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Canada

SPECIALTY FOODS MARKET PROFILE

Chicago, Illinois
November, 1999

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Executive Summary

Canadian specialty food and beverage manufactures can tap into an Illinois market worth about $175 million US per year and growing. The specialty foods market in the United States is growing at a rate of 7% per year. MarketResearch.com predicts that by the year 2003 this market will be worth $50 billion.

Ethnic diversity, aging baby boomers and new mass market distribution channels are making specialty foods mainstream products. The biggest buyers of specialty foods in the US are located along the Pacific coast, in the mountain states, the Middle Atlantic and in the North East. The Midwestern market for specialty foods shows great potential. The recent Spring Fancy Food Show in Chicago speaks volumes about how quickly this market is growing.

Chicago has the demographic factors of income, population, education, age and ethnicity that support a specialty foods market. There are significant African-Americans, Asians, and Hispanic populations who look to satisfy their own food tastes and desires. The annual household income of Chicago suburbs can support specialty food pricing. In fact, Chicago has the highest disposable income for a US suburb at about $100 billion US per year.

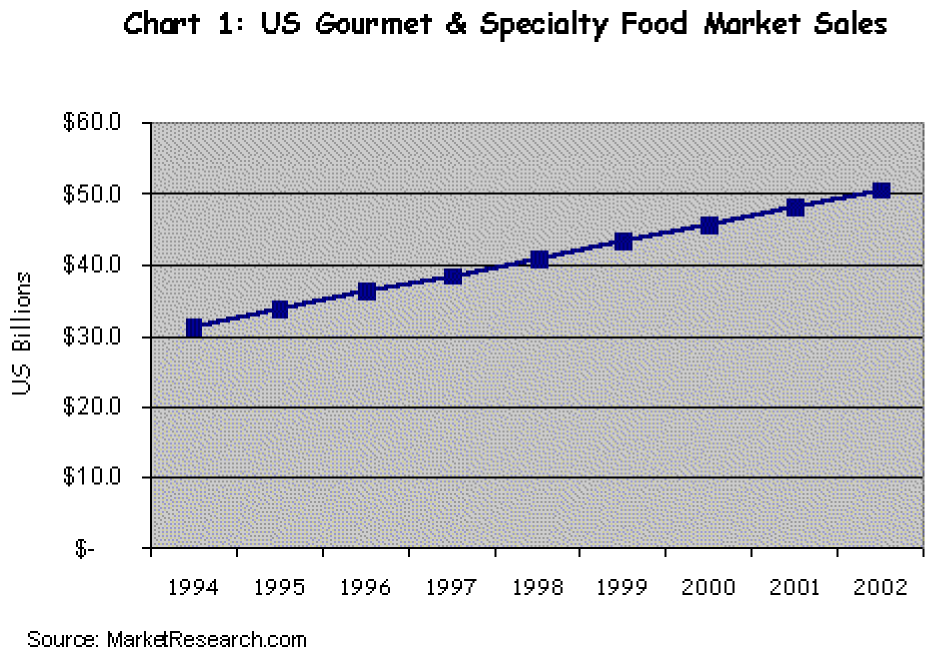
One of the most important functions, when selling specialty foods is distribution. It's important to find the best specialty foods' broker for your product. They can increase your chances of success if they link up with the right specialty food distributors and retailers.

Finally, make the effort to visit the market and build your knowledge about Chicago's customers, retailers, distributors and brokers. There is no substitute for your own market intelligence and getting a first hand look at the ways of doing business in that market.

Market Information and Intelligence

The Illinois marketplace is big. It has about 11 million consumers living in 4.5 million households. If you consider that the average US household spends about $50 per week on groceries, the Illinois market is worth $11.5 billion US per year. Specialty food purchases account for 1.5% of grocery sales according to the National Food Distributors Association's managing director Art Klawans. That adds up to $175 million in specialty food sales just in Illinois!

The importance of specialty foods will continue to grow in the future. MarketResearch.com projects sales of gourmet & specialty food products to increase by about 7% per year in the United States to about $50 billion by 2002 (Chart 1).



Gourmet and specialty foods can be broken down into 10 categories. That includes condiments, sauces and toppings, cheeses and dairy, meats, prepared foods, produce, pasta grains and beans, crackers and snacks, confections, and beverages. Within these categories, condiments accounted for 40% of sales, followed by prepared foods at 15% of total sales.

With the knowledge that more than 81% of consumers have purchased one specialty food in the last six months, the importance of the growing specialty food market is further highlighted. This niche market has eliminated many of the hurdles found in the retail grocery market while presenting a different set of challenges. These challenges include a limited and demanding consumer, the need for uniqueness of ingredients and packaging and very specific channels of distribution. Of these three, distribution is the area where the manufacturer must show the most concern. The dynamic of distribution is shifting. The stigma has been lifted from mass marketers. There is no more shame in being carried outside of traditional specialty food shops which means the generally high profit margins on these types of products could be targeted. Specialty food manufacturers should plan to spend more time educating mass marketers. They may need help in promoting specialty food products through better labeling, promotion specials or in-store product demonstrations.

Small retailers and producers need to find ways to help differentiate themselves. The industry faces tremendous pressures to lower prices on specialty foods. This may expand the market for specialty foods as they are retailed less expensively in venues that present them to more customers than ever before. But small retailers will need to recreate themselves to make gourmet and perishable virtually synonymous.

The specialty food market continues to change and expand as the average buyer's tastebud search to find new and different flavours. The number of players in the retail grocery market is shrinking at a rapid pace, so many companies are needing to find niche markets for their products. Canada has a strength in this area as demonstrated by the strong showing at the Winter and Summer food shows. Participation in the Spring show is vital to providing a new point of access to the Midwest market.

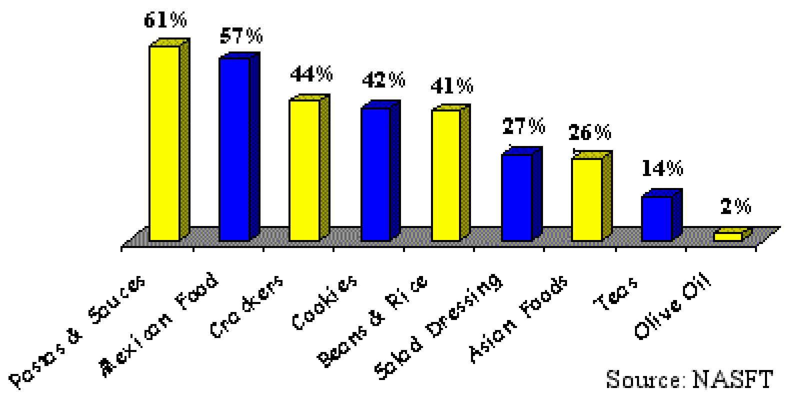
In reviewing the characteristics of the specialty food buyer, market trends show great potential in the Midwest, often in unexpected places such as shops located in college towns. Traditional and ethnic communities also play an important role in this market as they look for the ingredients of their native homeland and are willing to pay the price to get exactly what they want.

Specialty Foods' Retail Facts

The specialty food market is becoming increasingly important to the bottom line in the grocery business. The National Association For The Specialty Food Trade Inc. outlines the importance of this trade fact for the industry. The key findings from a recently completed study for the NASFT concluded that;

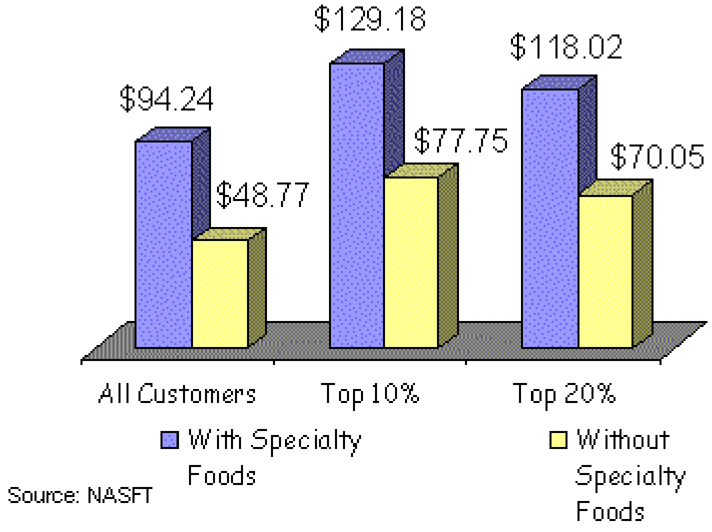
- *Specialty foods can make up a large percentage of a household's spending in any given category* . . . a specialty foods' customer is very loyal and will spend on average 64¢ cents of every dollar dedicated to that category on specialty food products.
- *Consumers who purchase specialty foods also tend to buy mainstream or non specialty food products from the same category* . . . it is important to mix mainstream with specialty food products for comparison shopping and purchasing (Chart 2).

