



**Identifying Opportunities for
Norwegian Cold Water Prawns within
Key QSR & Contract Catering Groups
In Europe**

By Food Stuff Ltd
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Report Objective:

To identify 10+ European Foodservice Group targets (5 QSR & 5 Contract Catering) who could represent strong opportunities for new business & partnerships for Norwegian Cold Water Prawns.

The criteria for selection was based on the following considerations:

- Volumes and size of opportunities
- Centralised purchasing and menu developments
- Menu suitability
- Likelihood of Prawns usage
- Developments within groups on trends which are in line with Norwegian CWP (health, providence, etc)

This report profiles the key targets, providing an overview of their businesses, relevant new developments, information on their current menus and strategies (where available), rationale for why target was selected and suggestions and next steps in going forward.

Methodology:

Food Stuff gathered research available through 3rd party resources including the following:

- Caterfile.com
- Caterersearch.com
- Just-food.com
- Various UK, European and US foodservice news resources
- Company's own websites
- Interviews with key personnel
- Planet Retail reports



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I. QSR Targets

1. McDonald's

A. Profile

McDonald's Restaurants is a wholly-owned subsidiary of McDonald's Corporation of the USA, the largest fast-food operator in the world with in excess of 30,000 outlets in more than 119 countries. The restaurants are operated by the company, by franchisees or by affiliates.

- McDonald's serves more than 50 million customers a day worldwide, and more than 2.5 million people a day in the UK.
- The burger-based chain comes in a variety of formats, including sit-down restaurants, drive-thrus, counter-service outlets in food courts and even a ski-thru. More than 70% of outlets worldwide are operated by franchisees. In the UK, the group also has a limited number of McCafés.
- McDonald's is the world's largest fast-food chain and one of its best-known names – it was listed seventh in the 2004 Interbrand ranking of the world's top 100 brands.
- European countries of operation: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK, Yugoslavia.

B. Recent Developments

- McDonalds' success has been checked in recent years by growing competition from smaller, nimbler rivals in the coffee bar, sandwich and gourmet burger markets, not to mention its reputation for supersizing the world's children. In fact, the group has become something of a whipping post for a host of critics ranging from nutritionists, animal welfare campaigners, anti-globalists, and unions.
- McDonald's recent announcement that it will spend £140m trialling eight new formats to revamp 200 of its 1,200 British outlets surprised nobody. The fast-food giant needs to recover the high ground now held by coffee shops and to meet competition from Pret A Manger, Nando's, Subway and even Wagamama. It certainly needs to attract new customers if it wants to remain the country's largest restaurateur. (June 06) UK



- In response to growing world wide criticism on obesity epidemic and health concerns, McDonald's menued more healthy menu items – pushing pasta, salads, and fruit bags for Kiddie meals. Results of this initiative were mixed. While PR-wise, they temporarily satisfied critics, customer sales response was disappointing with flat sales (in UK). After fewer than 10% of its customers warmed to the healthier pasta, fresh fruit and salad options it has introduced over the past three years. In May of 06 McDonald's (UK) announced a “back-to-burgers” relaunch. It includes a giant burger – 40% bigger than a Big Mac –followed by more products offering “a twist on existing burgers”.
- Disney has ditched its tie-in with McDonalds and their Happy Meal promotions, due to criticisms over childhood obesity and health.
- Europe is following the US, where a refocus on cheap burgers has boosted sales by 30% in the past two years. UK health campaigners fear the move will undermine Government attempts to promote healthier eating among children and low-income groups.
- The UK, which is McDonald's third most important market after the USA and Japan, has underperformed in recent years with turnover stuck at around £1b and pre-tax profits hovering around the £118m mark.
- Now in its fifth year of declining UK sales, McDonald's has been forced to relocate 76 UK restaurants and close 25 poor performers, incurring £23m in cancelled leases and other costs.
- Its popularity is also said to be waning in the rest of Europe as well with Germany underperforming.
- Third Quarter 06 (July Aug, Sept), saw more positive results in Europe. Strong results in **France** and **Russia** as well as improvements in **Germany** contributed to operating performance. The **United Kingdom**, which has long provided mixed results for the hamburger chain, was a significant contributor to global results with its “pound saver menu” and varied promotions, including a "Win World Cup Chicken" game marketed through text messaging. So was World Cup host Germany, with promotions linked to the month-long tournament as well as a value menu and the Big Tasty premium sandwich. *This may just be a blip in the downward trend due to the World cup and money savings promotions.*



C. The Menu

- Burgers, fries with speciality/promotional sandwiches salads, baguettes, and sides.
- McDonald's – More opportunity for “Salads Plus” variations in Europe. Spain (Ensalada de atun) and France (Recette de l'Océan) – with Tuna salads, along with standard Cheese and Chicken.
- Would require high volumes of pre-flavoured, pre-prepared salad or sandwich fillings. Again, most likely they purchase these from other suppliers.
- Full traceability and quality-control assurance would be required.

D. Rationale (The Pros & Cons of Targeting McDonald's):

The Pros

- Volume opportunities
- Highest possible exposure of Norwegian CW Prawns as a “brand”
- Set example other QSR would want to follow
- Volumes and requirements by this major customer would raise the level of product and service for all customers
- Could help attract new customers to McDonald's – something they desperately need to do in Europe (UK especially)
- CWP would not be controversial for McD (low fat, wholesome, healthy, “fresh” un-processes image. Plus innovation and quality
- Slightly more likelihood to menu CW Prawns then BK since they currently have tuna “Salads Plus” variations in Europe: Spain “ensalada de atun” and France “Recette de l'Océan”.

