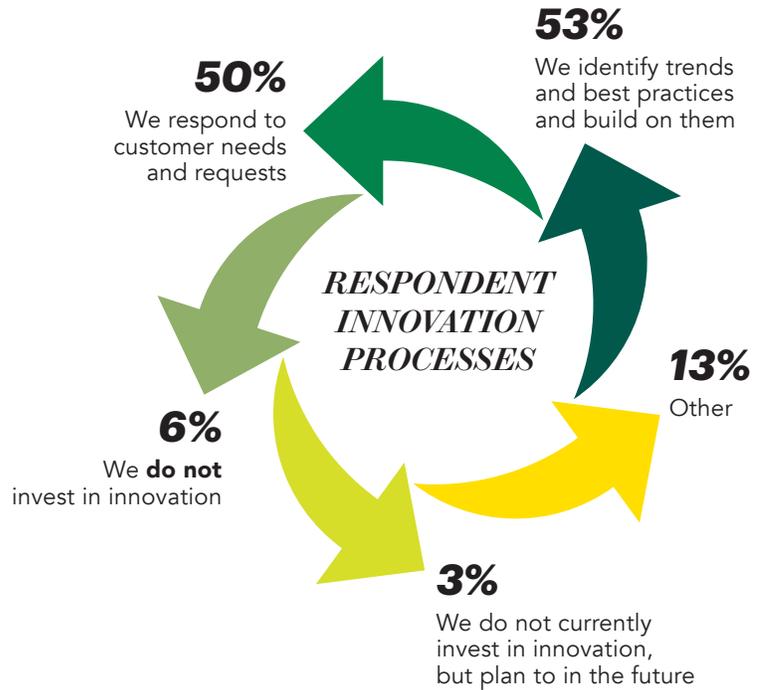
EXPECTED GROSS ANNUAL SALES CHANGE
(2017-2018)



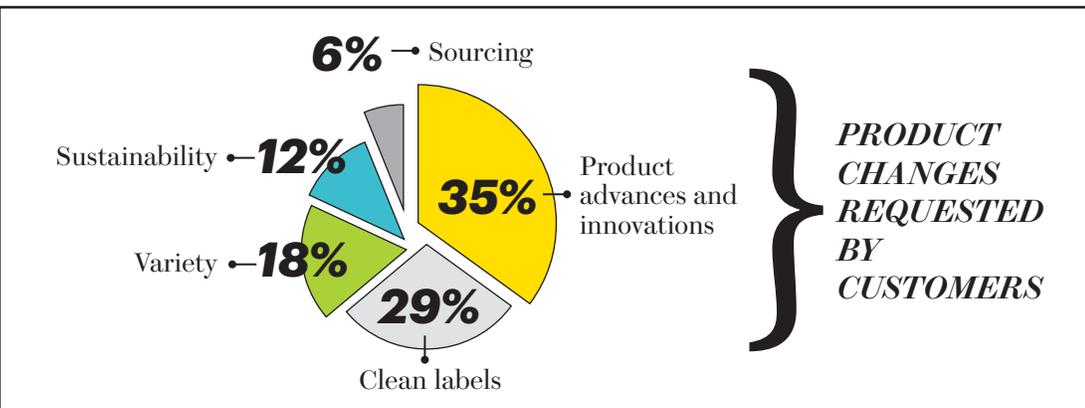
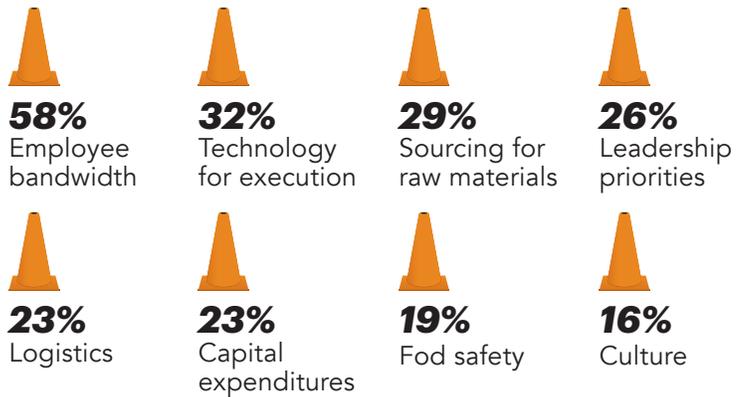
INNOVATION

Customers are playing a major role in innovation, with **50 percent of respondents reporting that they are innovating based on customer requests.** The types of changes being requested include product innovation, clean labels, variety, sustainability and sourcing.