Chart 2: Specialty and Mainstream Products from Category on Same Trip (% of Specialty Consumer Spending)



- *Customers who purchase specialty foods are even better customers than the average customer in the segment* . . . on average, top customer market baskets spend 9% more with specialty foods than other top customer market baskets without (Chart 3).

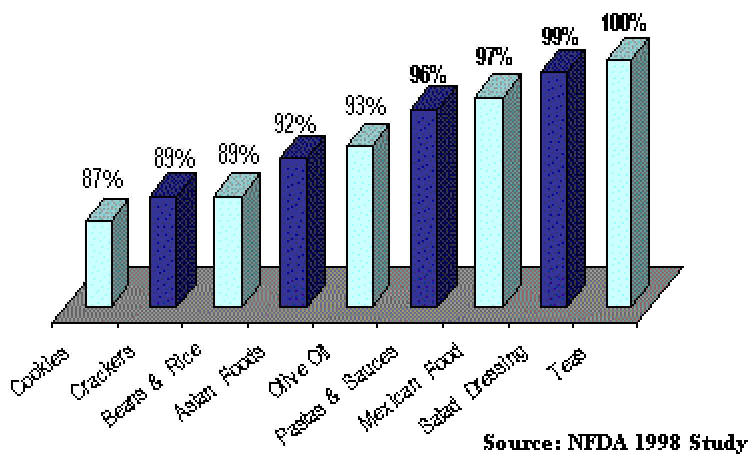
Chart 3: Average Market Basket Spending (US Dollars)



Specialty foods are important to a retailer's most important shoppers . . . the top 20% of customers buy between 38 and 52% of specialty foods in a given category, the bottom 50% account for only 20% of specialty food sales.

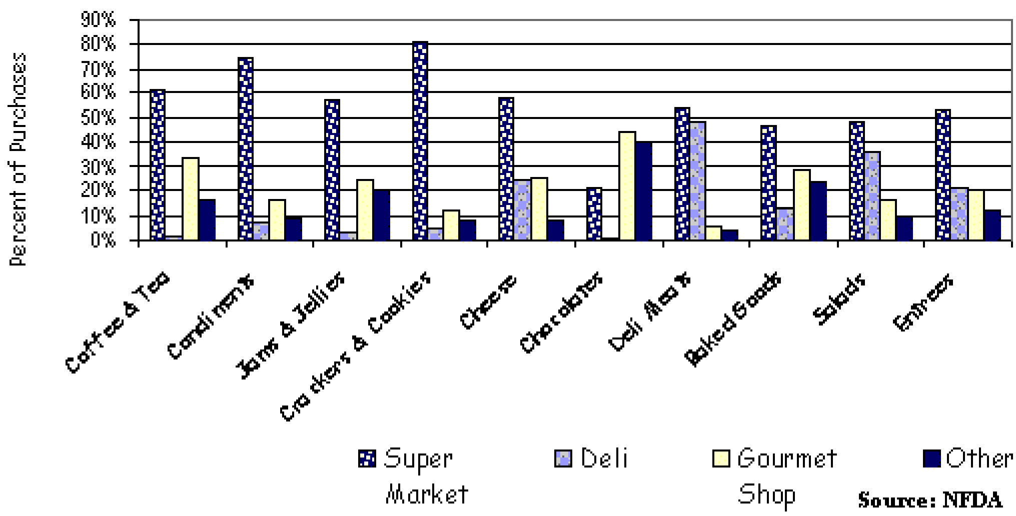
- *Specialty foods are generally sold at regular retail prices* . . . specialty foods typically translate into a higher-margin product for retailers (Chart 4).

Chart 4: Percent of Specialty Products Sold at Regular Retail Price



- *The most frequently purchased specialty food product by category is specialty meats*.
- *The supermarket is the most popular specialty food source in almost all categories.* About 53% of all specialty foods are sold in the supermarket. The specialty or gourmet foods stores account for 35% of total sales (Chart 5).

Chart 5: Store Type And Specialty Food Purchases



- *The deli section of the supermarket sells the most specialty food products which are generally made up of cheeses, salads, and deli meats* (Table 1).

Table 1: Type of Retail Outlet Where Specialty Foods Are Purchased
Source: NFDA

Category	Supermarket	Deli	Gourmet Shop	Other
Coffee or Tea	61%	2%	34%	16%
Condiments	75%	7%	16%	9%
Jams & Jellies	57%	3%	24%	20%
Crackers & Cookies	81%	5%	12%	8%
Cheese	58%	24%	25%	8%
Chocolates	21%	1%	44%	40%
Deli Meats	54%	48%	6%	4%
Baked Goods & Desserts	47%	13%	28%	23%
Salads	48%	36%	16%	10%
Entrees	53%	21%	20%	12%

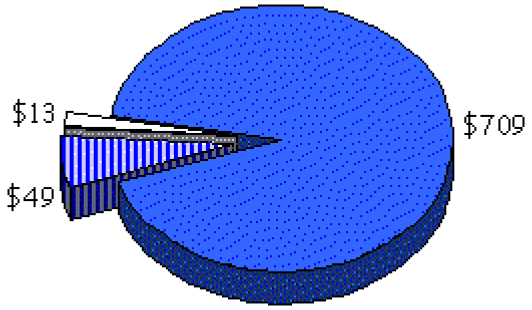
- *Approximately one-third of consumers purchase more specialty foods today than they did five years ago.*

New and Continuing Trends in Specialty Foods

The specialty foods industry is constantly changing to reflect the tastes and lifestyles of the consumer. For what was once considered niche marketing, has now gone mainstream. The real truth is that this category continues to grow at least 7% per year and should be a $50 billion a year business in the United States by the year 2002. Highlights to the current trends are listed below and should be helpful trying to sell into the Chicagoland region.

- *Flavour over fat* . . . Americans are consuming more fat because they are eating more. Portion size is increasing and many venues, while offering the calorie conscientious meals, are still serving high-fat, high-calorie original items such as pizza, and nachos. While there is a place for fat-free and low-fat foods, the American consumer is looking for taste and "mouth feel" foods where fat is the key.
- *New Ethnic Mix* . . . Consumer demand for hot spices has pushed sales volume up 71% since the late 1970's according to the Spice Trade Association. Foreign travel has also introduced Americans to the authentic ingredients and cooking styles of other cultures (Chart 6). Thai foods are perceived to be a sophisticated, upscale, gourmet food, that is not to be confused with Vietnamese or Chinese cuisine. Market Watch predicts Caribbean foods to be the fastest growing segment in the next five to ten years. This trend presents an opportunity for manufacturers to introduce pastes, mixes and ready-to-heat and heat-and-eat foods in addition to spices.

Chart 6: Ethnic Food Portion of 1997 Food Sales
(Billions of US Dollars)



