



A GREEN HASSON JANKS REPORT

WOMEN IN THE FOOD AND BEVERAGE INDUSTRY

Green
Hasson
Janks

“WE NEED WOMEN AT ALL LEVELS, INCLUDING THE TOP, TO CHANGE THE DYNAMIC, RESHAPE THE CONVERSATION, TO MAKE SURE WOMEN’S VOICES ARE HEARD AND HEEDDED, NOT OVERLOOKED AND IGNORED.”

- SHERYL SANDBERG
Facebook COO
Author of *Lean In*

INTRODUCTION

The 2015 Green Hasson Janks food and beverage survey focused on women and their roles in the industry as leaders and consumers. In the survey, West Coast business executives shared their views on a variety of topics. Not surprisingly, we found that women are not yet filling leadership roles as often as men, but we also found that there can be real benefits for companies that ensure women hold their fair share of leadership roles and are given the opportunity to influence the industry's future — for example, women are driving the tidal wave of consumer interest in natural, organic and non-GMO products. Read on for more information and insights.

SOME SURVEY HIGHLIGHTS



TRUST

The biggest benefit of having a woman leader



\$2.36

Average rise in grocery prices per person per year if the industry embraces GMO labeling



94.3%

Number of survey respondents who feel women will pay more for health-conscious products



WOMEN BREADWINNERS

Most likely to choose higher-priced products



Number of countries where GMO labeling is mandatory (but not in the U.S.)