Cons

- They're just not focussing on “healthy” menu items at the moment. Going “Back to burgers”.
- Popularity seems to be waning in Europe.
- Possible volumes required may detract from other customers needs? (not an infinite supply?)



E. Next Steps/Menu ideas

- Phone interviews with key contacts within McD menu development teams
- Menu suggestions for Baguettes and Salads (focussing on German, France, Spain and UK)



2. Burger King

A. Profile:

Burger King, which was founded in Miami in the 1950s, is one of the world's leading operators and franchisers of fast-food restaurants and is the second largest restaurant group. The restaurants exist in three formats: as sit-down and drive-through restaurants and as counter-service outlets in shopping centres and motorway service areas. Around 90% of Burger Kings around the world are owned by franchisees.

- Number of restaurants: 11,201 (in 50 US states and 61 countries worldwide)
- International restaurants: 3,605 (448 company-owned, 3,157 franchised)
- European Countries of operation: Austria, Cyprus, Denmark, Germany, Gibraltar, Hungary, Iceland, Republic of Ireland, Italy, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, UK.
- Due to poor performance, BK pulled out of France in the late 90's.
- Total number of UK restaurants: 654 (73 company-owned),
Number of drive-through restaurants: 139
- Number of employees: more than 340,000 worldwide (including franchisees and their staff). UK employees: around 2,730 (excluding franchisees)
- Burger King serves approximately 1,011 customers per restaurant per day, or 11.1 million worldwide. Each year, it sells 2.1 billion hamburgers.
- In the year ending 30 September, 2004, Burger King had system-wide sales of \$11.1b, which was unchanged on the 2003 figure. Sales in the US totalled \$7.7b (2003: \$7.9b) while international sales reached \$3.4b (2003: \$ 3.2b)
- Drive-through sales represent 58.3% of Burger King's worldwide business, while take-out accounts for 18.9%.



B. Recent Developments:

- In the UK, the company has been spending between £3m and £4m from 04-07 to expand its restaurants from 700 to 1,000 sites, with the focus on a new, smaller format of restaurant after trials revealed that restaurants one-third smaller than average were generating the same level of sales as their full-size precursors while saving 30% in property costs. The new format restaurants start in size from 500 sq ft for high street venues and 1,500 sq ft for drive-thrus, compared to the norm of 1,500 and 2,750 sq ft respectively.
- May 2006 - Burger King Corporation floats on the New York Stock Exchange, raising \$425m from the placement of 25 million shares priced at \$17 each. The share offer represents a 19% stake in the company.
- January 2006 - Spanish investment firm, Lurca, planned to sell 30 Burger Kings for as much as EUR27m (US\$32.66m) in a bid to exit that business. Rival franchisees Grupo Zena, Ibersol and another unnamed entity had lined up to buy the restaurants. Expansion added. Grupo Zena owns 65 Burger Kings in Spain while Ibersol is Burger King's largest franchisee in Portugal. In Spain, Burger King owns 394 of which 42 are self owned and 352 are franchised.

3. The Menu:

Burgers, fries and speciality sandwiches, salads and sides

- Whoppers
- Flame grilled burgers
- Chicken, fish and veggie sandwiches
- **Fresh-baked Baguettes (launched April 05)**
 - § Sweet Chili Chicken
 - § Peri Peri chickent
 - § Chicken BLT
 - § Monterey Melt (Beef Patty with Monterey Cheese)
- **LA Range (Salads)**
 - § Garden Salad
 - § Warm, flame grilled Chicken Salad
 - § Crispy Chicken Salad
 - § Flame-grilled Chicken Salad

* Based on UK website menu



- Worldwide, the group's biggest challenge lies with the debate on child obesity, health and nutrition, all factors which helped knock it out of Interbrand's ranking of the world's top 100 brands in 2004.
- Other than the core items menu, each country can adapt and develop appropriate menu items suitable for their countries' markets. Menu items are developed at a country HQ level with franchise deciding to adopt or not.
- BK works closely with their supplier partners to develop innovative new menu items that would appeal to the local/regional customers. BK (at least in the UK) has emphasised the "American" theme in their menus and marketing.
- Would require pre-prepared/pre-flavoured format for easy use. May need to work via BK salad or sandwich filling suppliers. Need to find out who they are in each country.
- Would require full traceability and quality assurance.

D. Rationale:

- As of 04 data, 2nd largest QSR group in Europe with 1800 units in 18 countries.
- Although not necessarily looking at "Healthier options" at this time, possible opportunities in Europe exist for CW Prawns Salads (LA Range) or Baguettes.

E. Next Steps/Possible Menu Items:

- Interview with Mark Dowding, BK Brand Innovation Manager (UK & Eire) or other top personnel to ascertain opportunity and clarify how new menu items are developed and adopted within Europe.
- Additions to LA Range of Salads. Each country has its own flavour profile.
- Seafood Baguettes



I. QSR Targets

3. Greggs

A. Profile:

Greggs has grown from one retail shop in 1962 to the largest retail bakery business in the UK with over 1,200 units, found mainly on “High streets” and in busy shopping districts.