MAIN INNOVATION DRIVERS OVER THE NEXT 3-5 YEARS



OPERATIONAL ROADBLOCKS TO INNOVATION



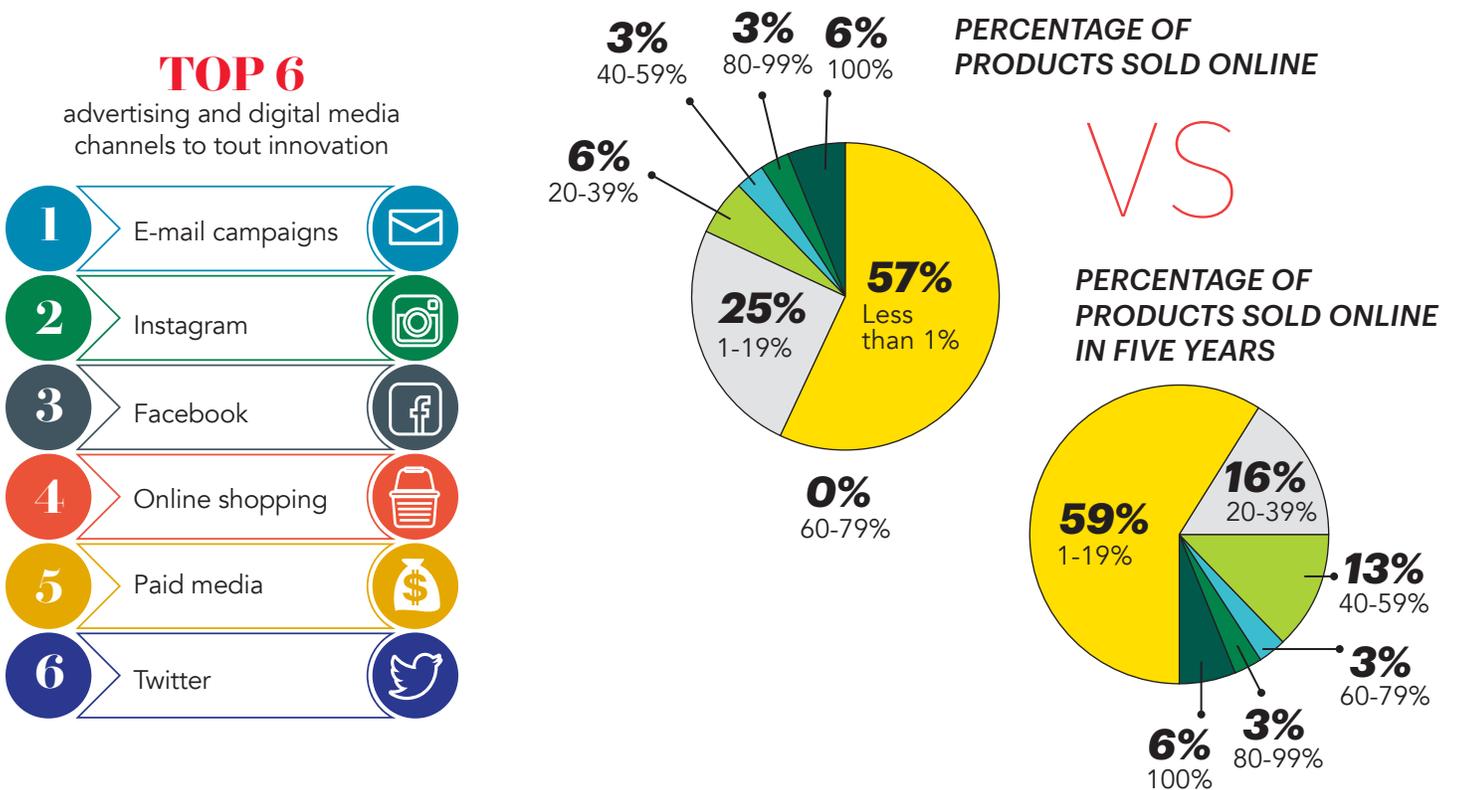
BRAND LOYALTY

Quality is the overwhelming driver of brand loyalty, with **70 percent of respondents listing quality as their top choice**. Food and beverage companies are innovating in how they reach and appeal to customers, with **59 percent of respondents saying they are using different mediums like social media and digital advertising to target users in a new way**.