ORGANIC

FARM FRESH

82.9%

Percentage of health-conscious customers who prefer to buy organic/natural



RAISING CAPITAL



DEAL-MAKING ABILITY



INVESTOR TRUST

Perception challenges for women leaders



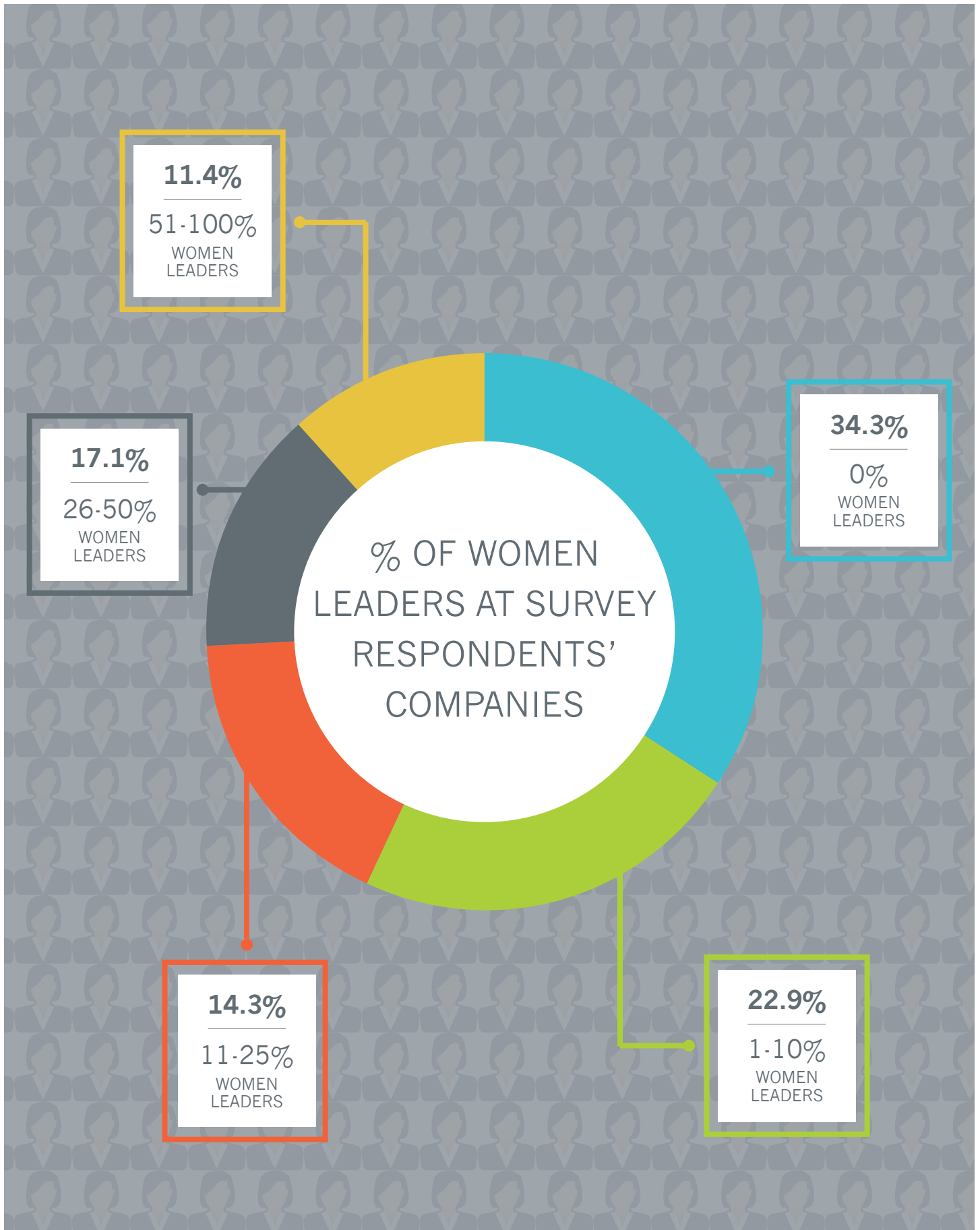
WOMEN IN THE FOOD AND BEVERAGE INDUSTRY

As women have built their numbers at the very top levels of business and politics in the United States, we thought this was an appropriate time to take a closer look at the various roles women play in the food and beverage industry and what our survey participants feel the future holds.

WOMEN LEADERS

Men have traditionally dominated most aspects of the food and beverage industry. The survey confirmed that women are still struggling to take top leadership roles, and the majority of respondents reported that **women held less than 25 percent of the total leadership roles at their company**. More “female-friendly” positions like human resources and marketing scored slightly better than other leadership roles.

Industry participants are beginning to see women as an emerging force, however, reporting that women leaders possess unique benefits. In fact, **42.6 percent of responses cited consumer trust and public image as a top benefit of having women in leadership positions**. Other key benefits included industry relationships, industry understanding, supplier relationships, relatability as a spokesperson and media relationships.





SABRINA MERAGE



NICOLE FRY



EXPERT PERSPECTIVES

As part of this year's survey, we interviewed industry expert Sabrina Merafe, who is a principal at Echo Capital Group, a leading food and beverage private equity firm that is founded and run by Millennial entrepreneurs. Merafe said that "from an investor's perspective, it is becoming more common to see women in leadership positions. Some of it is generational, as Millennial women (ages 22-45) are more likely to aspire to leadership today than in the past. I look at companies to invest in that recognize the shift in women's power and aspirations — it's not uncommon to see women-led companies in the deal pipeline now. We're also seeing more mixed woman/man partnerships, where women bring a unique and valuable perspective."

Another expert contributor that helped shed light on women as food and beverage company leaders was Nicole Fry, managing partner at First Beverage Group. Through its investment bank and private equity fund, the firm helps beverage companies grow and stand out in a dynamic and competitive industry. Fry feels that "women lead innovations based on their consumer experience. They are as close to the front lines as anyone and have the ability to inspire consumer trust."

Building on women's trust advantage, Fry says that "food and beverage companies market themselves as being led by women because a woman is relatable to women consumers — she can deliver an authentic message about why she founded the company and consumers will trust her." Sabrina Merafe adds that "it is beneficial for brands led by women to use that fact to market themselves. It provides a different value-add. It reflects a whole community of women out there that are sharing best practices and supporting each other. Simply put, women leaders understand the consumer in a unique way."

CHALLENGES FACED BY WOMEN FOOD AND BEVERAGE LEADERS

Women-led businesses face unique obstacles. The survey indicated that these challenges come from various places, and no single obstacle was reported as being pervasive or industry-wide. Among the group of challenges that women food and beverage leaders face are raising capital, investor trust and the ability to make deals, which indicate that the credibility women leaders bring to consumers has not yet fully translated to the financial market.

Sabrina Merage says, “The perception that women aren’t as aggressive as men is still a stigma in places like fundraising for start-ups. I think this is totally untrue — women have other advantages, including finesse. The stigma is still there, but I feel it is beginning to diminish.” Nicole Fry adds that “perceived credibility can still be an issue — women can be seen as having less depth of experience.”

WOMEN CONSUMERS HAVE REAL MARKETPLACE POWER

There is no doubt that women are having a tremendous impact on the consumer market. As family shoppers, they have always had a major role in this area, but lately women have driven a sea change in the types of products being offered.