Total Food Sales Total Ethnic Sales Ethnic Retail Sales

Source: Market Watch

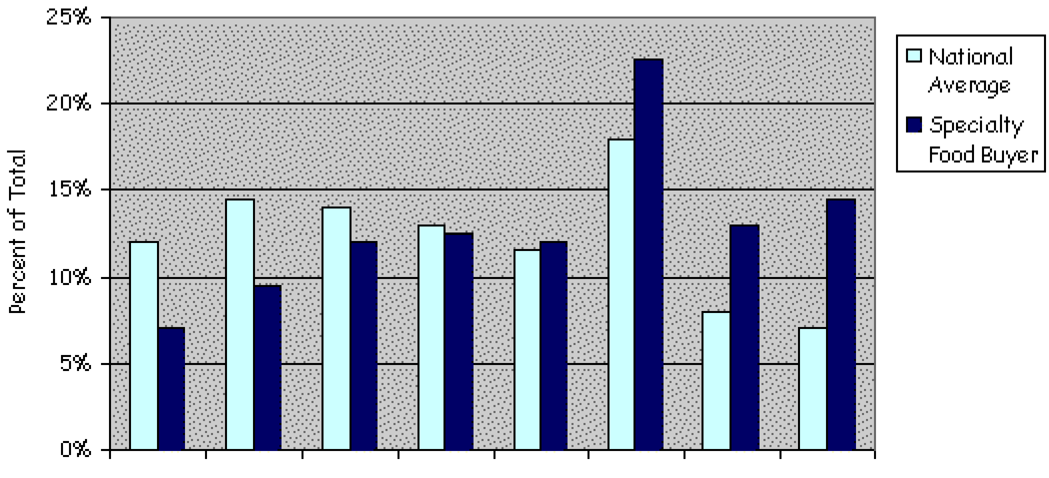
- *Demanding Baby Boomers* . . . Historically have demanded and were willing to pay for unique, high-quality products. They are often looking to replicate restaurant meals in their own kitchen with gourmet products. This maturing population is healthier and wealthier than any other generation at the same age. Their main concerns are wellness, relationships with retailers, manufacturers, and restaurants, and food safety issues.
- *Functional and Feel-Good Foods* . . . The link between health and eating habits is giving rise to today's functional foods called nutraceuticals. The introduction of vitamins, trace minerals, plant extracts and even active bacterium culture to stake health claims into food products continues to grow.
- *Kosher foods are going mainstream* . . . The rise of Kosher foods can attributed to the strong growth in two other cross over segments, natural and vegetarian foods. Currently, one-third of all products on US supermarket shelves is certified Kosher. The future trends in Kosher food are toward more convenience (microwavable), more flavour (citrus or mesquite lox and fish spreads), better tasting wines (heavier, fruitier) and marketing to consumers outside the Kosher circle.
- *Specialty foods for the masses* . . . The stigma of selling specialty foods at a mass retail giant no longer exists. The Costco's, WalMart's and Target's of the world are welcoming specialty foods to their shelves. Their efforts to increase the availability and distribution of specialty foods will squeeze profit margins on a traditionally high priced food category.
- *Natural products continue to explode* . . . In 1998, natural product sales jumped 11% to $25.4 billion US, according to the *Natural Foods Merchandiser*. The interest in natural foods "is a function of a lot more people becoming aware and concerned about what they're putting in their body," says Richard Fradin, a securities analyst with Chicago-based William Blair & Co.
- *Celebration food* . . . Jim Prevor, Editor Food Distribution Magazines noted "We are in for a year of gimmick millennium food with holograms, special tastes and other doodads as food producers try to hitch their wagons to the biggest party of all time: December 31, 1999."

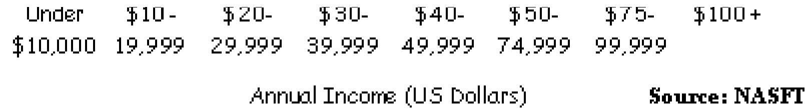
Specialty Foods' Demographic Factors

The buyers of specialty foods boast certain demographic traits that place them apart from the average consumer. The most significant attributes are household income, education, and the region of the country where they live. The least important factors include the presence of children and age.

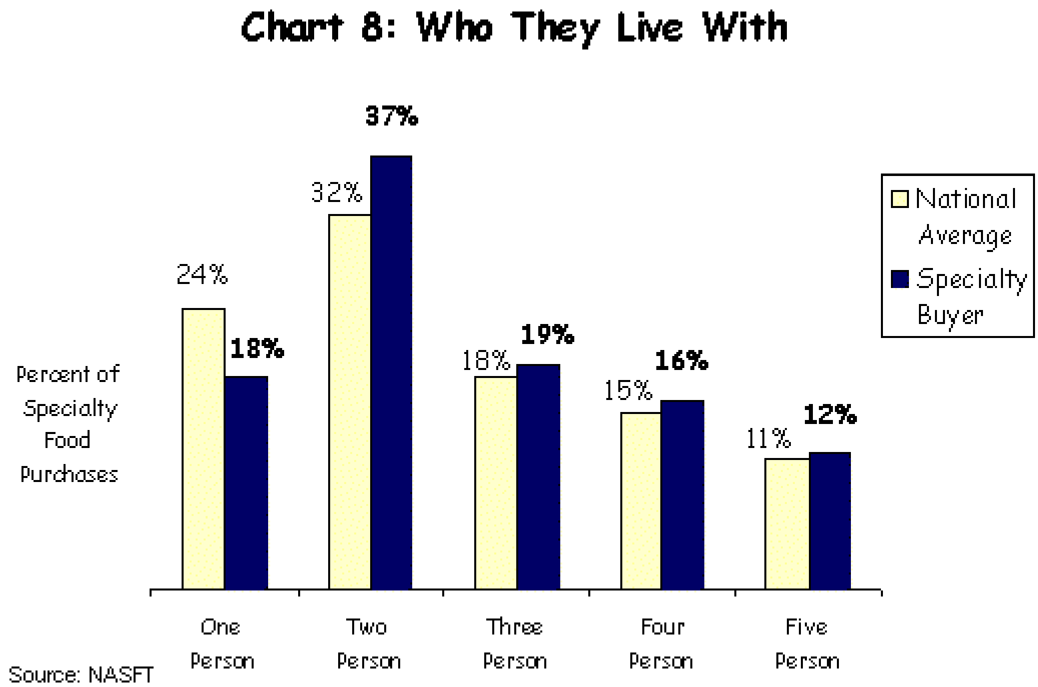
- *Income is the primary defining factor for the specialty food buyer.* The US Specialty food buyer is almost twice as likely to earn $100,000 or more per year than the national average of 7.9% (Chart 7).

Chart 7: How Much They Earn

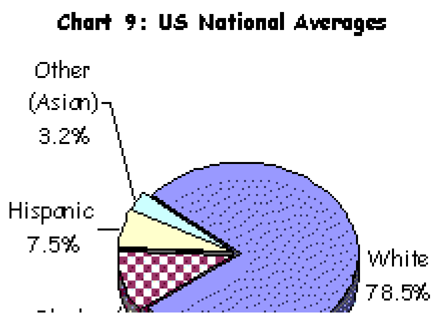


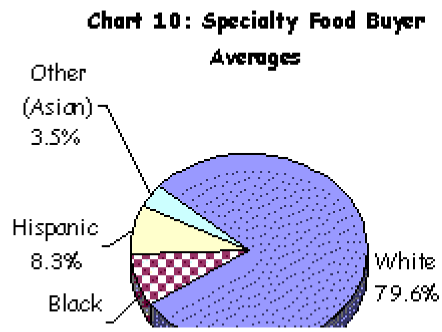


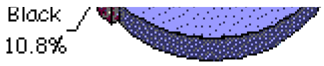
- *The single household is 30% less likely to purchase specialty foods*. The two person household is the most likely buyer of specialty foods (Chart 8).
- *Specialty food buyers tend to be older boomers who are age 45 and beyond*. The best age group is the 55 to 64 year-old crowd.



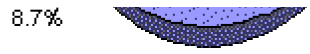
- *Consumers with Asian or Hispanic backgrounds tend to be above average buyers of specialty foods*. They tend to be extremely loyal to native brands and a higher sensitivity to ethnic markings. This is an important fact to remember for marketers and distributors targeting racially mixed or ethnic neighborhoods (Charts 9 & 10).