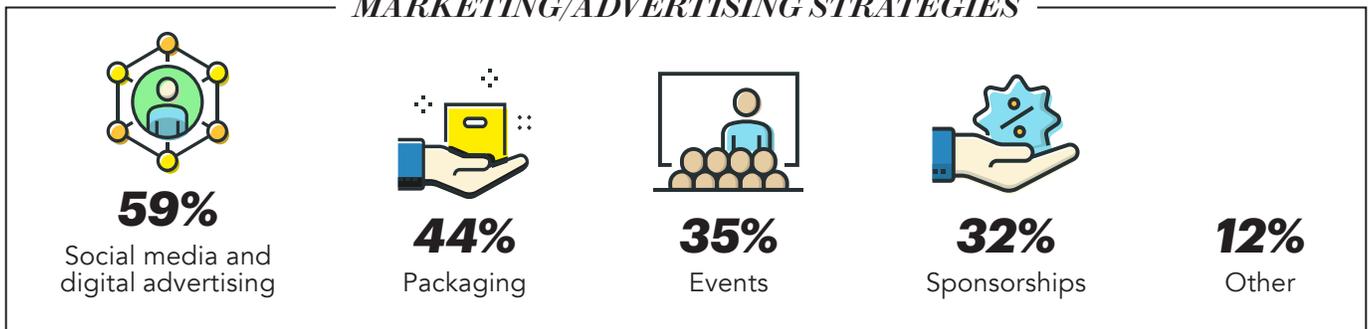
ADVERTISING AND DIGITAL MEDIA

Respondents were divided on the best advertising and digital media channels to tout innovation to their customers, with **email campaigns ranked highest**.

Selling products online is an interesting topic for food and beverage companies. The majority sell less than 20 percent of their products online, with **82 percent reporting they currently sell less than 20 percent of their products online**. That number is expected to fall, with **59 percent saying they expect to sell less than 20 percent of their products online in five years**.



MARKETING/ADVERTISING STRATEGIES



APPENDIX B: MORE ABOUT OUR EXPERTS

PRINCIPAL AUTHOR



DONALD SNYDER
Partner and Food and Beverage
Practice Leader
Green Hasson Janks

Donald Snyder, CPA, has more than 35 years of experience in public accounting and chairs the Firm's Assurance and Advisory Department, as well as the Quality Control Department. He provides audit, accounting and consulting service to clients in numerous industries, including restaurant, food and beverage, manufacturing, wholesale/distribution, nonprofit and technology.

Snyder also heads the Firm's Food and Beverage Practice. He is a well-known business consultant in the food distribution, food processing and manufacturing industries. A popular industry speaker, Snyder hosts a number of food and beverage networking groups and also writes for the Firm's *CPA Food Bites* blog and is a co-author on the Firm's annual Food and Beverage Whitepapers.

Snyder is involved in assisting clients with designing and assessing their internal accounting controls and has been a frequent lecturer in this area. He has also written several articles on the subject of fraud prevention and detection in the work place.

Snyder holds a Bachelor of Science degree in Administration with emphasis in Accounting from the University of Colorado. He is a member of the California Society of Certified Public Accountants and the American Institute of CPAs. Snyder is an active member of the Provisors Networking Group and hosts the Westwood Chapter. Currently, he serves on the Board of Directors for the Children's Nature Institute and his synagogue. Additionally, Snyder is head of the Finance Committee at Pressman Academy.

Snyder is a competitive master swimmer and lives in Westwood with his wife and twin children.

INTERNAL SUBJECT MATTER EXPERTS



DAVID HORWICH

Managing Director, Growth and Value Planning
Green Hasson Janks

David Horwich has almost 30 years of experience as an investment banker and transaction advisor to both public and privately held businesses. He provides his clients with a focused, integrative, and transparent approach. Horwich has advised clients in all facets of transactional activity, including raising capital and buying and selling their businesses. Over the course of his career, he has analyzed more than 2,500 companies of various sizes and industries. As a banker, Horwich worked with middle market companies that were undergoing capital events, such as an Initial Public Offering, a private placement of capital, or follow-on offerings and representing both buyers and sellers of companies. He chaired the Fairness Opinion committee for five years at Van Kasper & Co. David holds an MBA from the University of California, Berkeley and a BA in economics from the University of California, San Diego.