Sabrina Merage feels that “women and moms are still the household shoppers, but there has been a shift. Women have the dollars now and families are more dynamic — in short, women have power.” Nicole Fry says that “increasingly, women consumers are asking the questions about ingredients and how they are made — women are driving that movement. Over time, lower fat and calories has given way to low sugar, natural/organic, fair trade and non-GMO.”

WOMEN’S BUYING POWER

According to a recent blog post¹ on Catalyst.org²:

1. Today, women control or influence more than half of household spending.
2. Currently women are responsible for \$29 trillion of consumer spending globally, and that amount is predicted to grow to \$40 trillion in the next three years.
3. Women are making bigger purchases across the board — eighty percent of car sales are influenced by women, and women are closing the gap on consumer electronics purchases. Single women in the United States are buying homes, and have accounted for approximately one out of six home buyers since the 1990s.
4. Hispanic women have real buying power — eighty-six percent of Latinas identify themselves as the primary shopper and decision maker of the household, meaning that women control the majority of the \$1.2 trillion of annual US Hispanic buying power.

¹Catalyst blog: “5 Facts You Need to Know About Buying Power,” Catalyst.org, May 20, 2015. For more information, see www.catalyst.org.

²Catalyst is the leading nonprofit organization with a mission to expand opportunities for women and business.

LEADING THE CHARGE

FOUR FEMALE FOOD AND BEVERAGE INNOVATORS



Nancy Silverton
La Brea Bakery



Nancy Silverton founded La Brea Bakery in 1989. The company has survived and thrived over the years and now boasts nine retail locations and has a major wholesale presence throughout Southern California and beyond. Looking at the new trend in fresh bread, she decided that the key to significant profit was through wholesale distribution rather than just producing bread for a specific restaurant and opened La Brea Bakery. Quickly popular, the company expanded its facilities several times and has continued to grow ever since. An investment group bought La Brea Bakery for a price of more than \$56 million in 2001.

Silverton is still involved as an advisor and has since created the successful Mozza restaurant chain and Nancy's Fancy, a gelato and sorbetto line. She has won numerous awards, including the prestigious James Beard Foundation Outstanding Chef Award. She is a member of the Culinary Council and is involved in the Meals on Wheels programs in Chicago, New York and Los Angeles. She is the author of eight books, including *Desserts* and *Nancy Silverton's Breads from the La Brea Bakery: Recipes for the Connoisseur* and is a mother of three.



Kavita Shukla
FreshPaper



As a child in India, Kavita Shukla's grandmother gave her spiced tea to combat the bacteria in contaminated water. The simple idea that natural herbs could inhibit bacteria translated to an idea to infuse paper with those herbs and produce a way for fruits and vegetables to stay fresh, far extending its useful life. Shukla's product, FreshPaper, helps keep produce edible up to four times longer. FreshPaper is sold at grocery stores nationwide, and Shukla also donates a significant amount of her proceeds to a program that benefits the developing world.

Shukla holds four patents, and has received several international honors as an inventor, designer and entrepreneur, including the INDEX: Design to Improve Life Award — the world's largest prize for design. Her work has been featured by *CNN*, *The New York Times*, *The Washington Post*, *Bloomberg*, *Oprah Magazine*, *Glamour* and *The Today Show*. Kavita was also recently featured as one of the "7 Entrepreneurs Changing the World" by *Fast Company* and on the *Forbes* "30 under 30" list.



Jessica Alba
The Honest Company



As a successful actress, Jessica Alba didn't foresee becoming a business mogul. After having her first child, however, she became frustrated with the lack of non-toxic consumer products in the market, leading her to co-found The Honest Company in 2012. The company strives to produce products that are not only effective, but unquestionably safe, eco-friendly, beautiful, convenient and affordable. As of November 2014, the company had 275 employees and was projected to do \$150 million in sales. The Honest Company raised \$70 million from venture capitalists in the summer of 2014 in preparation for an IPO — the financing put a value on the company of \$1 billion.

Alba is actively involved with charities such as Safer Chemicals Healthy Families, ONE, Habitat for Humanity, Project HOME and more.



Shazi Visram
Happy Family



Organic baby food company Happy Family was founded in 2003 by Shazi Visram with a mission to provide safe, organic and nutritious food so that every child has access to the best possible start in life. The company launched its first products in 2006, and by the end of 2012 the company employed more than 70 people and its products were available in over 14,000 stores and 30 countries. Groupe Danone acquired a 92 percent stake in May 2013 and Visram continues as CEO.