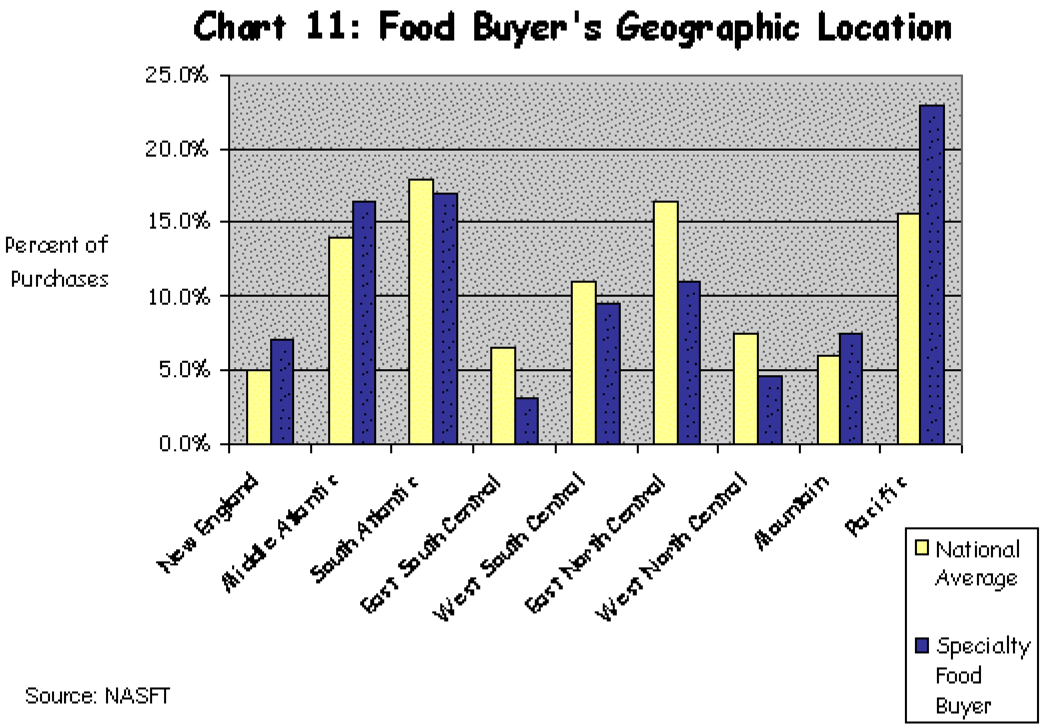


Source: NASFT



Source: NASFT

- *People with kids are just as likely to buy specialty foods as those without children.* The household with children under the age of six are the best specialty food consumers. This may be so because of the convenience and the ability to enjoy the food at home.
- *The second most significant factor behind income is education.* College educated people are 51% more likely to purchase specialty foods than those without a degree.
- *The people living in or near cities are 17% more likely to buy specialty foods when compared to people living in a rural setting*.
- *The geographics of a country also determine purchasing habits*. The highest incidences of specialty food purchasing takes place in the Pacific and North East, Mountain and Middle Atlantic regions. The Pacific region at only 15% of total US population accounts for more than 23% of all specialty food purchases (Chart 11).



Source: NASFT

Specialty Food Distribution in Chicago and Illinois

Canadian manufacturers need to use the most effective distribution system available. This is a really important factor for specialty foods. In the United States, the channels of distribution for a specialty food product may be a lengthy affair. At the very least a specialty food will move through three intermediaries before ending up in a customer's grocery cart. A Canadian manufacturer will need a broker, who will sell to a distributor, who in turn will service a retailer.

In some cases a very small manufacturer might have to use an importer, who will service a broker and so on. Therefore, finding a specialty foods broker who can represent your category effectively is important to a company. **Appendix A** contains a table of specialty food brokers and associations in the Illinois area interested or experienced in handling Canadian products.

The appendix includes important distribution and retail information as well. Use this information to make contact and interview a potential distributor of your product. Some large brokers are not interested in "*pioneering a product*," while others are limited by their size and resources. Getting a recommendation or using word of mouth may be a good way of selecting a distributor or broker.

It's important at this stage to know your product and target market inside and out. A manufacturer's success will depend heavily upon knowing the demographics of the target market and how to reach your customers. A broker, distributor and retailer is an extension of your marketing plan and should share the same commitment to satisfying the end customer.

Other Specialty Food Distributor and Retail Options

Appendix B contains information related to retail specialty food outlets like Whole Foods and distribution in the Wisconsin market. There are many good reasons why Canadian companies should seriously consider selling into the Wisconsin market. Wisconsin is serviced extensively by Chicago brokers, wholesalers and manufacturers. Therefore, starting in a smaller market like Milwaukee, may give a company the confidence to take on the larger Illinois and Chicago market.

Wisconsin is made up mainly of small chain independent grocers with seven or fewer stores. Therefore, it may be easier to get your product onto their shelves. Pick n Save is the largest grocery chain in Wisconsin and they have about 50% of the market share. The largest independent grocer is Woodman's supermarket. Their seven stores are located throughout the state and tend to be very large in scope (250,000 sq. feet).

There are three main specialty food distributors in Wisconsin. Gourmet Awards (previously Milwaukee Biscuit) is the primary distributor and handles everything nonperishable. The second largest specialty foods distributor is Don Ray Inc. They focus in on the dairy and frozen food categories. The third largest distributor is Soderholm in Madison. Solderhom likes to handle mostly meat and dairy products.

Whole Foods and Wild Oats in Chicago presents a unique retailing opportunity for manufacturers of natural or organic products. The Whole Foods chain has 100 retail outlets located throughout America. Currently, six outlets are located in the Chicagoland region with another six outlets opening within the next year or two. The competitor chain to Whole Foods is Wild Oats. They have about 80 stores in the United States and Canada with two outlets in the Chicago area . Either chain store is actively searching for quality natural products from Canada. Other retailers, like Treasure Island, sell specialty foods and can be an outlet for your product. All buyers are interested in quality products and consistent supply.

Demographics of Chicago and Surrounding Counties

A company needs to know how to find its target market. A specialty foods' product or service fits best with certain demographic profiles. **Appendix C** contains a series of maps and neighborhood statistics which highlight different demographic information on Chicago and the surrounding counties as obtained from the Chicago Tribune website.

There are five maps that outline areas of ethnic concentration, income, and housing values. The maps are general in scope and do not give a detailed breakdown of a single community. However, they should be useful to a marketer or distributor trying to pinpoint its end user.

The population of Chicago and the surrounding counties topped 7.25 million people in 1990 (Census 1990). The city of Chicago with its 77 communities has just under three million people. It's important to keep in mind the changing demographics when looking at the maps and deciding a marketing strategy. According to Crain's Business Magazine, the future population of Chicago will change dramatically. Crain's predict that by the year 2020 one-third of Chicago will be black, one-third white and one-third Hispanic. This doesn't even take into account a predicted 280% growth in the Asian population to more than 600,000 people by 2020.

Map #1 highlights the neighborhoods with a high concentration of African-Americans. There are approximately 900,000 black people in the 31 neighborhoods outlined. In general, the black population of Chicago lives in the southern part of the city. Map #2 outlines the communities with significant Asian populations. Currently, Chicago has about 125,000 people of Asian descent. About 80,000 Asians live in the nine communities profiled. They are mostly located in the southern downtown or in the northeaster part of the city. Missing from this map is the significant number of Asian-Americans living in the suburbs. For example, the Illinois Ethnic Coalition estimates 40,000 Korean Americans live in Chicago and another 60,000 in the suburbs. The major Hispanic communities are displayed in Map #3. The twenty neighborhoods have about 470,000 residents. Most Hispanics live in the north, central and southeastern part of Chicago. The total Hispanic population of Chicago stands around 550,000 as of 1998.

The higher income earning areas of Chicago are contained in Map #4. Higher income earners live in the northwest, downtown along the lakeshore going north, and in the extreme southwest. The house values in Map #5 tend to mirror the higher income neighborhoods of Map #4. Most interesting is Map #6 which profiles selected suburb communities in the Lake, Dupage, Will and Cook counties surrounding the city of Chicago. Unlike the city, the selected communities outside of Chicago are growing. The suburb communities located southwest and west of Chicago showing significant growth and are expected to increase another 11% by the year 2003.

Appendix A -Specialty Food Brokers & Trade Associations

Categories Served * *Company Focus/Interests*	**Territories Covered**	**Company Name**	**Contact Person**	**Phone &** ***Fax***	**Address**
Bakery Beverages Candy & Confectionary Dairy Food Ingredients Processed Foods * heat and serve meat snacks	IL, MN, WI, MI ND, SD, IN	Exclusively Gourmet	Brian Schwenger	312-397-9494 312-397-0368	1350 N. Wells St. Chicago, IL 60610
Bakery Beverages Candy & Confectionary Processed Foods Specialty Foods * Natural & Organic	IL, MI, IN, OH, MO	Marathon Marketing	Larry A. Lavaty	630-736-0703 630-736-9661	314 Roma Jean Parkway Streamwood, IL 60107
Processed Foods Specialty Foods * High end, "one of a kind" products	IL, IN, MI, WI, OH	Barbara Mastoon & Associates Specialty Foods	Barbara Mastoon	847-733-7564 847-733-7564	2144 Lincolnwood Evanston, IL60201
Frozen Foods Meat Specialty Foods * Ostrich meat	USA, S. America, Asia	Blackwing Ostrich Meats Inc.	Roger Berber	847-838-4888 847-838-4899	17618 W. Edwards Antioch, IL60002
Bakery Beverages Candy & Confectionary Dairy Food Ingredients Processed Foods	IL, WI, IN, Mid-West States	Mid America Sales Company	William S. Antognoli	847-729-4500 847-729-4503	1750 Dewes St. Glenview, IL 60025

