Northwestern University

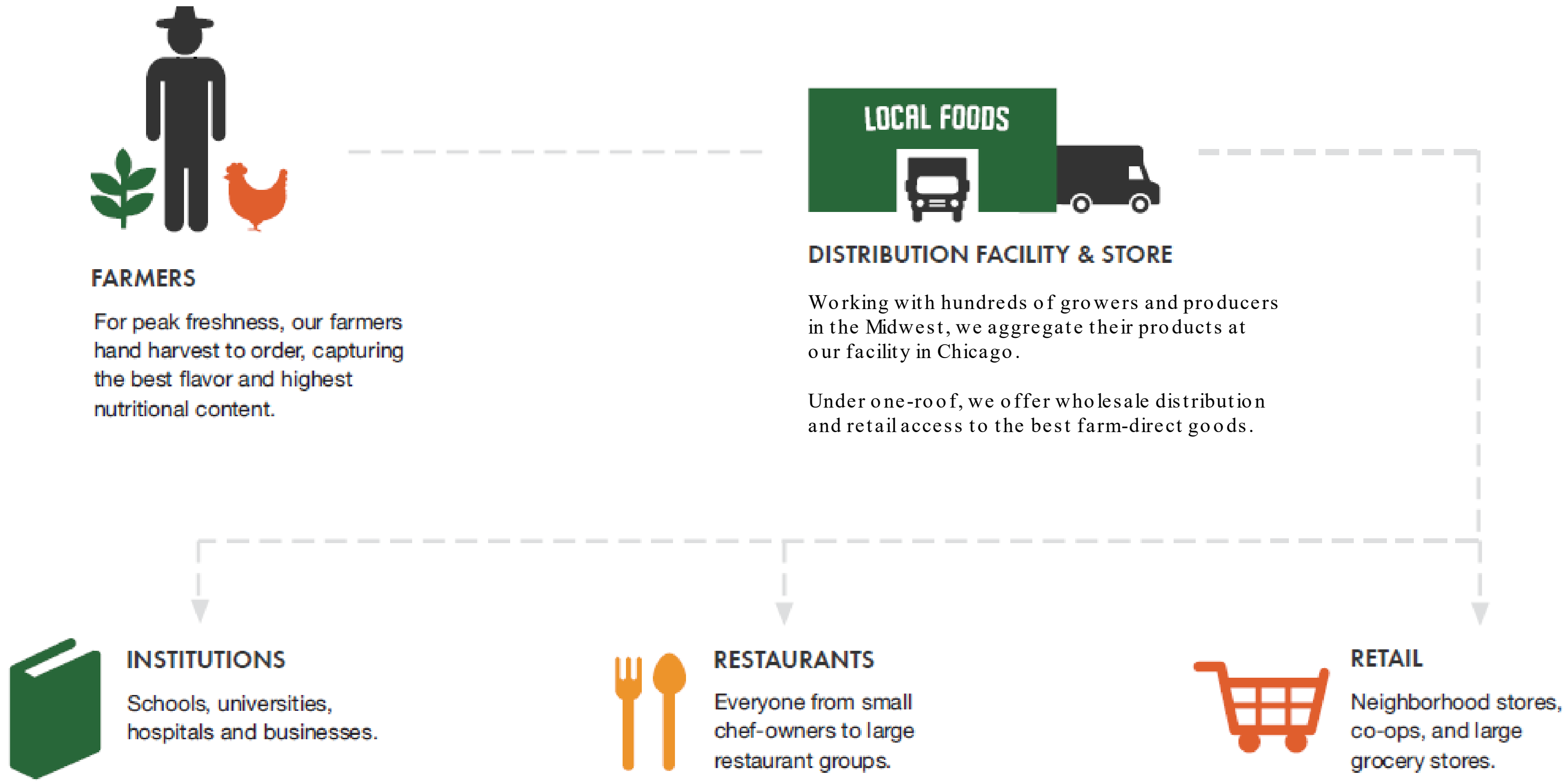
May 15, 2019

— MIDWEST, USA —
LOCAL FOODS
KNOW THE SOURCE

Industry Workshop

We make it easy to source local food

Local Foods is a wholesale distributor of Midwest-grown foods, servicing 300+ restaurants, caterers, schools, institutions and more throughout Chicagoland & the upper mid-west



LOCAL FOODS

localfoods.com


GOTHAM
GREENS
CHICAGO, IL
CHICAGO
Safe-T-Fresh

MIDWEST, USA
LOCAL FOODS
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Black Raspberry
Sour Cherry
Made in Chicago
Pretty Cool
100% Delicious
One (1) cool treat
Made in Chicago
Pretty Cool
Black Raspberry
Orange
Pretty Cool
Made in Chicago
100% Delicious
One (1) cool treat
grass-hopper
Made in Chicago


