INGREDIENTS FOR SUCCESS

How commercial and non-profit organizations are providing food services and increasing access to healthy foods
This document provides an overview of how organizations obtain and distribute food.

Our approach is to use examples to illustrate non-profit and commercial trends:

- Components of food supply – how organizations source, prepare and distribute food to needy populations.
- Trends in the non-profit space – as need grows how are organizations adapting to serve their communities and expand healthy offerings.
- Learnings from commercial, market-driven approaches – what can non-profit organizations learn from large corporations also operating in the food space.

The intent is to provide summit participants with a shared foundation as we engage in dialog on March 6.
Agenda

- Key components of food supply
- Key trends in providing non-profit food services
- Learnings from commercial solutions
- Key takeaways
Successful companies reaching the 50+ are harnessing emerging innovations to improve their sustainability and impact.

The basic stages of food provision remain virtually unchanged.

<table>
<thead>
<tr>
<th>The Stages</th>
<th>Sourcing</th>
<th>Preparation</th>
<th>Food to Consumer</th>
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<tbody>
<tr>
<td>Emerging Innovations</td>
<td>Ex: Leverage buying power to obtain cheaper prices</td>
<td>Ex: Ready-made baskets to reduce labor cost</td>
<td>Ex: Food delivery that leverages existing networks</td>
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- Organizations that are able to harness best practices in all 3 stages can have the largest impact on the food insecure, and maintain continued sustainability.

- To fill gaps in capabilities or expertise, organizations may partner to leverage each others’ strengths.
Historically food banks and other providers have relied heavily on the retail, industry and private donations

Sources of Food

**Traditional**

- Retail donations from farmers, grocery stores and other retailers
- Industry donations from distributors, wholesale and other sources
- Community food drives
- Food purchased using monetary donations from grants, corporations, foundations and individuals

**Market Driven Models**

- Partnerships with distributors to provide food at cost to disadvantaged populations
- Consolidation of buying power leveraging high demand from the growing 50+
- Mutually beneficial partnerships; examples include Peapod and Stop & Shop, etc.

With the need for access to healthy foods growing, organizations are looking for market driven models that meet demand
Organizations serving seniors utilize a variety of food prep options based on scale and density of customer base

**Overview of Preparation Options**

- There are three main food preparation options:
  - Boxed Fresh Groceries
  - Ready to Prepare Meals (Fresh or Frozen)
  - Prepared Meals (Fresh or Frozen)

### Consumer Pickup
- Consumers transport themselves to a conveniently located pickup site to purchase and collect food.
- Requires mobile consumers
- Seniors <70

### Delivery: Food to Consumer
- Food is delivered directly to consumer
- Successful food delivery requires several market requirements
- Applicable to all ages, but vital for seniors 85+

### Shuttle: Consumer to Food
- Consumers are transported by shuttle—provided by food organization or retailer.
- Circumvents mobility issues and improves access
- All ages
Successful route to consumer strategies leverage existing networks while narrowly targeting key consumers

<table>
<thead>
<tr>
<th>Consumer Pick-up</th>
<th>Consumer to Food</th>
<th>Home Delivery</th>
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| • Key Market Requirement:  
  − Proximity: Pick-up locations must be convenient for the target consumer | • Key Market Requirements  
  − Market Density: Clustered consumer base to allow for routing  
  − Scheduling: Hours must be convenient for majority of consumers | • Key Market Requirements:  
  − Market density: Density of consumers to make delivery affordable and profitable  
  − Basket Density: Density of items in purchased basket  
  − Route Density: Enough orders per truck |
| • Pick-up programs are being piloted by several large retailers because they avoid the costly “last mile”  
  • Retailers use a “click and collect” model that allows consumers to create their basket  
  • Food security programs can create **ready-made baskets** which will reduce labor cost per order  
  • Successful retailers are leveraging existing networks  
  − Ex: Peapod utilizes the Stop and Shop network of stores for consumer pick-up | • Shuttles largely provided by universities, but grocery stores are piloting programs that **transport residents of ‘food deserts’ to grocery stores**  
  • Current models are: **Customer Sign-Up** and **Designated pick-up locations & times**—largely dependent on usage  
  − Ex: Sanotini Shuttle in Baltimore | • Food delivery programs that leverage their own network and delivery infrastructure face tight market requirements that require a dense consumer base  
  • Successful programs are leveraging existing networks |

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[Image of shuttle and grocery store]
Agenda

- Key components of food supply
- Key trends in providing non-profit food services
- Learnings from commercial solutions
- Key takeaways
Key trends have emerged as organizations adopt innovation to serve seniors and other populations in need

Key Trends

1. Creativity with Supply

   • Organizations are inserting themselves in several stages of the food production and distribution system to obtain low cost food that would otherwise go to waste

2. Expand Payment Methods

   • Organizations are now accepting of multiple methods of payments including EBT (SNAP or Food Stamps)

3. Harness Buying Power

   • Organizations serving the 50+ are harnessing the group’s size and buying power, and leveraging their national networks to negotiate wholesale pricing

4. Partner healthy food with education

   • Organizations marry access to healthy food with education on what types of food to eat, how to maximize food budgets, etc.