Fruits & Vegetables Flour & Grain Meat Seafood Specialty Foods * Mediterranean, Italian Foods					
Dairy Meat * Dry sausage	IL, WI	TC Cale & Associates	Thomas C. Cale	630-369-6041 630-369-9957	222 Warwick Drive Naperville, IL60565
Bakery Beverages *Dairy Food Ingredients *Processed Foods *Frozen Foods Flour & Grain Seafood Specialty Foods Non-Food	IL	Tailored Marketing Inc.	William Kloud	815-728-1925 815-728-1925	3903 E. Lake Shore Drive Wonder Lake, IL60097-8627
Seafood * Frozen Seafood	Mid-West	Morley Sales Company Inc.	Bob Slavik	312-829-1125 312-829-3680	809 W. Madison Chicago, IL 60607
Seafood * Frozen Seafood	Mid-West	Morley Sales Company Inc.	Bob Slavik	312-829-1125 312-829-3680	809 W. Madison Chicago, IL60607
Candy & Confectionary Dairy Specialty Foods Equipment Non-Food *Convenience stores	Chicago	J & G Enterprises	Jim Baur	847-359-5189	813 W. Gilbert Palatine, IL 60067
Bakery Beverages Candy & Confectionary DairyFood Ingredients Frozen Foods Flour & Grain Processed Foods Specialty Foods *Frozen Pastry	Chicago	Heartland Trading Company	Giles G. Schnierle	773-779-5055 773-779-5227	2320 W. 110th St. Chicago, IL 60643
Candy & Confectionary *Snack items	WI, MI	Geraci & Associates Inc.	Frank Geraci	414-252-7270 414-252-7276	W 146 N 5800 Enterprise Ave. Menomonee Falls, Wisconsin, 53051

Bakery Beverages Dairy *Food Ingredients Frozen Foods Flour & Grain *Processed FoodsSpecialty Foods	IL, MO, MI	Clemmensen & Associates Inc.	Andy Paul	630-654-2100 630-654-2130	814 Burr Oak Drive Westmont, IL 60559
*Bakery Beverages *Candy & Confectionary Processed Foods Specialty Foods	Northern Illinois	Booth, Schwager & Associates	Jim Booth	847-872-2245 847-872-5352	3520 16th Street Zion, IL 60099
Bakery Dairy Frozen Foods Flour & Grain Meat *Processed Foods Seafood Specialty Foods Non-Food	IL, WI	Central O'Donnell Company Inc.	Jack O'Donnell	847-397-7951 847-397-7953	1827 Walden Square, Suite 42 Schaumburg, IL 60173
Candy & Confectionary *Upscale gourmet products	IL	Venna J. Specialties	Venna Johnson	312-944-4712 312-944-0381	60 E. Chestnut #403 Chicago, IL, 60611
Processed Foods Specialty Foods *Maple syrup products	Chicago	Joseph's Enterprises of Illinois	Peter Crumley	847-446-7495 847-446-9790	680 Green Bay Rd. Winnetka, IL 60093-1965
Candy & Confectionary Specialty Foods *Natural Foods	IL, IN, MN, OH, IO, MI	Hanson Faso Three Crown Inc.	Stewart Reich	630-953-9800 630-953-9889	635 Butterfield Rd. Suite 120 Oakbrook, IL 60181
Food Ingredients *Concentrates for bakeries	Mid-West	Randolph Brady Inc.	Jim Hopwood Kurt Floody	847-870-7020 847-870-7676	55 S. Vail Ave. Suite 901 Arlington Heights, IL 60005
Bakery *Candy & Confectionary	Chicago & Northern Illinois Wisconsin	Wallish Associates	Ed Biesinger Charles Patton	630-860-0770 630-860-0832	227 W. Grand Ave. Bensenville, IL60106
Candy & Confectionary * snack foods	Norther Illinois & Chicago	Hoffmann - Vogler Company	Roger Cherry	847-520-5220 847-520-5987	160 Lexington Drive Unit BBuffalo Grove, IL60089
Meat Processed Foods * shelf stable foods, deli meats	National	The Lansing Group Ltd.	Dick Lansing	847-526-0910 312-458-6060	320 Willinois C107 Chicago, IL60510

Bakery Products Candy & Confectionary Food Ingredients Seafood Beverages Processed Foods Non-Food *baking mixes, cookies, candies	Southern Illinois & Indiana	The McGlaughlin Group	Joe McGlaughlin	217-423-5185 217-422-3538	1372 W. Sunset Ave. Decatur, IL 62522
Food Ingredients *organic wheat & corn flour	Illinois	Ingredients Plus	Sanford Wolgel	773-465-3177 773-465-3187	2640 W. Touhy Chicago, IL 60645
Flour & Milled Grain Processed Foods *food service industry	Illinois & S.E Wisconsin	Dave Roemer & Associates Inc.	Dave Roemer	847-940-0780 847-446-6042	757 Deerfield Road Suite 207 Deerfield, IL 60015
Bakery Products Candy & Confectionary Food Ingredients Meat Processed Foods Non-Food *repacking & health foods	Illinois	Randag & Associates Inc.	John Randag	630-530-2830 630-530-2830	187 Lawndale Elmhurst, IL 60126
Candy & Confectionary *drug store distribution	Illinois	F & I Marketing Inc.	Dwight Iverson	847-367-3686 847-367-3689	28085 N. Ashley Circle 120 Libertyville, IL 60048
Candy & Confectionary *food service industry	Illinois	D Petrie & Associates	Warren Petrie Jr.	630-953-8866 630-953-8867	366 W. Maple Street Suite 2N Lombard, IL 60148-2415
Processed Foods *juice concentrates	Illinois	Greenwood Associates Inc.	Ron Kaplan	847-564-8450 847-564-8535	400 Skokie Blvd. #220 Northbrook, IL 60062-7924
Frozen Foods Specialty Foods *natural, organic products	IL, OH, WI	E F Reimann Company	Eberhard Reimann	847-991-1366 847-329-9134	1304 Cooper Drive Palatine, IL 60067

Trade Association	Contact Person	Phone & Fax	Address
National Food Distributors Association	Arthur Klawans Managing Director	312-644-6610 312-321-6869 Fax	401 North Michigan Ave. Chicago, Illinois, 60611-4267
National Association For The Specialty Food Trade, Inc.	Heather Paul	212-482-6440 212-482-6459 Fax	120 Wall St. 27th Floor New York, NY10005-4001

Illinois Dept. of Agriculture	Janet M. Mathis Trade Director, Canadian Office	416-695-9888 416-695-9891 Fax	1 Eva Road Suite 300 Toronto, ON M9C 4Z5
The American Spice Trade Association		201-568-2163 201-568-7318 fax	P.O. Box 1267 Englewood Cliffs, NJ 07632

Appendix B - Other Specialty Food Distributors & Retailers

Name & Position & Direct Phone Number	Company Name & Address	ContactNumbers & Web Addresses	SpecialtyFoods Function	Primary Service Area
Jeff Roos Regional Meat Buyer 773.404.1128 Phone Ext. 517	Whole Foods Market Midwest Division 1000 W North Ave. Suite A303 Chicago, IL 60622	312.587.9760 Phone 312.587.9375 Fax Web site: www.wholefoods.com	Natural/ Organic retailer	Chicago
Suzanne Rasmus-Griebling Regional Grocery Buyer 773.404.1128 Phone Ext. 504	Whole Foods Market Midwest Division 1000 W North Ave. Suite A303 Chicago, IL 60622	312.587.9760 Phone 312.587.9375 Fax Web site: www.wholefoods.com E-mail: Suzanne.Rasmus-Griebling@wholefoods.com	Natural/ Organic retailer	Chicago
Jason Duran Regional Vegetable Buyer 773.404.1128 Phone Ext. 506	Whole Foods Market Midwest Division 1000 W North Ave. Suite A303 Chicago, IL 60622	312.587.9760 Phone 312.587.9375 Fax Web site: www.wholefoods.com E-mail: jason.duran@wholefoods.com	Natural/ Organic retailer	Chicago
Mike Perez & Lawrence Priest Distribution Center Produce Buyers 773.404.1355 Phone Ext. 403 & 406	Whole Foods Market Midwest Division 1000 W North Ave. Suite A303 Chicago, IL 60622	312.587.9760 Phone 312.587.9375 Fax Web site: www.wholefoods.com	Natural/ Organic retailer	Chicago
Dick Olsen Director of Purchasing	Gourmet Award Foods (Milwaukee Biscuit) 7225 West Marcia Rd. Milwaukee, WI 53223	414.365.7000 414.365.7016 Fax	Non-perishable specialty foods	Wisconsin