- They serve approximately 4 million customers each week through the shops. Two thirds of our business is in-shop made sandwiches and freshly baked savouries such as pies, pasties and sausage rolls. These lines are complimented by a range of sweet products and a wide range of bread and rolls.
- The business has a divisional structure with central bakeries around the country each supplying the shops in their surrounding areas. This ensures freshness and regional preferences.
- They have eight divisions throughout the UK from Greggs of Scotland, to Greggs South-East, with branches down to the south coast of England. They have recently expanded into continental Europe with the opening of four branches in Belgium. They do not operate any franchise branches.
- Approximately 950 shops trade under the Greggs brand and the other 250+ operate under the Bakers Oven fascia. The main difference between the two brands is that Bakers Oven shops offer seated catering and mainly in-store production, while Greggs shops focus on takeaway foods.
- The company has a target of an annual turnover of £1bn by 2010 through continued core growth and the acquisition of new units, taking the total number of stores to a planned 1,700 by 2010. The company believes that there is scope for growth outside the UK, particularly in Continental Europe.

B. Recent Developments

- Interim results (May 06) reflect the combination of flat like-for-like sales and substantially increased costs, particularly for energy.
- August 06 - Company looking to reduce other costs and also seeking to drive turnover growth through *new product launches*, and are beginning trials of a number of other innovations to extend the reach and appeal of brand.



I. QSR Targets

Greggs

- Greggs facing problems due to shift in consumer tastes towards healthier options and premium ingredients and overall increased competition on the high street from supermarkets offering to-go items.
- On the agenda is a Greggs healthier option range, consisting of sandwiches, rolls and wraps that contain less than 400 calories and 2g of salt. Greggs has also looked at innovative formats for its stores with flexible opening hours and more accessible locations.
- August 06 - Greggs has been forced to cut 200 jobs following the poor performance of its Bakers Oven divisions in the North of England and Scotland over a number of years. These divisions will now be integrated with the Greggs brand, with 49 of the 63 Bakers Oven shops in these two regions transferred and rebranded as Greggs. In addition, 14 shops will be closed and supply arrangements changed, resulting in closure costs of around GBP2.5m (US\$4.77m), but increasing annual profits by GBP1.25m in the next financial year. The company will continue Bakers Oven operations in the Midlands and South, where it is generating good returns on investment.

C. The Menu

- Greggs offer two types of Prawn sandwiches; Prawn Mayonnaise in a "Triangle" sandwich and a Prawn cocktail in a large or small roll. Both made fresh daily on-premise. It is not known where they buy their prawns from or in what format.
- *The Greggs Healthier Options Range is the latest range featured in over 1000 shops. Variety of fresh sandwiches, wraps and rolls that are all lower in fat, saturated fat, calories and salt. Currently has a very small facing in shops. Under 10g fat, under 4g saturated fat, under 400 kcals, under 2g salt.*

Range includes:

- chargrill flavour chicken with red pepper salsa sandwich
- ham salad sandwich
- fire roast vegetables wrap
- spicy chicken with Moroccan spiced chutney wrap

also in some regions* will carry....

- chilli beef wrap
- roast chicken salad sandwich
- deli roll
- tuna roll with balsamic dressing and red onion
- ham salad roll

** Gregg's Healthier Options product ranges may vary between shops within different UK regions.*



- Greggs requires all suppliers to provide detailed information all aspects of supply including accountability, quality control systems, health and hygiene at facilities, handling, storing & packing, full raw materials traceability.

D. Rationale:

- As of '04 data, Greggs is the 4th largest QSR operator in Europe, with €744m turnover.
- Already serving two CW prawn options. Can that business be converted to Norwegian? Price will be an issue.
- Prawn sandwiches are traditional British filling – fits well with Gregg's positioning and demographics.
- Strategic emphasis on "Healthier Options" Range represents good opportunities for more CW Prawn menu ideas.
- Due to recent disappointing interim results, company focussing on more new products and innovation to extend appeal of brand and compete with other "To-go" offerings now available to customers.

E. Next Steps/ Possible Menu Ideas

- Investigate more by interviewing Menu Developers and Purchasing.
- Investigate where prawns come from now, and format – establish price point, which will be key factor.
- Suggest Sandwich fillings and salads that fit into new Healthy Range.
- Suggest some more contemporary, trendy flavours and formats (Thai dressings, Salad cups to go etc)



I. QSR Targets

4. Starbucks

A. Profile:

Starbucks Coffee Company is the world leader in coffee bars. Often it is compared with McDonald's within the fast-food industry, as holding a similar position and following similar policies. From Starbucks' first outlet in Seattle in 1971, and 17 US bars in 1987, the company has grown to consist of more than 7,500 outlets in 34 countries.

- In April 2004, there were more than 5,500 in the US alone and more than 500 outlets in Japan, which is Starbucks' largest overseas market. Stores are either owned or operated under franchise licences, with around 450 owned and 1,200 licensed outside the US by mid-2003. Starbucks offers mini-outlets ('corners') in airline offices, sports stadiums, airports, hotels and bookshops.
- Although the company first appeared in the UK in 1994, Starbucks Coffee Company (UK) Ltd made its real entrance in mid-1998, through the acquisition of the Seattle Coffee Company's 65 outlets. It introduced its US-style furniture and design. More cash-rich than most of its UK competitors, has pursued a strategy of opening bars at every prime location and selling at competitive prices. With its ability to sustain losses over a long period, it has forced other operators to consolidate or close.

B. The Menu:

- Food is made off-premise by specified manufacturer partners who develop menu items in accordance with SB specifications. I believe that menus are developed for country-specific tastes.