Happy Family won *Food Processing Magazine's* R&D Team of the Year award and was named by *Forbes* as one of America's most promising companies. In 2011, Visram won the Ernst & Young Entrepreneur of The Year Award for the New York region and was ranked in *Inc. Magazine's* list of Top Ten Female Entrepreneurs. In 2012, she earned the American Dream Award and was included in the *Crain's New York Business* 40 under 40 list and *Working Mother's* Most Powerful Moms list. Most recently, she was named a member of the Young Global Leader Class of 2013 by the World Economic Forum. In addition, Visram works with the Network for Teaching Entrepreneurship as a mentor to young and aspiring entrepreneurs from low-income communities.

To appeal to women consumers, industry brands are continuing to focus on traditional sales and marketing methods, with 47.8 percent of survey respondents citing marketing and packaging as their top choices. Nicole Fry adds that “in the beverage market, gender focus can be broken down by channel. For example, convenience store buyers tend to be male, so the packaging skews that way; craft beer consumers tend to be male (cans vs. bottles); store-in-stores like a yoga studio health bar tend to have female consumers.”

The clear trend in today’s food and beverage market is health-conscious products. Major grocery chains are introducing profitable and highly marketable lines of organic foods, and former niche products are emerging as major sellers. Merage says that “women consumers are leading trends like healthy foods, organic, non-GMO, fast casual restaurants and healthy products like kombucha. As women who consume the products, they think about their motivations. I toggle back and forth from looking at brands as an investor and as a consumer as we evaluate companies. As a consumer, I want a cleaner label and healthier, more organic products, but the business potential has to be there.”

Women are also willing to pay more for the right products. A majority of survey responses cited women breadwinners as the most likely to choose higher-priced products. Other significant answers included mothers and married women.