Don Pannemann & President *Larry Pannemann* Treasurer	Don Ray Inc. 1822 Dolphin Drive Waukesha, WI 53186-1472	414.650.9355 414.650.9392 Fax	Dairy & Frozen Foods	Wisconsin
Steve Racchini Purchasing Manager	Soderholm Whole Foods Inc. 6901 Mangrove Lane Madison, WI 53713-1596	608.221.4731 608.221.7322 Fax	Meat & Dairy Products	Wisconsin
Nick Johnson Vice President of Sales	Five Continents, Ltd. 4000 West 40th St. Chicago, IL 60632-3902	773.927.0100 773.927.5113 Fax Web site: www.fivecontients.com E-mail: johnson@fivecontinents.com	Asian Foods	Chicago
Hieu Truong Produce Buyer 773.230.8823 Cell	Five Continents, Ltd. 4000 West 40th St. Chicago, IL 60632-3902	773.927.0100 773.927.5113 Fax Web site: www.fivecontients.com E-mail: truongh@fivecontinents.com	Asian Foods	Chicago
Bob Scaman Organic Buyer	Goodness Greeness 5959 S. Lowe Ave. Chicago, IL 60621-2832	773.224.4411 773.224.6593 Fax	Organic Produce/ Dairy/Deli Wholesaler	Chicago
Mark Deutch Specialty Foods Buyer	Woodman's Food Market-West 711 S Gammon Rd Madison, WI 53719	608.274.8944 608.274.8884 Fax	Grocery Retail	Wisconsin
Dave Rhodes Organic Buyer	Caito Foods Services 3120 N. Post Road Indianapolis, IN 46226-6538	317.897.2009 317.899.1175 Fax	Organic Wholesaler	Indiana & Chicago
Al Magistrelli Buyer	Kehe Foods Distributors Inc. 900 North Schmidt Rd. Romeville, IL 60446	815.886.3700 815.886.1111 Fax	Specialty Foods Distributor	Illinois, Michigan, Indiana,Missouri
	Wild Oats 500 E. Ogden Hinsdale, IL 60521	630-986-8500	Organic Retailer	Hinsdale, Illinois
	Wild Oats People's Market 1111 Chicago Avenue Evanston, IL 60202-1325	847-475-9492	Organic Retailer	Chicago - Evanston
Pam Saunders Beef Coordinator *Allen Moody* Pork Coordinator	Organic Valley 507 West Main Street LaFarge Wisconsin 54639	608-625-2602 715-455-1007 608-625-4177 Fax Web site: www.organicvalley.com	Organic Producer Cooperative	Wisc. & Illinois

	Wild Oats People's Market 1111 Chicago Avenue Evanston, IL 60202-1325	847-475-9492	Organic Retailer	Chicago - Evanston

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SPECIALTY FOODS MARKET PROFILE
(continued)

Appendix C - Chicago Demographics

Map #1 - African-American Communities

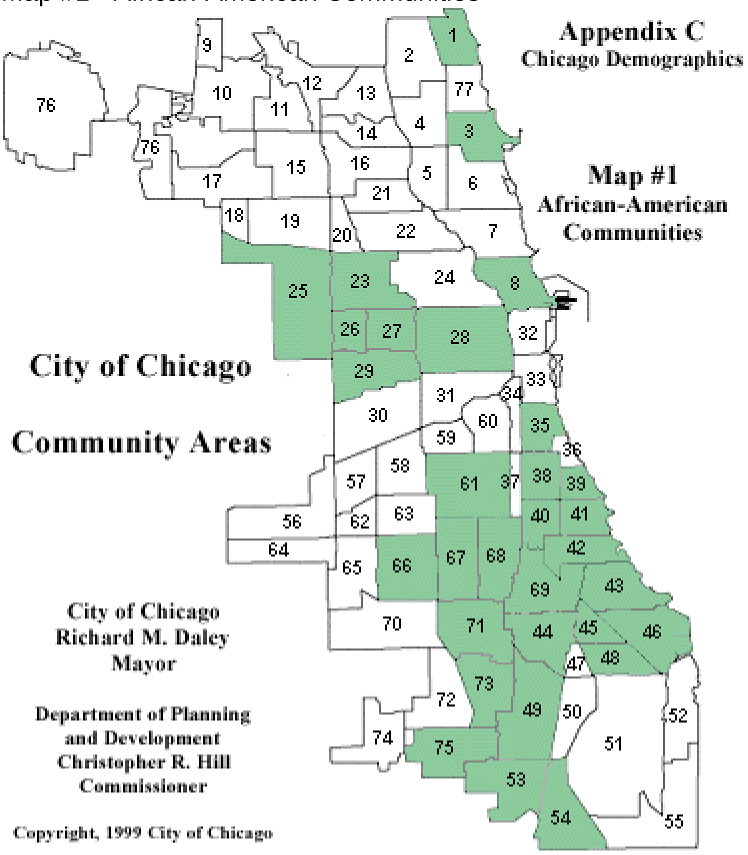


Table #2 - African-American Community Statistics							
Community Map #'s	Community	Black	1998Population	Total Black Population 1998	2003 Population	% Change InPopulation	Median FamilyIncome
25	Austin / Galewood	86.3%	110,691	95,526	107,375	-3.0%	$30,882
43	South Shore	96.8%	56,738	54,922	53,609	-5.5%	$24,808
71	Auburn Gresham	98.5%	54,619	53,800	51,227	-6.2%	$34,329
49	Roseland	98.6%	53,400	52,652	51,092	-4.3%	$37,255
67	West Englewood	97.9%	46,800	45,817	43,242	-7.6%	$27,806
68	Englewood	98.7%	39,780	39,263	35,358	-11.1%	$16,410
29	North Lawndale	96.2%	39,729	38,219	35,753	-10.0%	$15,549

53	West Pullman	93.7%	39,188	36,719	38,281	-2.3%	$40,285
69	Greater Grand Crossing	98.9%	32,468	32,111	29,187	-10.1%	$22,831
44	Chatham	98.0%	31,848	31,211	29,043	-8.8%	$30,466
73	Washington Heights	98.5%	31,031	30,566	29,979	-3.4%	$45,119
28	Near West Side	66.8%	44,913	30,002	43,771	-2.5%	$16,971
23	Humboldt Park	49.3%	60,212	29,685	55,881	-7.2%	$23,637
38	Grand Boulevard	99.1%	28,259	28,005	24,766	-12.4%	$11,422
35	Douglas	90.9%	26,903	24,455	24,894	-7.5%	$17,920
42	Woodlawn	95.6%	23,508	22,474	21,491	-8.6%	$17,822
46	South Chicago	60.9%	36,353	22,139	33,704	-7.3%	$26,914
26	West Garfield Park	99.0%	20,941	20,732	19,154	-8.5%	$18,504
27	East Garfield Park	97.9%	20,495	20,065	18,642	-9.0%	$15,694
61	New City	41.3%	46,428	19,175	42,688	-8.1%	$23,414
3	Uptown / Vietnamese	23.9%	70,040	16,740	71,818	**2.5%**	$26,503
75	Morgan Park	64.9%	24,685	16,021	23,288	-5.7%	$48,956
8	Near North Side Gold Coast / River North / River West / Streeterville	23.0%	67,695	15,570	68,786	**1.6%**	$63,830
48	Calumet Heights	92.2%	16,817	15,505	16,242	-3.4%	$52,553
40	Washington Park	98.7%	14,602	14,412	12,472	-14.6%	$12,018
1	Rogers Park	26.0%	55,136	14,335	51,883	-5.9%	$29,884
54	Riverdale	97.2%	13,216	12,846	12,780	-3.3%	$37,165
39	Kenwood	76.2%	16,602	12,651	15,585	-6.1%	$33,443
66	Chicago Lawn	26.5%	43,666	11,571	39,542	-9.4%	$30,198
45	Avalon Park	98.9%	10,925	10,805	10,352	-5.2%	$47,184
41	Hyde Park	37.8%	28,018	10,591	27,315	-2.5%	$39,020
			Total	**878,583**			