Right Bee
CIDER
APPLE CIDER
VINEGAR
RAW & UNFILTERED
12 FL OZ (355 ML)


SIMPLE
Mills
FARMHOUSE
CHEDDAR
ALMOND FLOUR CRACKERS
MADE WITH
NUTRIENT DENSE
INGREDIENTS
NATURALLY
GLUTEN-FREE
-4g-
PROTEIN
Per Serving
Baked with
rBST-Free
Cheese*
Net Wt 4.25oz (120g)
NON GMO Project VERIFIED
Certified
GF
Gluten-Free
FINE GR
SEA S
ALMOND FLOUR
-3g-
PROTEIN
Per Serving
$ 4.99

FOODS
The Flavor of the Midwest
Tomato &
Herb Marinara
—Pasta Sauce—
LOCALFOLKS
FOODS
The Flavor of the Midwest
Pizza
Sauce
Enough sauce for 2 large pizzas
Refrigerate after opening.
16 oz. (453 g)
FOODS
The Flavor of the Midwest
Diced
Tomatoes
A basic ingredient for sauces, soups,
chili, salsa, and more
Refrigerate after opening.
24 oz. (683 g)


MIDWEST, USA
LOCAL FOODS
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We make it easy to eat local
localfoods.com
USDOT 2448915


FARM FRESH
Produce
VEGETABLES
EGGS


1 1/9 Bushel
2361 Cu.In.
Fresh Veggies
FARM FRESH
Quality
Produce
VEGETABLES
EGGPLANT
1-1/9 BUSHEL
ACORN
BUTTERNUT
PEPPERS
EX-LARGE
LOCAL FOODS
MightyVine


ASK your BUTCHER
BEEF
PORK
LAMB
CHICKEN
GROUND BEEF
HOUSE-MADE SAUSAGE
CHARCUTERIE
HOUSE-MADE BACON
HOT DOGS
We do special orders, feel free to ask!
LOCAL FOODS
Deli & Cheese Counter
FRESH BOTTLES
ORDER here
FRESH PRODUCE
JAMS/JELLIES
VIN DE DAYS
WILLAMETTE VALLEY
MINIMUS WINE CO.
WILLAMETTE VALLEY RED BLEND
GAMAY
PINOT NIOR
PINOT GRIS
LIGHT, BRIGHT AROMATIC
CHICKEN
CORNISH CROSS
PASTURE-RAISED
FAMILY SIZE
GREAT LAKES
POTATO CHIP CO.


ORDER
here
SEASONAL MIDWESTERN FARE
sourced HERE AT LOCAL FOODS
EAT IN or CARRY OUT
B.Y.O.B.
ask about OUR
DELI SPECIALS


LOCAL FOODS
eli & Cheese Counter
ring a selection of the midwest's best
tcher & Larder house-made Deli Meats &
WHISKEY ACRES
DeKalb
Illinois
Great Whiskey Isn't Made
I SPECIALS
NEW MEATS & CHEESES
-SMOKING GOOSE
CHEESE DUCK PROSCIUTTO
-WINDSHADOW FARMS CHEVRE
PORK CHORIZO
SALAMI
-BLUE HILLS SHEEP BLEU
-WINDSHADOW ARLINGTON TOMME


MOS:
$20 giftcard
$5 Pork chops
TANGENT
ROSE WINE
forty winks
KEENWAH


FRESH
MIGHTYVINE TOMATOES
BEEFSTEAKS (RED & ORANGE) $2.99/LB
TOMATOES ON VINE $1.99/LB
CHERRY TOMATOES $3.99/LB
FOR YOUR LOCAL TOMATO
FINGERLING POTATOES
2.99
Ugly Greens (are beautiful)
$5.49
ARUGULA
Lettuce Mix
CELERIAC
PARSNIP
SUNCHOKES
HORSERADISH
FRESH GINGER
RED BEET
$1.49
$1.99
2.49
$4.99
$8.99
$4.99
JALAPENO PEPPER
ANAHEIM PEPPER
POBLANO PEPPER
RED BELL PEPPERS
MUSHROOMS
$8.99
$5.99
$7.99
$4.99
$3.49
$8.99
BOSC PEARS
$2.29
BARTLETT PEARS
$2.29

the
BUTCHER &
LARDER
1427


MightyVine
TOMATOES


HANDCUT
FOODS

Source: Forbes (Dec. 2018)

Uber Eats could generate at least $1 billion in revenue this year (an estimated 7% to 10% of the total market), and ranks second in the U.S. behind rival Grubhub (likely $1 billion in 2018 revenue) and ahead of competition like Caviar, Postmates and DoorDash.