WHAT HEALTH-CONSCIOUS CHOICES APPEAL TO CONSUMERS?*



36.7%
ORGANIC/NATURAL



22.8%
NON-GMO



15.2%
LOW SUGAR



12.7%
GLUTEN-FREE

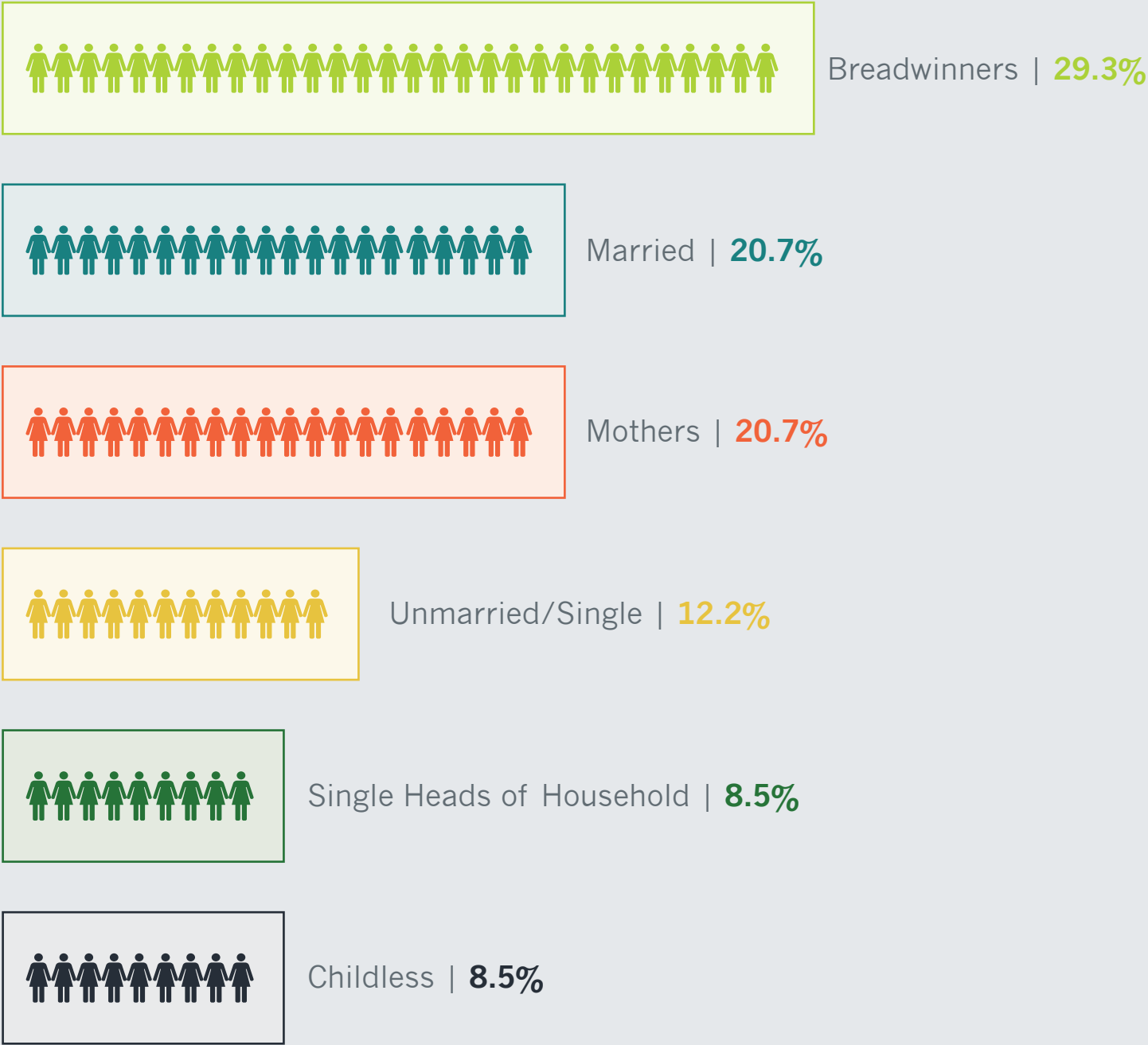


12.7%
LOW CALORIE

*Based on survey responses

Note: Numbers do not total to 100% due to rounding

WOMEN MOST LIKELY TO CHOOSE HIGHER-PRICED ITEMS*



*Based on survey responses

The industry has been rocked by consumer concerns over the use of genetically modified organisms (GMOs) in foods and beverages, which are created in a lab by altering the genetic makeup of a food source. According to a March, 2015 article in *Consumer Reports*, more than 1,000 readers were asked to respond to a number of questions on GMOs and the survey found that “92 percent of Americans believe that these foods — widely found in kitchens across the country — should be labeled before they are sold.” To add more information for consumers, *Consumer Reports*¹ answered some of the most frequently asked questions, including:

ARE GMOs BAD FOR MY HEALTH?

There have been few studies of long enough duration to conclusively prove GMOs have a negative health effect, but animal studies “have suggested that GMOs might cause damage to the immune system, liver and kidneys.”

WHY THE LABELING DEBATE?

Consumers Union (the advocacy arm of *Consumer Reports*) feels that “shoppers have a right to know what’s in their food” and points out that GMO labeling is mandatory in 60 countries but not in the US.

WHICH FOODS CONTAIN GMOs?

Many processed foods contain GMOs, and “the vast majority of corn, soy, canola and sugar beets grown in the US are now genetically engineered.”

DO GMOs HARM THE ENVIRONMENT?

One of the prime reasons that GMOs were developed was to be resistant to bug infestations. Since weeds are also an expensive threat to crops, GMOs started to be created that were immune to the herbicides used to combat weeds, which led to a huge increase in the use of these chemicals. In a seemingly never-ending loop, super-weeds become immune to the herbicides, and more powerful chemicals need to be created. This



enormous rise in the use of chemicals “could potentially affect consumers’ health as well, because residue from the chemicals can end up in food crops.” Some possible side effects reported in the article include increased risk of non-Hodgkins lymphoma, birth defects and other reproductive problems.

WILL GMO LABELING DRIVE UP GROCERY PRICES?

Food processors claim there will be a major impact on prices, but “the Consumers Union analysis found that the median cost that might be passed on to consumers was just \$2.30 per person annually — or \$9.20 for a family of four.”

¹“FAQs About GMOs,” *Consumer Reports*, March 2015.

WHO TOOK THE SURVEY?

The survey results were gathered from industry executives that represented mostly mid-market and smaller food and beverage companies. Respondents came from a wide range of industry sectors: baked goods, beverages, food service, distribution, meat/poultry/seafood, produce, retail/supermarkets, snack foods and confectionery, spices, specialty foods, wholesale, prepared foods, frozen appetizers, Asian foods and support providers.



INDUSTRY GROWTH

Respondents were enthusiastic about industry growth and reported that 77.8 percent of their companies saw an increase in gross annual sales over the last calendar year. Only 8.3 percent saw a decline.