Appendix C- Chicago Demographics

Map #2 - Asian Communities

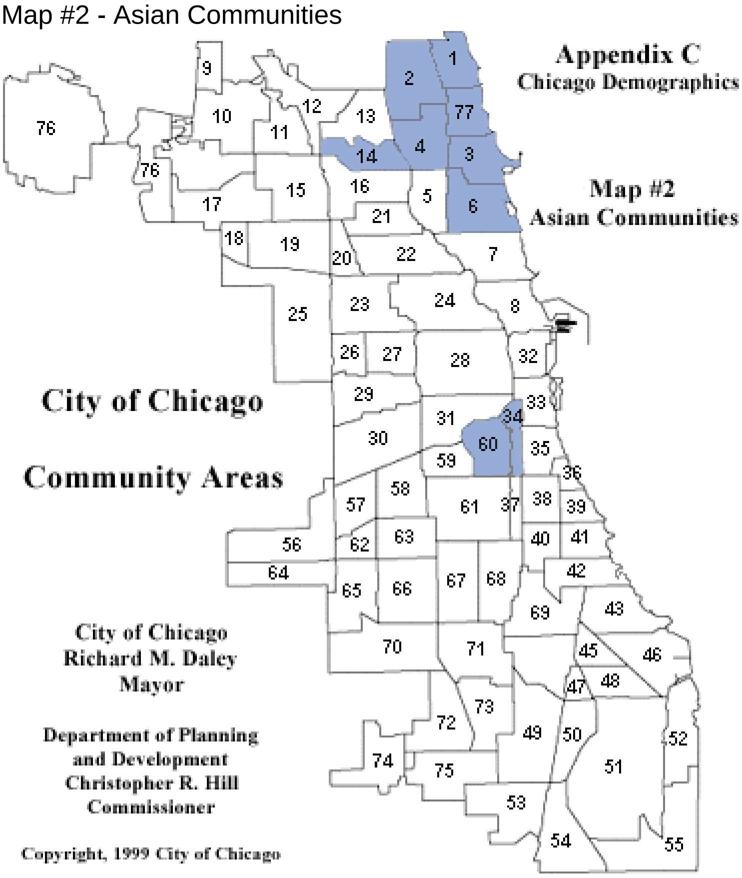


Table 3 - Asian Community Statistics							
Community Map #'s	**Community**	**Other**	**1998Population**	**Total 1998 Population**	**2003 Population**	**% Change In Population**	**Median Family Income**
14	Albany Park	24.1%	104,176	25,106	109,840	**5.4%**	$32,283
3	Uptown / Vietnamese	14.7%	70,040	10,296	71,818	**2.5%**	$26,503
2	West Ridge /West Rogers Park/Rosehill, Peterson Park	16.6%	61,652	10,234	60,130	-2.5%	$38,163
77	Andersonville/Edgewater	12.5%	60,703	7,588	na	na	na
4	Lincoln Square /Budlongwoods /Ravenswood	14.5%	45,078	6,536	44,438	-1.4%	$33,395
34	Armor Square	52.1%	10,449	5,444	10,152	-2.8%	$19,264
60	Brigdeport	17.2%	30,933	5,320	30,952	**0.1%**	$31,225
1	Rogers Park	9.2%	55,136	5,073	51,883	-5.9%	$29,884
6	Lakeview /Roscoe Village /Wrigleyville	4.7%	106,095	4,986	111,226	**4.8%**	$51,531
			Total	**80,584**			

Appendix C- Chicago Demographics

Map #3 - Hispanic Communities

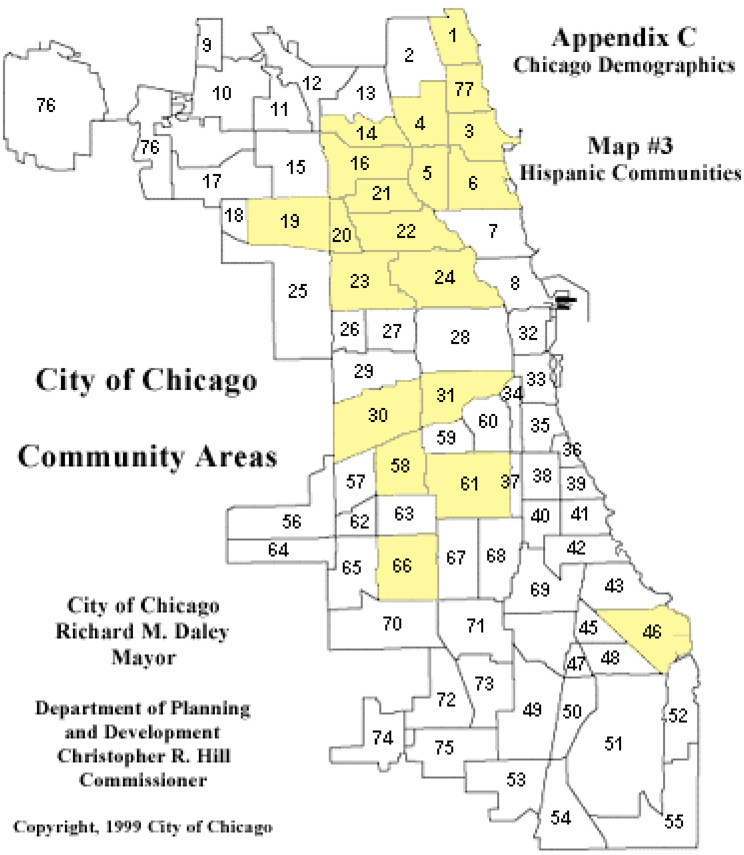
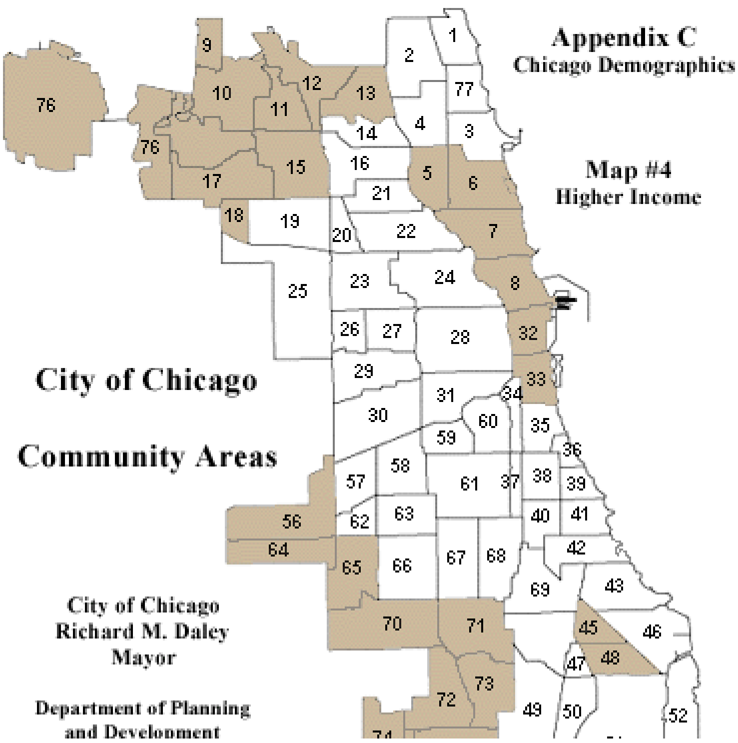


Table 4 - Hispanic Community Statistics							
Community Map #'s	Community	Hispanic	1998Population	Total Population 1998	2003 Population	% Change In Population	Median Family Income
30	South Lawndale / Little Village	85.0%	81,562	69,328	80,520	-1.3%	$26,517
24	West Town /Ukrainian Village / Wicker Park	60.7%	104,176	63,235	109,840	**5.4%**	$25,510
22	Bucktown/Logan Square	65.0%	88,780	57,707	90,197	**1.6%**	$29,054
31	Lower West Side	87.8%	44,133	38,749	42,649	-3.4%	$24,310
14	Albany Park	31.0%	104,176	32,295	109,840	**5.4%**	$32,283
23	Humboldt Park	43.3%	60,212	26,072	55,881	-7.2%	$23,637
61	New City	38.3%	46,428	17,782	42,688	-8.1%	$23,414
19	Belmont Cragin	29.7%	55,798	16,572	54,460	-2.4%	$35,548
20	Hermosa	68.2%	22,699	15,481	22,156	-2.4%	$31,073
3	Uptown / Vietnamese	22.1%	70,040	15,479	71,818	**2.5%**	$26,503
6	Lakeview /Roscoe Village /Wrigleyville	13.5%	106,095	14,323	111,226	**4.8%**	$51,531
21	Avondale	37.2%	34,585	12,866	33,573	-2.9%	$33,442
66	Chicago Lawn	27.8%	43,666	12,139	39,542	-9.4%	$30,198
16	Irving Park /Mayfair	24.0%	49,447	11,867	48,363	-2.2%	$37,692
46	South Chicago	32.4%	36,353	11,778	33,704	-7.3%	$26,914
58	Brighton Park	36.9%	29,600	10,922	27,837	-6.0%	$31,016
1	Rogers Park	19.8%	55,136	10,917	51,883	-5.9%	$29,884
5	North Center /Roscoe Village, St. Ben's, Ravenswood and River's Edge	27.3%	39,201	10,702	41,370	**5.5%**	$42,007
77	Andersonville/ Edgewater	16.6%	60,703	10,077	na	na	na
4	Lincoln Square /Budlongwoods /Ravenswood	22.2%	45,078	10,007	44,438	-1.4%	$33,395
			Total	**468,297**			