MARI-ANNE KEHLER

Chief Marketing and Strategy Officer
Green Hasson Janks

Mari-Anne Kehler leads the Firm's strategy, business development and marketing. She has more than 30 years of experience as a high-impact leader who successfully expands business through action by using core skills of teaming, coaching, strategy development, program execution, measurement and innovation. She has an integrated client-centric and industry approach with experience in professional services, finance, consumer business, entertainment and media. Prior to joining Green Hasson Janks, Kehler held sales, marketing, and business development leadership roles at top organizations. She served as a national marketing leader for Deloitte & Touche, where she held a number of positions on the Marketing and Business Development leadership team, including heading up National Tax marketing, and marketing/business development of the Pacific Southwest region. In addition to serving on numerous nonprofit boards supporting children, education, and the special needs community, she is also a speaker at universities and conferences on the topic of disabilities awareness, transition to adulthood, and the impact on families. Kehler has been a featured speaker at conferences on topics such as social media and marketing strategy. Her book, *Putting the Profit in Nonprofit: 5 Power Success Strategies for Nonprofits*, was a #1 e-book bestseller on Amazon.

INTERNAL SUBJECT MATTER EXPERTS



DAVID SUTTON

Director, Transaction Advisory Services
Green Hasson Janks

David Sutton is a director in the Transaction Advisory Services Practice. Originally from the U.K., David is a seasoned M&A advisor. His industry experience includes buy-side and sell-side advisory work. He has led engagements in consulting and transactional advisory across the manufacturing, retail, technology and real estate sectors. Sutton is well versed in complex valuation modeling, exit planning and risk mitigation. Prior to Green Hasson Janks, Sutton provided performance improvement, turnaround and restructuring advice to distressed clients and their stakeholders. Sutton previously advised a \$150 million manufacturing group on cross border M&A strategy and led the modeling and accounting advisory engagement for an \$8 billion technology business. Sutton also has past experience in Aerospace Engineering and computational analysis with the U.K. Ministry of Defense.



FRANCES ELLINGTON

Senior Manager
Green Hasson Janks

Frances Ellington, CPA, is a leader in the State and Local Tax Practice at Green Hasson Janks with a focus on multistate income and franchise tax, indirect tax, and credits and incentives. Frances assists her clients on state and local tax issues related to tax audit controversy, nexus and reporting requirements, and various state tax planning initiatives. She has more than 10 years of state and local tax experience with Big Four and multinational corporations in Los Angeles and Charlotte, NC. She is currently a Lecturer for the University of North Carolina's Master of Accounting program, and has previously taught courses for UCLA Extension, Strafford Publications, and The Knowledge Group. She graduated from the Doctorate of Business Administration program at Grenoble Ecole de Management based in Grenoble, France and Northridge, CA. Her research focuses on the volatility of state tax as it relates to income tax reporting methods.



SARAH PHELAN

Marketing Manager
Green Hasson Janks

Sarah Phelan has more than 10 years of experience working as a strategic marketing, business development, communications, public relations and social media professional. She enjoys developing strategic initiatives to grow business and discovering new and effective ways of conveying messages to targeted audiences. At Green Hasson Janks, Phelan oversees the production of marketing collateral and proposal for prospective clients. She also organizes and executes marketing events aimed at growing business and increasing the Firm's market prominence. Her expertise also includes managing the Firm's digital strategy and developing and managing the blog and social media strategies. She is also a member of the Firm's Food and Beverage Practice and manages the production of GHJ's annual survey and whitepaper. Phelan graduated from the University of Missouri, Columbia where she received a Bachelor of Journalism before going to Northwestern University for her Masters of Science in Journalism.

EXTERNAL SUBJECT MATTER EXPERTS



MANJIV JAYAKUMAR

Chief Executive Officer
Q Trade Teas & Herbs

Manjiv Jayakumar is the Chief Executive Officer of Q Trade Teas & Herbs where he oversees the company's operations and strategic client relationships. Building upon Q Trade's pioneering role in the specialty and organic hot tea segments, Jayakumar led the evolution of the company to become the leading provider of end-to-end solutions for the hot tea and fresh brewed iced tea industries in North America. Q Trade Teas & Herbs supports both the fastest growing specialty tea brands and retailers and mainstream global tea brands, by providing product development, sourcing, and contract manufacturing services. Prior to joining the tea industry, Jayakumar had a varied early career in finance with Goldman Sachs and in international development with the United Nations. He is a graduate of Georgetown and Harvard universities.