5. Influence Federal Policy

   • Organizations can leverage their national networks to provide research and influence Congress to increase funding for food programs
Consumable but discarded food is an area of opportunity leveraged by several food organizations

Examples

**Daily Table**

- The Daily Table market will **sell expired foods in a disadvantaged MA community**
- Over $165Bn in expired food is thrown away each year – much is still safe to consumer
- Daily table will **take tax-deductible food donations from other grocery stores** who have expired or damaged foods
- Milk could cost as low as $1 a gallon while pre-made meal will be priced in line with fast food restaurants
- Store will also feature healthy cooking classes

**L.A. Kitchen**

- L.A. Kitchen will work directly with farmers and wholesalers to **collect fruits and vegetables that cannot be sold through typical channels** because of cosmetic issues or expiration dates
- The Kitchen will train foster youth and those recently released from prison for food service jobs
- Fresh nutritious snacks and food products will be provided to local social service agencies for distribution; a focus will be placed on older L.A. residents
Increased focus on market-ready initiatives necessitates the acceptance of a wide range of payment options

### Food Security Programs accepting EBT

<table>
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<tr>
<th>Program</th>
<th>Location</th>
<th>Description</th>
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</table>
| Greenmarket | New York City | - GrowNYC supports 54 greenmarkets with over 230 farms and fisherman participating  
- Promotes regional agriculture by providing small farms the opportunity to sell produce directly to producers  
- At the same time, provides fresh foods to neighborhoods that may otherwise not have access  
- Seniors and low-income individuals may redeem food coupons at the markets |
| Health Bucks | New York City | - Participants receive a $2 coupon for every $5 in EBT sales at NYC farmers’ markets  
- In 2013, Greenmarket distributed over $260,000 in Health Bucks at 51 markets  
- Similar programs include Philly food Bucks in Philadelphia, Double Up Food Bucks in Detroit and Bounty Bucks in Boston |
| Fare for All | Minneapolis/St. Paul | - Like Top Box, Fare for All provides fresh fruits, vegetables and frozen meats in discounted packages  
- Four packages are typically available ranging from $10 to $25 depending on contents  
- Uses a cooperative food purchasing model to obtain large volumes of food  
- Accepts cash, credit, debit and EBT cards |

Note: SNAP EBT accounts must be redeemed when food is received which limits use of pre-paid delivery services
Meals on Wheels partners with Premier Inc. to harness buying power nationwide

Overview
- Represents local, community-based Senior Nutrition Programs in all 50 states, as well as US territories
- Approximately 5,000 local ‘member’ programs operate under the Meals on Wheels organization providing over 1 million meals each day
- No senior who requests the service is turned away or wait-listed
- Exclusive group purchasing partnership with Partnership Inc., allows MoW to harness buying power nationwide and offer member programs savings on food and supplies

Drivers & Incentives
Purchasing Organization:
- Premier combines approximately $41Bn in annual purchasing power from its 100,000 partners organization

Corporate Partners:
- Corporations like Bank of America, Subaru and MetLife partner with Meals on Wheels through various campaigns to engage employees and advance social values

Volunteers:
- Build rewarding relationships with seniors who may otherwise have very limited in-person contact with others

Consolidated purchasing power allows Meals on Wheels to maximize its resources to provide high quality food to seniors
Top Box follows a self-sustaining model working with distributors to provide groceries at wholesale price

Top Box Overview

Overview

- Provides high quality, low cost groceries at ~40% less than grocery store prices
- Available to anyone in participating communities but especially designed those who do not qualify for SNAP but operate on a tight budget like minimum wage families and fixed income seniors
- Accept all methods of payment including SNAP benefits
- Boxes costing $10 to $20 offer a set selection of meats, vegetables and other groceries
- Customers must pick-up their box; no delivery option is offered

Drivers & Incentives

- Organization is self-sustaining with customer payments cover the cost of food and delivery
- Encourage customers from all economic situations; the more individuals or families participating the lower the price will be for everyone
- Host sites receive a donation equal to 5% of the proceeds
- Food is obtained at wholesale prices through partnerships with distributors like Ruprecht Co.