Appendix C- Chicago Demographics

Map #4 - Income



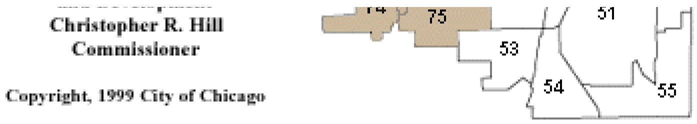
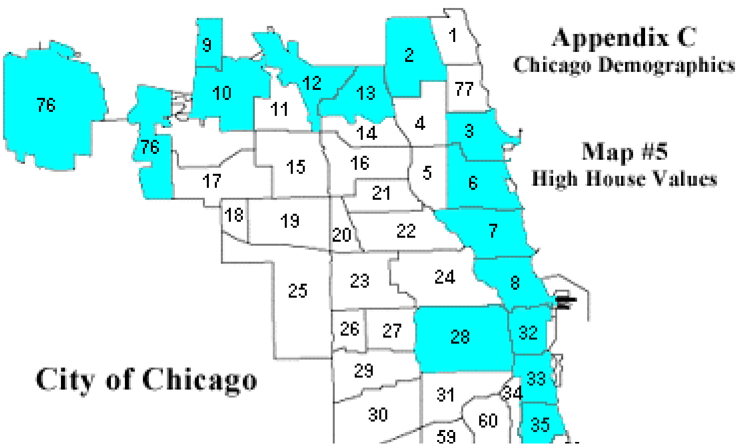


Table 5 - Income Statistics					
Community Map #'s	**Community**	**MedianFamily Income**	**1998 Population**	**2003 Population**	**% Change**
32	Loop	$85,135	14,397	15,292	**6.2%**
12	Forrest Glen /Edgebrook /Sauganash	$74,139	17,764	17,552	-1.2%
72	Beverly	$69,570	21,037	20,013	-4.9%
7	Lincoln Park / Depaul	$69,456	69,326	72,016	**3.9%**
8	Near North Side Gold Coast / River North / River West / Streeterville	$63,830	67,695	68,786	**1.6%**
74	Mount Greenwood	$58,148	17,227	16,020	-7.0%
9	Edison Park	$57,211	10,962	10,514	-4.1%
10	Norwood Park /Big Oaks / Oriole Park	$55,831	35,405	33,789	-4.6%
48	Calumet Heights	$52,553	16,817	16,242	-3.4%
70	Ashburn	$51,843	30,899	27,652	-10.5%
6	Lakeview /Roscoe Village /Wrigleyville	$51,531	106,095	111,226	**4.8%**
11	Jefferson Park	$49,094	22,270	21,239	-4.6%
75	Morgan Park	$48,956	24,685	23,288	-5.7%
76	O'Hare	$48,661	11,751	11,828	**0.7%**
17	Dunning	$47,857	35,682	34,504	-3.3%
45	Avalon Park	$47,184	10,925	10,352	-5.2%
64	Clearing	$45,506	19,918	18,821	-5.5%
73	Washington Heights	$45,119	31,031	29,979	-3.4%
33	Near South Side Dearborn / South Loop	$44,931	7,893	8,227	**4.2%**
15	Portage Park	$44,543	56,452	55,537	-1.6%
18	Montclare	$44,308	9,946	9,503	-4.5%
65	West Lawn	$43,743	21,319	19,945	-6.4%
13	North Park	$43,551	16,641	16,572	-0.4%
5	North Center /Roscoe Village, St. Ben's, Ravenswood and River's Edge	$42,007	39,201	41,370	**5.5%**
56	Garfield Ridge	$41,411	33,396	32,582	-2.4%
53	West Pullman	$40,285	39,188	38,281	-2.3%
62	West Elsdon	$40,263	11,579	11,049	-4.6%
57	Archer Heights	$40,223	9,181	9,025	-1.7%

Appendix C- Chicago Demographics

Map #5 - House Values



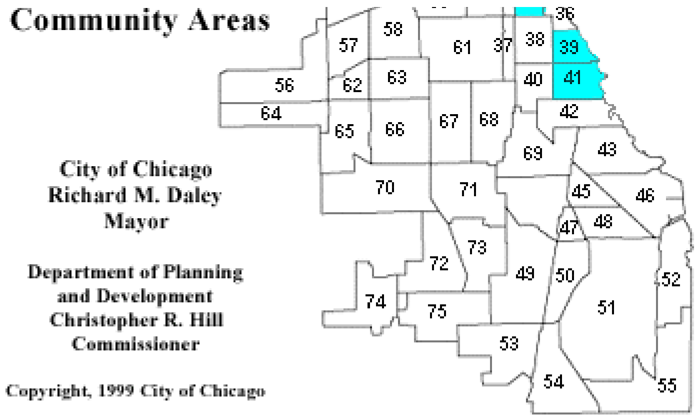


Table 6 - House Value Statistics			
Community Map #'s	**Community**	**Median Family Income**	***1998House Value**
8	Near North SideGold Coast / River North / River West / Streeterville	$63,830	$500,000
7	Lincoln Park / Depaul	$69,456	$472,150
41	Hyde Park	$39,020	$287,395
32	Loop	$85,135	$279,412
6	Lakeview /Roscoe Village /Wrigleyville	$51,531	$269,611
33	Near South Side Dearborn / South Loop	$44,931	$251,190
12	Forrest Glen /Edgebrook /Sauganash	$74,139	$235,168
76	O'Hare	$48,661	$230,199
39	Kenwood	$33,443	$182,558
3	Uptown	$26,503	$181,250
28	Near West Side	$16,971	$179,600
9	Edison Park	$57,211	$176,744
13	North Park	$43,551	$172,292
10	Norwood Park /Big Oaks / Oriole Park	$55,831	$171,596
35	Douglas	$17,920	$164,683
2	West Ridge /West Rogers Park/Rosehill, Peterson Park	$38,163	$159,873
11	Jefferson Park	$49,094	$149,095

Appendix C- Chicago Demographics

Map #6 - Selected Suburbs

Table 7 - Selected Suburb Statistics												
County	**LocationNumber**	**Community**	**White**	**Black**	**Hispanic**	**Other**	**Median Family Income**	***1998 House Value**	**1998 Population**	**2003 Population**	**% Change**
DuPage	1	Naperville	91.5%	1.9%	1.8%	4.8%	$88,777	$245,205	113,707	126,778	**11.5%**
Cook	2	Orland Park	93.8%	0.3%	2.4%	3.5%	$76,970	$213,596	47,688	52,411	**9.9%**
DuPage	3	Aurora	64.4%	11.6%	22.6%	1.4%	$44,776	$104,929	120,489	131,331	**9.0%**
Will	4	Tinley Park	94.9%	1.5%	2.1%	1.4%	$64,244	$157,245	44,838	47,818	**6.6%**
Cook	5	Elgin	70.9%	7.1%	18.4%	3.6%	$46,216	$128,478	86,222	91,170	**5.7%**
Cook	6	Palatine	92.1%	0.9%	3.7%	3.3%	72,390	201,535	42,993	44,117	**2.6%**
Lake	7	Libertyville	93.7%	0.4%	2.2%	3.8%	$95,791	$266,790	19,707	20,187	**2.4%**
DuPage	8	Wheaton	91.5%	2.7%	2.0%	3.8%	$73,672	$196,867	54,442	55,707	**2.3%**
Lake	9	Highland Park	91.1%	2.2%	4.2%	2.5%	$117,290	$374,708	31,382	32,079	**2.2%**
DuPage	10	Elmhurst	94.6%	0.4%	1.7%	3.3%	$69,599	$179,323	43,265	43,804	**1.2%**
Cook	11	Des Plaines	88.4%	0.5%	6.1%	5.0%	$60,621	$172,445	54,796	54,697	-0.2%
Cook	12	Arlington Heights	93.0%	0.6%	2.6%	3.8%	$74,782	$236,174	76,702	75,986	-0.9%
Cook	13	Evanston	69.2%	22.3%	3.2%	5.3%	$58,503	$254,575	70,797	68,826	-2.8%
Cook	14	Harvey	13.9%	80.0%	5.8%	0.2%	$30,078	$63,749	28,897	28,068	-2.9%
								Totals	**835,925**	**872,979**	**4.4%**

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