

OS Insider

News and Ideas for a World of Food Success

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Menus Go Lean

Healthier Meals Drive Customer Traffic – and Revenue

With obesity rates and health concerns such as diabetes on the rise, consumers are paying closer attention to what is on their restaurant plate. Industry research shows that consumers are interested in eating healthier meals when they dine out – and protein is playing a key part in this trend.

In its April 2012 Market Briefing, Technomic notes that many consumers prefer to have lower-calorie choices for the items they order. A recent poll by the firm also found that 50% of women and 42% of men prefer to eat healthful fare away from home. In addition, 67% of poll respondents said that they sometimes change their order to healthier fare after they see the nutritional information of menu items.

Industry leaders are responding to the growing demand for healthier options. McDonald's has revamped its menu to include a new "Favorites under 400 calories" section. This new section gives



customers an easy way to access the nutrition information they need to make better food choices.

Subway also offers SUBWAY FRESH FIT® meals that provide low calorie counts and less than seven grams of fat per sandwich. In addition, the chain recently became the first and only QSR to receive the American Heart Association's Heart-Check Meal Certification, due to this focus on fresh and healthy food.

Technomic, Breakfast Consumer Trend Report, 2011

Protein Can Play a Key Role

As QSRs retool their menus, adding innovative uses of protein can meet consumer demand for healthier menus and deliver the satisfying, savory meals that consumers crave. "Giving customers options for established menu items is key," says Christopher Hansen, corporate executive chef at the OSI Group. "Offering different forms of proteins, such as dairy-, yogurt- and legume-based products, or swapping traditional meats for lean proteins such as chicken, turkey and fish, will bring customers in – and keep them coming back for more."



Vertical Integration Offers Brand Benefits

In the past century, poultry production has evolved from family farms to corporations that mass-produce chicken to meet the growing appetites of consumers around the world. This progress has generated substantial market growth, decreased consumer prices and helped diminish food safety concerns. What's more, vertically integrating your supply chain can help provide ingredient consistency, food security and quality control across your enterprise.

Vertical integration can help meet the demands of global food companies wanting to secure their brand integrity. According to the National Chicken Council, vertical integration strategies that reduce production uncertainties are a key way for companies to take control of the quality of their chicken products.

This type of vertical integration also helps standardize production processes in a way that provides consistency for consumers. As a result, companies can rest assured that they are providing dependable, high-quality chicken products that customers will enjoy in an eatery down the street – or around the world.

OSI Group also leverages vertical integration to enhance food security. Completely integrating the chicken supply chain – from genetics and feed to production and case-ready products – helps ensure the safety, security and consistency of all poultry products.

"Today's consumers expect and deserve safe and consistent food, whether they're dining at a quick service restaurant in Montana or Mumbai," according to OSI Senior Vice Pres-

ident and General Manager Brent Afman. "We use vertical supply chain integration to provide security for the food supply and security for our customers' brands."



Securing Reputable Suppliers – A Key Global Brand Strategy

Global food brands deal with a wide array of challenges, including international market requirements higher customer expectations. That's why many companies today are focusing on strategic sourcing as a key to achieving corporate goals and objectives.



"The supply chain has become much more important and transparent than it was in the past," says OSI's President and COO David McDonald. "Now more than ever, consumers are concerned with issues such as traceability, food safety, animal welfare and sustainability."

In a recent report, Pricewaterhouse Coopers (PWC) notes that many companies are only just beginning to establish a global presence – and recommends the use of strategic sourcing to obtain local market insight. Joining forces with a reputable supplier can provide the knowledge that companies need to build their brand as they move into new markets and locations.

"As we've developed relationships around the world, we've gained unique insight into areas such as fair standards and humane production practices," says McDonald. "Having access to this type of consumer-centric information makes our go-to-market strategy more valuable to our customers' go-to market strategy."

How else can this approach help global companies? PWC states that companies entering new markets usually need to maximize operational flexibility and minimize fixed expenses. Strategic sourcing gives companies the ability to cut costs and provides an effective tool to protect and enhance brand equity.



"Global brands are facing new challenges that simply didn't exist 10 years ago, such as local raw material regulations and processing standards," according to OSI's Executive Vice President Kevin Scott. "OSI leverages strategic sourcing to address these types of concerns, which in turn allows our customers to provide safe products and maintain their brand promise."