Restaurants are, at best, semi-willing partners that can ill afford a 30% blow to their bottom lines. And since Uber isn't (yet) willing to have your meal share a ride with a paying customer, there are fewer network efficiencies to capitalize on.

LOCAL FOODS

Source: Bloomberg BusinessWeek (Dec. 2018)

A year ago, DoorDash Inc. looked like just another meal delivery app maker on its way out. The company was burning cash as it struggled to differentiate its software from that of Uber Eats, GrubHub Inc., and other competitors, and it had recently sold shares that valued the company at less than its previous funding round. Then something strange happened:

Excluding overhead expenses such as salaries and rent, DoorDash started turning a profit. Granted, that's a generous definition of the word "profit," but it was enough for Saudi-backed SoftBank Group Corp., which swooped in to lead a fresh round of investment totaling $535 million.

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A FEW CAUTIONARY TALES

Amazon net profit was 4% of revenue in 2018

Amazon cost of fulfillment has gone from 13% in 2016 up to 14.2% in 2017 and went up further to 14.6% in 2018.

Uber Adjusted EBITDA in 2018 ($1.85B)

Lyft 2018 revenue $2.2B with net income of ($911MM)

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Managing Expectations

1. The way the 3rd party delivery concept is pitched to restaurants and retail grocery is:
    - Increased revenue and marketing reach
    - Customers are expecting you to provide delivery but…
    - Delivery infrastructure is costly and risky
    - You already have the labor in house so the only increase is food costs and a bit of packaging.
    - We'll take care of the rest and you make the $$$$$
2. Top line revenue growth isn't always the answer
3. Restaurant and grocery margins are thin at best (very high failure rate even amongst seasoned professionals) and a major source of sit-down restaurant profits come through liquor sales.
4. Increased labor and packaging costs nearly impossible for restaurants and grocery retailers to absorb.
5. The logistical challenges of 3rd party delivery are beyond most independent restaurant and store owners. **Low band-width, high turn-over and modest technology.**
6. The risk remains with the food provider—their name and reputation—not the delivery partner.

LOCAL FOODS

What to do?

1. Customers want what they want and have high expectations—especially when it comes to food!
2. You have to play—simply saying no isn't the right answer.
3. Speed (with associated risk but capturing share and learning on-the-fly) v. Thoughtful (mitigating execution risk but potentially "left behind" by being late adopters). What fits you best?
4. Local Foods currently following the more thoughtful path (**we've put our current 3rd party delivery arrangement on hol**d) but with a commitment to execute in the future.
   a. Quality of execution paramount
   b. Supply chain—capabilities of our farmers, ranchers & makers.
   c. Building capabilities within my team.
5. My restaurants chose not to participate as we concentrated on our seated experience as well as other customer engagement platforms—more on-brand for us.
6. Delivery providers need to consider increased customer training, systems support, on-site onboarding/implementation procedures, etc.

LOCAL FOODS

How many miles?

- 9 Separate Items
- Sourced from 13 countries
- Packaged in North Carolina
- On a Family Dollar shelf right here in Chicago!
- $2.00 a bag!

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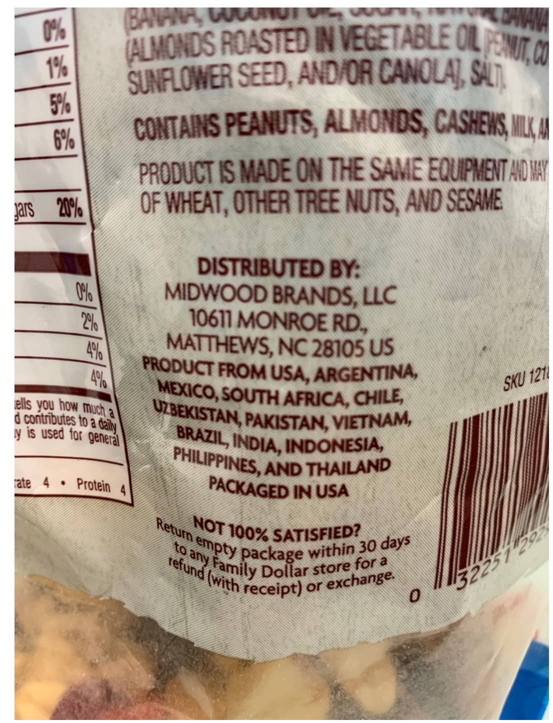


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