“All our sandwiches are handmade to specific Starbucks recipes and delivered to our stores fresh every day. “

- At least some of the sandwiches, wraps etc in UK market are made by Greencore Sandwiches (see *section III. 1.*)



- European Countries of operation which menu “Fresh Food”:

In reviewing the various countries’ websites, not all offer savoury food. Those that do are:

- Germany (64 stores in 18 cities) – Menu sandwiches, bagels, salads, pastries etc
- Spain (35 stores) – Pastries etc, sandwiches and grilled focaccias
- UK (+430 stores) - “triangle” sandwiches, wraps and flatbreads, toasted pannini sandwiches, pastries etc

- Specifically on UK sandwich menu is “**Atlantic Prawns** with a Thai-style Dressing”

- Other sandwiches and savouries on UK menu

Bacon Lettuce and Tomato (BLT) on Malted Brown Bread
Cheddar & “Branston® Pickle on Malted Brown Bread
Chicken & Bacon Tomato-Bloomer Sandwich
Chicken Salsa Wrap
Chicken With Mango & Blackbean Salsa Flatbread
Starbucks Club Sandwich
Dolphin Friendly Tuna Mayo With Spring Onions
Emmental Cheese & Roasted Aubergines Wrap
Free Range Egg Mayo
Chicken Sandwich with Lemon & Cracked Black Pepper Dressing
Falafel & Houmous Flatbread
Ham & Cheese Croissant
Smoked Salmon & Egg Croissant
Scottish Salmon Sandwich

C. Rationale:

- Good opportunity for Norwegian CW Prawns if they aren’t already buying.
- Good opportunity to expand to other European market serving food – using UK as an example.
- Quality product fits with high quality image.
- Volumes and exposure.

D. Next Steps/ Possible Menu Ideas

- Interview/meeting with Greencore and other suppliers.
- Meeting with Menu developers at Starbucks UK.
- Find out who makes sandwiches in other European markets.
- Present other interesting Prawn sandwiches & wraps ideas.



I. QSR Targets

5. Nordsee

A. Profile

With over 420 restaurants and 6,000 staff in Germany, Austria and Switzerland, Nordsee is the largest fish fast food operator and the second largest fast food chain in Germany and Austria. It operates restaurants, which offer take-away and sit-down service, and snack shop with take-away service.

The Group is also the dominant retail supplier of fish and smoked fish in the region, which are sold through its restaurants.

B. Recent Developments

- In the 2003/04 financial year Nordsee increased its turnover to €355 million.
- Under Apax Partners' Funds' ownership, the company implemented a strategy that increased its presence in Germany and Austria and introduced its restaurants in Switzerland and neighbouring countries.
- Dr. Mirko Meyer-Schönherr, Director at Apax Partners, said: "Nordsee is the only chain restaurant concept aside from the global burger chains of that size in Europe that has significant potential to grow in Germany and abroad."
- Starting from November 2006, Nordsee will offer a Sushi assortment in 350 of their German units. There will be six different Sushi boxes (classical Nigiri Sushi, Maki Sushi and California of roll). They will be priced from 4€ (rice version) to 9 € (luxury offer). *Sept 12 www.cafe-future.net*

C. The Menu

Nordsee's unique value proposition, which offers a range of fresh and healthy fish-based items, is ideally suited for today's consumers concerned about nutrition.

- Restaurant Menu: Various grilled and breaded fish entrees, salads with prawns and other seafoods
- Snack Bar menu: Fish n Chips, whitefish & various fish sandwiches, Alaskan salmon sandwiches, breaded shrimps, seafood salads



D. Rationale:

- Seafood and fish-based menus in both restaurants and snack bar concepts
- According to '04 reports it is the 9th largest QSR group in Europe (€355m turnover) with strong position to expand concept as it “ticks all the right boxes” in terms of eating trends; quality, convenience, value, health.

E. Next Steps/Possible Menu Ideas

- Investigate with colleagues in German market in terms of past dealings or who to speak to in purchasing/Marketing
- CW Prawns in salads or sandwiches (Snack Bar)
- CW Prawn in seafood take-away “cups”
- Develop pre-flavoured, easy to use CW Prawns for signature menu items that would be popular in to German tastes (Curry, Citrus etc)
- Look at CW Prawns in new sushi offering.



II. Cost Sector Catering Targets

1. Compass Group

A. Profile:

Since 1991, Compass has grown from a £250m UK business into the world's largest contract caterer. Its absorption of the Granada foodservice businesses in 2000 shot it from third to first position in the UK market (and briefly made it the UK's biggest hotel company too). Today its UK and Ireland division serves more than three million meals a day.

- The group divides its operations into six key markets, each served by a wide line-up of subsidiary brands (some of them joint ventures). They include:
 - Business and industry:
Eurest, Baxter & Platts, Everson Hewett, Quadrant, Shaw Catering, Summit Catering
 - Fine dining:
Restaurant Associates, Roux Fine Dining, Leith's, Flik (USA), the Patina Group.
 - Specialist markets:
 - § Education: Scolarest, Chartwells
 - § Healthcare and old people's homes: Medirest, Morrison (USA), Crothall (USA), Clinic Catering Services (Germany)
 - § Defence, offshore and remote-sites: Eurest Support Services Facilities management: ESS Support Services Worldwide
 - Retail and travel:
The group has retained some travel concessions in Italy, Japan and Portugal following the 2006 sale of its Select Service Partner (SSP) travel concession business and its Moto motorway service areas.
 - Sports and leisure:
All Leisure, Letheby & Christopher, Payne & Gunter, Circadia, Leith's, Milburns, P&C Morris, Langston Scott, Peter Parfitt, Keith Prowse, FMC, Leisure Support Services, Levy Restaurants (USA)
 - Vending: Selecta (Europe), Canteen Vending (USA)
- Compass also operates a range of different brands and concepts.
 - Owned brands and concepts (after recent sale): Taste, Naples 45, Cucina & Co Profiles (foodservice), Delimento (retail), Choices, WorldMarché, Amigo.
 - Franchised brands: Burger King, Sbarro, Krispy Kreme, Marks & Spencer Simply Food (in Motos now sold off). Source: CatererSearch.com