Top Box is designed to be self-sustaining, not relying on a constant stream of food or monetary donations

Source: Chicago Tribune
Whole Foods marries access to healthy food with in-store education on nutrition and savvy shopping

Whole Foods Overview

Overview

• Whole Foods is opening locations in **under served communities** in Detroit, New Orleans, Chicago and Newark, New Jersey
• Stores boast **lower prices than the standard stores** making high quality groceries more accessible to residents
• **In addition to normal grocery offerings, the stores offer “savvy shopping” classes to help customers maximize their budgets**
• Some lower income residents say when looking for affordable, healthy food the **store can seem excessive** with samples, juice bars and cafe areas
• Additionally, the target population may value traditional healthy guidelines (e.g. less fat, sugar and salt) versus Whole Food’s emphasis on non-GMO, organic, etc.

Drivers & Incentives

Communities:

• Stores target ‘food deserts’ where residents have little or no access to fresh, healthy foods
• **Community classes address important topics like nutrition and budgeting**
• New stores provide additional jobs and curb spending outside of the city
• Stores make areas more attractive to middle and upper class professionals strengthening the tax base

Whole foods:

• Supports Whole Foods social agenda and help move away from ‘Whole Paycheck’ reputation
• Cities may provide substantial public subsidies and private grants to Whole Foods developers. In Detroit, these brought the store’s rent down to $6 a square foot

To further empower budget conscious customers, Whole Foods offers “savvy shopping” classes to maximize buying power

Source: Slate.com
Improving access to healthy foods and nutritional education is the focus of many organizations and initiatives

**Example Organizations**

<table>
<thead>
<tr>
<th>Green Cart Initiative</th>
<th>Healthy Bodegas Initiative</th>
<th>Food Trust</th>
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<tbody>
<tr>
<td>• Location: New York City</td>
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<td>• Location: Philadelphia, PA but partners with organizations around the US to share the success of local initiatives</td>
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<tr>
<td>• City authorized 1,000 new street vendor permits— allowing vendors to <strong>sell only raw fruits and vegetables</strong> in areas with limited access</td>
<td>• Initiative addresses the lack of healthy foods available in Bodegas which are often the main source of food in certain neighborhoods</td>
<td>• Combines education and access to healthy foods</td>
</tr>
<tr>
<td>• Objective is to <strong>harness the small business enterprise</strong> to mitigate a social problem in a meaningful way</td>
<td>• Interventions occurred over last ~6 months and are <strong>tailored to the store</strong></td>
<td>• Active in <strong>schools, corner stores, community centers, supermarkets, farmers’ markets, etc.</strong></td>
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<tr>
<td>• <strong>Loans and consulting education services offered</strong> to help cart operators</td>
<td>• Changes range from the introduction of healthier canned items, diet soda, etc. to stocking fresh produce</td>
<td>• Operates more than 25 farmers’ markets</td>
</tr>
<tr>
<td>• Roadblocks to success include restrictions on location and merchandise (ex. no water, dried fruit, etc.)</td>
<td>• <strong>Program may provide grants</strong> for refrigeration or shelving along with marketing advice</td>
<td>• Offers nutrition education and cooking workshops in community centers</td>
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<tr>
<td></td>
<td></td>
<td>• <strong>Healthy Corner Store Initiative</strong> improves access to healthy foods</td>
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Feeding America uses its nationwide network of member food programs to increase food access and capture lost food

**Feeding America Overview**

<table>
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<th>Drivers &amp; Incentives</th>
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<tbody>
<tr>
<td>• Feeding America <strong>secures safe and nutritious produce that would otherwise go to waste</strong>&lt;br&gt;• Focuses on national and local <strong>partnerships</strong>&lt;br&gt;• Feeding America <strong>publishes research articles on hunger in America</strong>&lt;br&gt;• Public policy staff works with legislators to <strong>advocate for policy changes</strong> for the hungry&lt;br&gt;• Feeding America <strong>partners with other leading organizations</strong> including the Food Research and Action Center (FRAC) to advocate for or against legislation (e.g. changes to SNAP)</td>
<td>• Large scale and sustainable change through public policy initiatives&lt;br&gt;– <strong>Maintain hunger relief funding</strong> from <em>The Farm Bill</em>&lt;br&gt;– Support tax provisions that protect food and fund donations&lt;br&gt;– Advocate for food program appropriations&lt;br&gt;• Focus on local partnerships to build a nationwide network&lt;br&gt;– Allows bigger outreach&lt;br&gt;– Allows capture of potentially lost food across geographies</td>
</tr>
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</table>

Feeding America goes beyond providing food to the needy to influencing long-term public policy to support the food insecure
Agenda

- Key components of food supply
- Key trends in providing non-profit food services
- Learnings from commercial solutions
- Key takeaways
Commercial solutions can help food security organizations identify best market-driven practices to reach target consumers.