FOOD TREND NEWS

Healthy Kids' Meals Are a Top 2012 Trend

Fast food like pizza, tacos and burgers are drawing criticism from parents and nutritional experts alike – and QSRs are listening. According to the National Restaurant Association's (NRA) 2012 "What's Hot" survey of professional chefs, healthy kids' meals are the number three industry trend in 2012. The NPD Group, a consulting and market research firm, also projects that grilled and baked chicken, non-carbonated drinks, fruit and mini burgers will become more popular this year – and in the years to come.



QSRMagazine.com, August 1, 2012

The Value of LTOs

Limited-time offers are a fundamental part of the quick-serve industry – and a great way to boost traffic and profits, according to QSR Magazine. In its August 2012 issue, the magazine says that a good limited-time offer can boost brand excitement and even single-handedly drive sales.

LTOs, such as the popular Dip'n Chick'n from Popeyes Louisiana Kitchen, can spark sales before the end of a quarter – or allow QSRs to experiment with new menu items without making a full menu commitment.

If the LTO is a dud, customers will never see it again. If they can't get enough though, the LTO can take the place of a slow seller on the menu.

To ensure the success of an LTO, all levels of a brand – from marketing to operations to franchisees – usually need to be involved in developing, rolling out and selling the offer. In addition, using online tools like Facebook, Groupon and LivingSocial is key to successfully marketing an LTO.

QSRMagazine.com, August 1, 2012

Marketers Adapt Menus to Satisfy Millennials' Munchies



When it comes to food, millennials are more spontaneous and adventurous than previous generations, according to the Hartman Group. Its recent report, "The Culture of Millennials," also reveals that millennials believe they consume healthier, more expensive, more natural/organic, less processed and better tasting foods and brands than their parents.

Hartbeat Newsletter, June 7, 2012

Why Americans Choose a Restaurant

The dining habits of Americans are changing, with 90% now believing that good prices are an important reason to dine out. That's a key finding of a recent Harris Interactive poll, which also reveals the following reasons that Americans dine out:

- Convenient location: 80%
- Broad variety of menu items: 78%
- Special offers: 59%
- Healthy menu items that fit a dietary need: 56%

The report also found that choosing the same restaurant – or choosing a restaurant with new menu items – is not important to most Americans.

FastCasual.com, May 16, 2012

Specialty Proteins Make a Mainstream Splash

Consumers expect more for their money today – and chefs are responding by adding unique, high-quality ingredients to their dishes. Recent research from Datassential shows that this trend is especially evident in the choice of proteins added to menus this year. The following proteins are showing the strongest growth during 2012:

- Pork belly: 39%
- Steak tartare: 32%
- Wild salmon: 25%
- Sopressata: 23%
- Alaskan halibut: 22%
- Pan-seared chicken: 20%

Food Bytes, August 1, 2012



OSI NEWS BRIEFS

Sysco Honors OSI for Supplier Excellence

Sysco Corporation recently recognized OSI at the 2012 Sysco Supplier Excellence Awards. OSI won First Place across all product categories in the “Best of Sysco Brand Awards” for the Fire River Farms® beef/pork blend product. Sysco also honored OSI as a Silver Supplier in the Beef category.



OSI Food Solutions Hungary Triples Chicken Production Capacity



In June, OSI Food Solutions Hungary expanded its relationship with the European division of McDonald's by adding a high-capacity production line and large cold storage area to a building in Bãbolna, Hungary. The new \$25 million plant will enhance OSI's ability to produce quality processed chicken products for McDonald's restaurants in Hungary and 15 other European countries by expanding plant capacity from 7,000 tons to 22,000 tons per year.

New Vista Frozen Foods Plants Unveiled in India



OSI has expanded its manufacturing portfolio by opening two new frozen vegetable processing plants. In March 2012, a new facility opened in southern India, near Bangalore, and in September 2012, another opened in northern India, in Punjab. The new plants will focus on producing vegetable products for QSRs and retail outlets in both domestic and export markets. Vista Processed Food Pvt. Ltd., part of the OSI Group, is one of the largest modern frozen food companies in India.

New Frozen Food Plant Launches at Millard Facility in Illinois

To meet the needs of grocery stores, foodservice providers and other customers throughout the United States, OSI has attached a new production plant to an existing facility owned by Millard, a leading refrigerated warehousing and distribution services company. The new factory, located in Geneva, Illinois, will produce branded and private-label frozen entrée dishes such as Salisbury steak, chicken parmigiana and lasagna.