- Full year Financials
 - Turnover: £12.7b (2004: £11.8b)
 - Pre-tax profit: £171m (2004: £370m)
- Divisional turnover for the six months to 31 March 2006
 - UK: £1b (2005: £984m)
 - North America: £2.3b (2005: £1.9b)
 - Continental Europe: £1.5b (2005: £1.49b)
 - Rest of the world: £857m (2005: £684m)
- In the UK, the group's largest business sectors are business and industry (which accounts for 38% of turnover, with about 4000 units) and its retail, travel, sports and leisure concessions (40%).
- Number of employees: more than 400,000 in more than 90 countries
- Selected UK Wholesalers:
 - 3663
 - Brakes Foodservice

B. Recent Developments:

- June 2006: Compass sells its roadside and travel catering business for £1.82b in two transactions. The travel concessions business, Select Services Partners (SSP), includes more than 2,000 catering and retail units in more than 600 railway, roadside and airport sites in 26 countries (including Moto, Upper Crust, Ritazza and Harry Ramsden's.) Compass retains some travel concessions in Italy, Japan and Portugal, along with the right to use SSP brands in offices and universities.
- Recent Corporate/Senior Management reshuffle. Things are "up for grabs" in terms of new supplier partners and ways of doing business. The mood seems to be that Compass are open for suggestions and new ideas.
- Recent product rationalisation process eliminated many "unnecessary" or redundant line items in UK spec. For example they reduced the number of seafood items from 1500 to 130. Looking at system-wide consolidation of number of products purchased and variety of menus to choose from - thus increasing volume, better forecasting of orders and better leveraging of purchasing. They are currently doing pilot test at moment, and if all goes well, may roll out in next few years. They are calling the initiative the "SMART" menu programme.



C. The Menu/ Use of Prawns

- Would like European-wide deal on Prawns
- Seafood buyer, Neil Pitcarian, with woks with M&J, Brakes and others.
- They mainly buy frozen prawns and currently list 5 lines
 - § 175-275
 - § 275-375
 - § 375-475 in 2.5 k bags
 - § Luxury 150-250 & 300-500 – These may be Norwegian
- Prawns are mostly used in sandwiches which are made by outside supplier, **Food Partners** (see III, 2) and overseen by Compass Sandwich developer/buyer. They are currently looking at made-in-house options.
- There is a perception that prawns are an expensive item.
- “Norwegian” has a positive image within Compass UK of clean waters and well managed, quality products
- For Chefs, origin is important and will be of growing importance as their chefs will become better trained and educated about sources. Ex: Compass committed to buying Fair trade bananas – they are more expensive but customers feel good about it.
- Compass has launched a healthier eating programme called “Balance Choices” in response to customers request for healthy options.

D. Rationale:

- World’s largest contract catering company
- UK & European turnover £2.5 billion (for the six months to 31 March 2006.)
- Wide range of concepts, menus and opportunities for Norwegian CW Prawns.
- Based on interview with Kevin Harrison, SMART Food Development Manager, UK Marketing & Foodservice, Compass are open to European-wide deals and he can see a place for Norwegian Prawns.
- Most food items they spec come in 3 levels of quality unit chef can choose from: Value, Standard and Premium. Harrison thinks Norwegian Prawns would fit well into the Standard or Premium level



E. Next Steps/Menu suggestions:

- We have an open invitation to participate in one of their monthly food forums. This is where Development Chefs, Purchasing and Marketing get together to taste and sample new products or ideas. We are welcome to come to speak to them and bring samples and new recipe/menu ideas for their sandwiches, salads, wraps or other items. We should try to set that up soon.
- Conversation with Seafood buyer about Norwegian Seafood (overall) and what can be offered or negotiated.
- Invite buyer and Kevin Harrison on a joint Prawn/Whitefish trip to Norway to see quality and source first-hand.
- They are very interested in the Sustainable Cod message as well.



II. Cost Sector Catering Targets

2. Sodexho Alliance

A. Profile:

Probably the largest contract caterer in the world. Formerly Gardner Merchant, the company joined the Sodexho Alliance (French) in 1995 and adopted the Sodexho name for the UK and Ireland early in the year 2000.