JOHN LINEHAN

President and Chief Strategy and Planning Officer
Kings Hawaiian

John Linehan is President and Chief Strategy and Planning Officer for King's Hawaiian Bakery West, Inc. John has more than 32 years of leadership experience in consumer goods and related industries. He has consistently developed and executed organizational and brand strategic plans that have accelerated successful and sustainable growth in revenue, profit and in valuations. He began his career at Procter & Gamble and spent more than 17 years at the Clorox Company. He has worked with King's Hawaiian since 2006. The company produces and distributes bread products and dinner rolls in the U.S. The company provides its products through grocery and food retailer stores and online. The company was founded in 1950 and is based in Torrance, California, with a baking facility in Oakwood, Georgia.

Green Hasson Janks extends
2018 Food and Beverage In
as well as all of our su

EXTERNAL SUBJECT MATTER EXPERTS



MIMI SONG

Chairman and Chief Executive Officer
Superior Grocers

Mimi Song leads one of the largest independently-owned chain of grocery stores in Southern California. She has more than 36 years of experience in the supermarket industry and has dedicated her career to making Superior Grocers a recognizable leader and innovator in the Southern California retail grocery industry. Superior Grocers was established in 1981 with one store location. Since then it has grown to 45 stores, employing nearly 4,500 employees throughout Los Angeles, San Bernardino, Riverside, Orange County, Ventura County and the outskirts of Southern California. Song's visionary leadership enables Superior's employees, customers and vendor partners to work together and create a true partnership in their Southern California communities.



DAINA TROUT

Chief Executive Officer and Co-Founder
Health-Ade Kombucha

Daina Trout co-founded Health-Ade Kombucha in 2012 alongside her husband, Justin Trout, and best friend, Vanessa Dew, in Los Angeles. Trout, who has Masters' degrees in Nutrition and in Public Health from Tufts University, was working in corporate America when she decided to pursue her passion for "real" food and develop the best-tasting, highest quality kombucha on the market. Under her leadership, Health-Ade has grown from a small production, artisanal item made in Trout's tiny apartment and sold at local farmer's markets into the fastest growing brand in the category that is now available in more than 15,000 stores and restaurants nationwide. Health-Ade is currently the fastest growing brand in its category and is projected to significantly expand its business nationwide this year.

nds its sincerest thanks to all
dustry Survey participants
subject matter experts.

At Green Hasson Janks, we are passionate about helping our clients and our people #BeMore by focusing on building thriving businesses and creating a better future. The firm works as a business advocate for its clients — providing personalized service and building long-term relationships to help position our clients for the future. Recipient of the Los Angeles Chamber of Commerce’s 2018 Employee Champion For Life Work Harmony Award and named a “Best Places to Work” by the *Los Angeles Business Journal* eight times since 2008, the firm has 12 partners and approximately 150 staff members that serve over 3,000 clients. The firm is a member of the American Institute of Certified Public Accountants (AICPA), the AICPA Governmental Audit Quality Center (GAQC), the Public Company Accounting Oversight Board (PCAOB), the California Society of CPAs, the California Association of Nonprofits (CalNonprofits) and Southern California Grantmakers.

Green Hasson Janks is also an independent member of HLB International, a worldwide organization of professional accounting firms and business advisors represented in over 100 countries. This affiliation provides access to the subject matter experts of other member firms in most major cities around the world. Green Hasson Janks is the exclusive member firm of HLB in Los Angeles County.

VISION

At Green Hasson Janks, we foster a flexible, entrepreneurial environment so our people achieve their personal and professional goals.

Our success is driven by retaining the best, diverse talent. We invest in our people and technology to deepen firm expertise and fuel sustainable growth. We partner with our clients locally and globally to deliver innovative solutions.

WE TRANSFORM VISION INTO REALITY BY SERVING:

- Food and beverage companies that nourish us
- Organizations that improve our world
- Media companies that capture our imagination
- Businesses that enhance our health and wellness

ABOUT THE GREEN HASSON JANKS

FOOD AND BEVERAGE INDUSTRY PRACTICE

In today’s environment of business consolidation, increased competition, and regulatory pressures, the food and beverage industry is facing its toughest challenges in years. Manufacturers, packers and co-packers, distributors, and retailers can all benefit by partnering with an accounting firm that understands the unique inventory, process, and transactional issues facing the industry.

The food and beverage industry is one that can thrive even in the face of a struggling economy. It is, however, important for business owners and executives to know how to navigate financial, market, and operational challenges to ensure a strong revenue stream and long-term viability. At Green Hasson Janks, we are often engaged to provide benchmarking, articles, consulting, and best practice sharing to help food and beverage companies prepare for the future.