**Overall trends and potential leverage for the 50+ food insecure**

<table>
<thead>
<tr>
<th><strong>Targeted Meal Plans</strong></th>
<th><strong>Leverage</strong></th>
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<tr>
<td>• Commercial food solutions that provide food targeted at the 50+ often provide meal plans—Heart Healthy, Low Sodium, etc.—that reflect the health concerns of the 50+ population</td>
<td>• Organizations working with the 50+ can create customized baskets that better target their consumers</td>
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<table>
<thead>
<tr>
<th><strong>Same (or Next) Day Delivery</strong></th>
<th><strong>Leverage</strong></th>
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</table>
| • Food delivery organizations like AmazonFresh are attempting near same-day delivery to compete with traditional retailers | • If successful, these networks can be leveraged to deliver even fresher groceries and meals to the 50+  
• Items can be priced higher—a same day delivery premium |

Most commercial solutions targeted at the 50+ market are price prohibitive for the food insecure population, but provide key learnings and market practices.
There are several commercial food solutions with programs targeted at the 50+ population, and provided at market price.

### Commercial Food Delivery

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<thead>
<tr>
<th>Service</th>
<th>Description</th>
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| **Dinewise**  | - Location: Ships anywhere in the continental US  
- Provides a variety of prepared meal options catering to seniors, low sodium diets, diabetes, gluten-free, etc.  
- Individual meals typically cost $8 - $15 before shipping; weekly meal packages are also available |
| **Magic Kitchen** | - Location: Ships anywhere in the continental US  
- Provides Senior Diet Meals designed to be low in sodium and provide 1/3 of daily calorie requirements  
- Meals packages include 7 servings and cost ~$85 or $12 per meal plus shipping  
- Seniors receive a discount for orders over $80 |
| **Schwan’s**  | - Location: Ships anywhere in Continental US  
- Provides over 350 flash-frozen prepared meals  
- Multiple options available for dietary restrictions, including Gluten Free, Vegetarian and Heart Healthy  
- Partnership with AARP to provide discounts to seniors  
- Individual meals start from $4.50, but can reach $35+  
- Offers door-step and personal delivery at a fee, $1.75+ |
Amazon is piloting same-day delivery via AmazonFresh to better compete with traditional brick-and-mortar retailers

AmazonFresh Overview

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<thead>
<tr>
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<tbody>
<tr>
<td>• AmazonFresh is a subsidiary of Amazon.com that provides <strong>same-day grocery delivery</strong></td>
</tr>
<tr>
<td>• Fresh groceries are delivered to consumers in 4 pilot markets (Seattle, Northern &amp; Southern California and New York City)</td>
</tr>
<tr>
<td>• Different models are currently being piloted across the different markets, with <strong>deep assortment</strong> extending beyond grocery to health and beauty items—which are <strong>priced higher</strong> than at traditional grocery stores</td>
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</table>

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<tr>
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<tbody>
<tr>
<td>• Amazon is targeting the same-day delivery market, and AmazonFresh serves as a pilot to <strong>evaluate the cost-effectiveness of same-day delivery</strong></td>
</tr>
<tr>
<td>• Encroaches on key value-offering of brick-and-mortar stores by providing <strong>near-instant gratification</strong></td>
</tr>
<tr>
<td>• Market domination provides opportunities for new partnerships that could mirror the “Fulfillment by Amazon” program—<strong>allowing external vendors to leverage Amazon’s distribution network for a fee</strong></td>
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The success of AmazonFresh and same-day delivery provides food security organizations with more tools to optimize their grocery delivery programs

Source: Fast Company
Peapod remains a strong player in the grocery delivery space, with recent expansions into grocery pickup

**Overview**

- Peapod provides **next-day grocery delivery** in over 10 markets
- Peapod is also expanding its focus and **increasing its physical footprint** to include grocery pick-up—to better compete with brick-and-mortar grocery stores
- Peapod is also working to maintain ground in the mobile and online grocery market
- Peapod **pricing is competitive with grocery retailers**, with regular coupons and sales
- Peapod also participates in short-term collaborations with nonprofits and external partners

**Drivers & Incentives**

- Peapod is traditionally known as a home delivery service, but working to **boost mobile grocery shopping**
- Peapod has launched several **mobile shopping initiatives** including using QR Codes to power mobile shopping billboards, and mobile apps to support a mobile shopping wall
- Peapod has launched a pick-up program with 2 different models:
  - A partnership with sister Ahold companies, **Giant Foods** and **Stop and Shop** which serve as pick-up sites
  - Dedicated Peapod pick-up locations
Agenda

- Key components of food supply
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Key Takeaways

- Successful programs must consider the three primary stages in food supply - sourcing, preparation and delivery

- Many organizations engage in partnerships to leverage strengths in different areas

- As we look at the 50+ demographic, route to consumer is a key consideration for those with limited mobility

- Many non-profit organizations are employing innovative or market driven techniques to serve their communities; these include creative sources of supply, expanded payment methods, aggregated buying power, etc.

- Commercial companies may also serve as an inspiration with delivery expertise and targeted food offerings