- Group-wise, Sodexho employees over 324,000 people, operates 26,700 sites in 76 countries and 2005 revenue for the group reached €11.7 billion.
- In the UK and Ireland, Sodexho provide catering and a range of support services to clients in the business and industry, education, healthcare, leisure and defence sectors. They have a £1 Billion turnover, 48,000 employees and 2,300 client sites. The UK and Ireland is its third largest market after Continental Europe and North America and accounts for 14% of group business. Business and industry accounts for more than two-thirds of business in the UK and Ireland.
- Financials (Results for food and management services in the year to 31 August 2005)
 - Divisional turnover: €6.4b (2005: €5.8b)
 - In the UK and Ireland, turnover was €663m (2005: €640m) and operating profit was €17m.
 - In North America, turnover was €2.9b (2005: €2.6b) and operating profit grew by 7.8% to €152m.
 - In Continental Europe, turnover was €2.1b (2005: €1.9b) and operating profit grew by 1.5% to €103m.
 - In the rest of the world, turnover was €678m (2005: €558m) and operating profit was €1
- Divisions include
 - B&I – represents 39% of group revenues. Number 2 worldwide.
 - Central Purchasing
 - Education
 - Facilities Management
 - Defence Services
 - Healthcare
 - Prestige
 - Travel



- B&I (Business & Industry)
 - The United Kingdom and Ireland business and industry sector is Sodexo largest market and is also one of the most developed markets in the world for contract catering services. The B & I Division operates within both the private (private finance, Commercial and Industrial) and Public Sector (Central Government, Local Authorities, Police & Fire). Business and Industry personnel work out of several offices including London, Stevenage (Head Office), Sheffield, Halesowen (West Midlands) and Aldershot.
 - Brands and/or concepts within Sodexo's Business and Industry sector include: Directors Table (Fine Dining in City and Central London), Healthworks (health, fitness and leisure clubs) and ProphIT (IT systems)
 - Staff restaurants: More than 25,000 Sodexo people work throughout Business & Industry, providing comprehensive catering and support services across the whole of the United Kingdom. The company provides catering and support services to three out of every four FTSE 100 companies.

- Purchasing
 - Selected UK wholesaler: Brakes Foodservice
 - Purchasing agreements are made country-wide. In the UK, the seafood supplier is M&J Seafood (part of Brakes).
 - Theoretically the chefs believe in using better products even if it has a slightly higher price (Quality vs Profit). Although Purchasing doesn't always support this view.
 - Purchasing has a lot of influence over what's bought . There is in place now a new Purchasing Director who is more focused on profit & bottom line.
 - They promote a philosophy of local sourcing, using sustainable products and other market trends – but in reality are not supporting that throughout the purchasing chain.
 - Sodexo's purchasing power is unrivalled within the industry both on a Continental and Global basis enabling them to provide high quality products and services at fair prices.
 - Trading agreements specify ISO 9000 quality standards, pricing, payment terms, invoicing procedures and delivery frequency.
 - Their food suppliers' premises are audited on a regular basis in respect of Health and Safety, hygiene, production methods and storage temperatures, guaranteeing quality and freshness for the customer.
 - Sodexo has a strong environmental policy and actively trade with suppliers who make every effort to control and reduce any negative environmental impact caused by its processes or products. Their suppliers conform to the 'Essential Packaging Requirements Regulations 1998' and use minimal packaging, subject to safety, hygiene and acceptance. Packaging must also be recoverable e.g. recyclable, biodegradable or can be composted.



- Strategies
 - Sodexho, in common with its peers, faces a sea of change in the UK market as more clued-up clients demand greater value for money and fixed-price contracts replace the old open-ended cost-plus deals. The vogue for freshly-made (but low margin) food has accompanied question marks over the nutritional value of the bulk-bought convenience foods that gave the giant players their edge in the past

C. The Menu

- Prawns used predominantly in sandwiches and bought from M&J Seafood in frozen. Format not a hindrance, in fact, its preferred- less wastage.
- Sandwiches made by outside company Food Partners, working with the Sodexho sandwich buyer & sandwich developer.
- Just re-launched internal Deli Fresh range (6-8 wks ago) with better menu items in the range and comes as a result of a lot of Development work.
- “Menu by design” is their internal, quarterly umbrella menu programme that is distributed throughout all UK B&I units. The menus tie into specific promotions, based on seasonal themes, holidays etc. For example the recent promotion to commemorate British Food Fortnight incorporated recipes and other promotional ideas & suggestions. During the promotion, the unit must serve at one of the recipes in promotion either daily or one day per week. During recent promotion, the order for sausages throughout UK’s 700-800 participating B&I units went from 6000 to 32,000.
- Our contact at Sodexho, David Mulcahy, Craft Development Chef, is currently working on incorporating Norwegian Prawns into his next promotional menu (Jan-March 07) called “Mind, Body & Soul”, focussing on Healthier eating. Recipe ideas have been provided from current recipe cards.
- He has also approached colleagues about using Norwegian Prawns in sandwiches, which was met with positive response.



D. Rationale:

- 2nd largest Contract Caterer in Europe.
- Volumes
- Positive contacts with Director of Menu Development in UK – he has been to Norway and will help make right contacts in organisations.
- Wheels already in motion with contacts in getting Norwegian Prawns incorporated into promotional menus and in sandwiches.
- Many opportunities for CW Prawns throughout all of their various formats and menus.

E. Next Steps/ Possible Menu Ideas

- Follow up with Contact regarding upcoming menu promotion.
- Set up meeting with Purchasing to discuss opportunities.
- What would it take for Sodexo to spec Norwegian Prawns?
 - Cost
 - promotional tie in
 - deal with wholesaler (M&J)
 - ability to meet demand



II. Cost Sector Catering Targets

3. Elior

A. Profile

Elior is the third largest operator in the European concession/contract catering market and operates in 12 countries. Group Turnover – €1.03 b

- France is number 1 market, followed by the UK at number 2, then The Netherlands, Italy, Spain, Portugal.
- From gastronomic restaurants to school canteens, as well as motorways areas, they are involved in all aspects of hospitality and have 12,100 outlets (as of Sept 05). There are six divisions:
 - Business & Industry (35.4%) - Including restaurants, fast-food and vending areas, retail outlets, meal tray delivery, executive dining rooms, and event catering and conference room management.
 - Education (18.2%)
 - Healthcare & Seniors (12.7%)
 - Motorways (10.6%) - currently in Europe. Leader in France, Spain and Portugal. None in the UK.
 - Airports (14%) - Catering and bar services, along with a number of retail outlets, for passengers and staff in the main airports of France, Spain, Portugal, Mexico, Argentina and more recently Italy and Great Britain.
 - City sites (11.7%) - Elior proposes restaurant services, event catering and retail outlets in railway stations, museums, tourist attractions, sports venues and exhibition centres. In France, the Group also boasts a string of prestigious gourmet restaurants.
- Full year Financials (These figures are for Groupe Elior of France)
 - Turnover: €2.8b (2004: €2.54b)
 - Pre-tax profit: €140.4 (2004: €117.7m)
- Contract catering and facility management:
 - Turnover: €1.03b (2005: €976.3m)
 - Business: €532.4m
 - Education: €309.6m
 - Healthcare-Seniors: €189.7m
 - Ebit: €69.8m (+13.9%)



- Concession catering and travel retail
 - Turnover: €456.8m (€422.1m)
 - Airports: €159.5m
 - Motorways: €130.1m
 - City centres: €167.2m
 - Ebit: €15.3m (-13.1%)

- Elior UK figures
 - UK turnover: £177.2m in 2003-2004
 - UK contracts: about 620
 - UK staff: more than 6,000

- Elior UK (known as Avenance UK until 2005) is the UK's fourth largest contract caterer. Its main activities are in business and industry and concession catering (in motorways, airports and railways). The company feeds more than 250,000 people a year through more than 600 restaurants, of which 460 are staff restaurants.

- The UK group now operates as two divisions:
 - Avenance Business and Industry Contract Catering
 - Specialist markets. This brings together Eliance Restaurants, Digby Trout Restaurants, Azure and Elior UK Services. It also includes health, education and Ministry of Defence contracts, vending and facility management and concessions.

- Its key brands, including franchised names include Mojo coffee, Flavours, Paul patisserie, Delifrance and Puccino's.

B. Recent Developments

- June 29 06 Elior returns to private ownership. Robert Zolade, chief executive of the French-based caterer, announced his desire to return the caterer to private hands in March because he felt the company's stock market performance had failed to reflect its strong position and regular growth.



C. Menus/Use of Prawns in the UK (Based on interview with Donald Marshall, Group Development Chef, Elior UK)

- UK doesn't have a branded sandwich concept – various “to-go” concepts operate as franchises in France such as Pomme de Pain.
- France has developed innovative formats under the Paul and Café Drouant banners in the fast food sector.
- Menu decisions are made at site level – same across Europe – estimated 1000 contracts in UK.
- Use prawns in all parts of business – mostly Greenland Prawns. Get from nominated seafood supplier.
- Possibility to increase usage –format frozen in bags 1 kilo. Format not an issue that he is aware. Price is driving factor.
- Corporately / strategically – Elior UK are focussing on advising customers on health / healthier options. In restaurants, customers are more interested in sustainable sources, organics and where products come from.
- “Balance” is a menu programme across the UK in which food and menu items are flagged up to be healthy or part of the UK “5-a-day” scheme. Info is compiled by dietician who advises chefs – but not with recipes. Chefs develop their own at unit level. Implemented throughout UK. France is interested in adopting concept as well.

D. Rationale:

- Positive relationship with Norwegian Seafood in UK – with interest to look at group-wide supplier deals with Whitefish. Opens the door to Prawns business as well.
- “Balance” programme and healthier eating strategy ideal for low-fat and nutritious CW Prawns menu suggestions.
- High quality food and award winning chefs would appreciate innovative new ideas and quality

E. Next Steps/Possible Menu items:

- Follow up with contacts at Elior and next steps from recent discussions/meeting with Stal Heggelund.



II. Cost Sector Catering Targets

4. ARAMARK

A. Profile:

Aramark Ltd, trading as Aramark UK, is a subsidiary of the US-based Aramark Corporation, a world leader in providing managed services. Aramark operates in 17 countries outside the US and, in fiscal year 2003, reported \$1.4billion in sales outside the US, representing 15 per cent of the company's total sales.

- Aramark is the fourth-largest contract caterer in the UK.
- Apart from the UK, Aramark has a substantial presence in other European markets, particularly in Germany, Spain and Belgium.
- UK business divisions cover the following food service sectors:
 - Business and Industry
 - Custodial
 - Defence
 - Education
 - Healthcare
 - Hotels & Leisure.
 - Off-shore and remote sites
- Appointed Foodservice Wholesalers
 - 3663
 - Brakes Foodservice

B. Recent Developments:

- In February 2004, Aramark expanded its UK healthcare division to 22 sites across the UK, with three new contracts from the Salvation Army and BetterCare.
- At the end of January 2004, the company acquired Midlands-based Catering Alliance, the sixth-largest contract caterer in the UK. Catering Alliance's main clients include multinational and domestic companies, universities and schools. The company has more than 200 contracts, mainly in the Midlands and North of England.

C. Menu:

Not able to recap since menus differ by unit/by type of service/by country/by concept etc.



D. Rationale:

- 5th largest Contract Caterer in Europe, representing sizable volume opportunities for CWP.
- Wide range of menu opportunities across all units/types of outlets.

E. Next Steps/Possible Menu Items:

- Interviews with Purchasing and Menu Development
- Wide range of possible menu ideas to fit all divisions/formats



II. Sandwich Manufacturing/Other

About the UK Sandwich Market

There are approximately 10 billion sandwiches consumed each year in Britain, at an estimated value of £2.6 billion. About ¼ of these are sold through major multiple retailers such as Sainsbury's and Boots.

The remaining sandwiches are sold through sandwich and coffee shop chains, workplaces, bakery chains, convenience stores, forecourts, and of course the thousands of independent sandwich shops the length and breadth of the UK.

The market is growing at 3% a year. The main reasons for growth are changing lifestyles, shorter lunch breaks, rising affluence, quality improvements, and more adventurous taste.

1. Greencore Sandwiches

In the UK, we have been told that at least one of the sandwich/savouries suppliers to Starbucks in the UK is Greencore Sandwiches, who should also be considered as a possible new customer target for Norwegian CW Prawns.

A. Profile

- Greencore Sandwiches is the UK's largest sandwich manufacturer. The business comprises of two state-of-the-art manufacturing facilities, at Manton Wood in Nottinghamshire, and at Park Royal in London, as well as a national retail distribution business based at Kiveton near Sheffield.

Manton Wood - is the world's largest and most sophisticated sandwich manufacturing facility. The factory is split into two manufacturing units, separated by a shared storage and preparation area. The separation of the two units ensures a greater degree of dedication for our major customers, who include major supermarket and high street chains, as well as leading forecourt and convenience retailers. The facility has an average weekly turnover of more than **3 million sandwiches**, and operates night and day throughout the year, employing up to 2,000 people at any one time.

Park Royal- Situated close to the major sandwich markets of London and the South East, Park Royal manufactures approximately 1 million sandwiches per week. The newly-built facility was acquired by Hazlewood in 1998 from Breadwinner Sandwiches, a company with a tradition of fine sandwich making. Can produce specialist sandwiches as well as production line manufacturing. As well as manufacturing sandwiches for supermarkets, petrol forecourts and convenience stores, Park Royal makes super-premium products for some of the world's leading airlines.

Bow - Located in London's Docklands area this £8 million, 137,500 sq ft facility was purpose-built by Oldfields in 2003 and acquired by Greencore in 2005. The site, which employs 480 colleagues and produces over 550,000 sandwiches a week, specialises in premium quality sandwiches, paninis and other food-to go products. It supplies to retailers, foodservice and coffee shop customers.

B. Next Steps: Set up meeting with Purchasing/Sandwich developers



II. Sandwich Manufacturing/Other

2 Food Partners

Both Compass and Sodexo named Food Partners as their sandwich supplier in the UK, indicating huge volumes and opportunities for Prawns. May already be buying Norwegian.

A. Profile:

- Food Partners is the leading supplier of fresh sandwiches for the contract caterers, coffee shops, and travel sectors.
- The business was formed in 2001 with the amalgamation of several sandwich businesses, creating a national company with over 1100 employees and 115 chilled distribution vehicles delivering sandwiches and ultra fresh products daily to caterers throughout the UK.
- The business has a turnover in excess of £55 million, and has become the largest manufacturer supplying food service, coffee shops and the travel sector.
- Food Partners supply an extensive range of branded sandwiches, wraps and paninis under its three brands, Fulfilled, Fulfilled Connoisseur's Choice and Simply Fresh from its modern manufacturing facilities in England and Scotland.
- They also offer a new range of Ultra fresh products including salads, sushi, fruit salads, and desserts.

from website...*"Our extensive product expertise is based on pro-active recipe development and sourcing only the finest ingredients. Our understanding of nutrition and insight into changing consumer lifestyles are combined to provide a range of healthy eating options in sandwiches and salads."*

B. Next Steps: Set up meeting with Purchasing/Sandwich developers



II. Sandwich Manufacturing/Other

3. M&S Simply Food

A. Profile:

- Simply Food is Marks And Spencer's (*UK leading clothing, households and food retailer*) successful concept of just food shops – often fitting into small “footprint” and found in busy city centre locations, busy railway stations and have now revolutionized motorway service areas with 9 stores located in formerly Compass-owned Moto service areas.
- Part convenience store, part fast food outlet, the Simply Food shops offers all the popular, innovative M&S ready meals and fresh produce but also a huge range 'Food to go' own-branded sandwiches, salads and snacks and a comprehensive wine selection too.
- The stores are opened for longer each week so customers can shop at their leisure. Designed to capture the on-the-go consumer who wants to top up weekly shop (bread & milk) as well as those looking for a quick grab n go meal or snack and an evening meal solution for the family.

B. Recent Developments:

- “Simply Food” has helped boost overall company profits. The firm, which saw profits nosedive at the turn of the millennium, is winning back market share in the food retail sector, as consumers switch on to its premium grocery offering.
- This was helped by store refits throughout 2005, and the introduction of the Simply Food concept to BP petrol forecourts, which tapped the lucrative convenience trend.
- 171 Simply Food stores throughout the UK

C. Rationale/Opportunities for Prawns:

- Sandwiches, Salads and many other innovative items.
- Products made by selected manufacturers who bring freshness and innovation. They work closely with M&S own menu development team – the envy of the UK supermarket & ready meals market.

D. Next Steps: Set up meeting with Purchasing/Sandwich developers.