Respondents expect to keep growing in 2015, using tried and true methods like: selling more to existing customers (71.4 percent); acquiring new customers in existing markets (62.9 percent); expanding into new markets (40.0 percent); and developing new products (31.4 percent).

Those taking the survey also saw no major threat to growth on the horizon. Respondents cited a number of smaller threats, but none were cited by the majority. Top answers included pricing competition, adding market share, increased competition, developing new sales channels, operational efficiency, cost of labor/employee retention and financing/cash flow options.

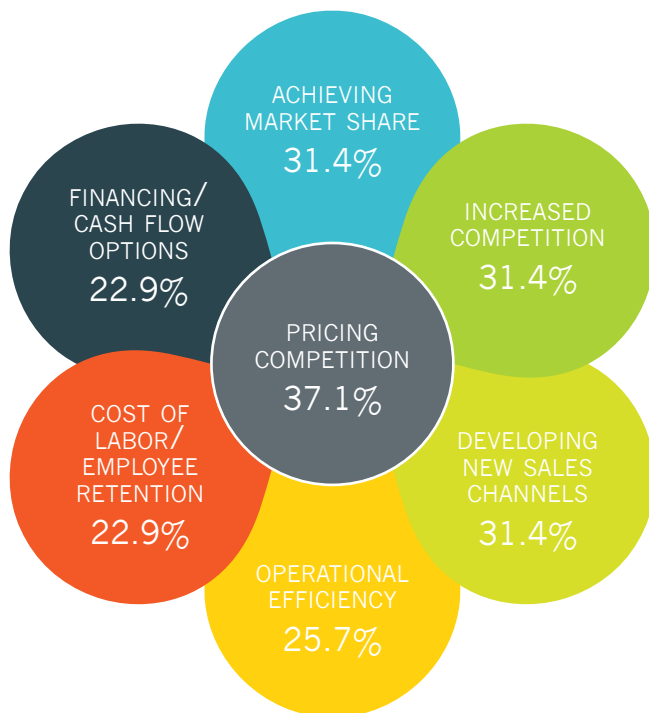
INDUSTRY CHALLENGES

Pricing competition is seen as a major industry challenge. According to Nicole Fry, “You can create a brand for very little, so there are smaller players competing ferociously for market share. An example I see is healthy drinks like coconut water, aloe water and the like.” Sabrina Merage adds, “As many similar products come to market, they will compete largely on price and some will fall by the wayside.”

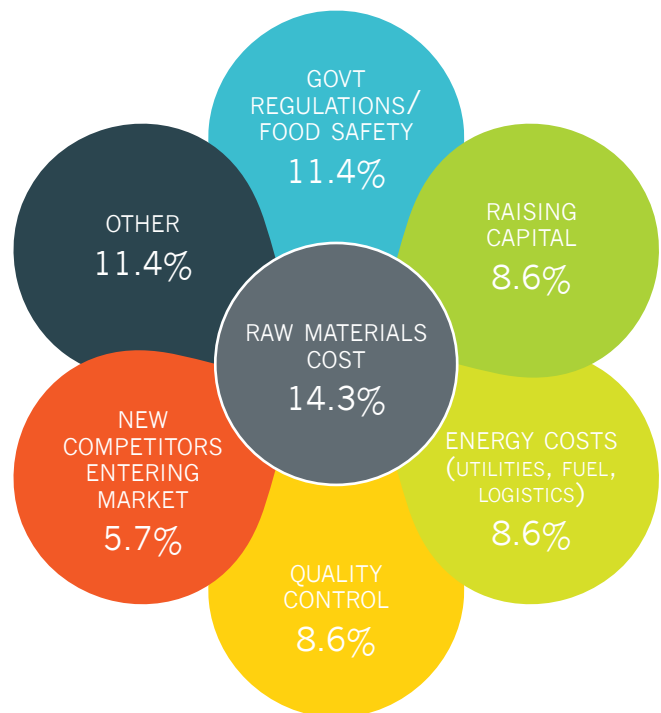
CHALLENGES TO GROWTH

(respondents could pick up to 3)

MAJOR CHALLENGES



ADDITIONAL CHALLENGES



A close-up photograph of a pile of almonds, showing their characteristic light brown, textured skin. The almonds are piled together, filling the frame. A semi-transparent dark brown box is overlaid on the image, containing text.

DID YOU KNOW? HIGH RAW MATERIALS COST CAN LEAD TO PRODUCT REINVENTION

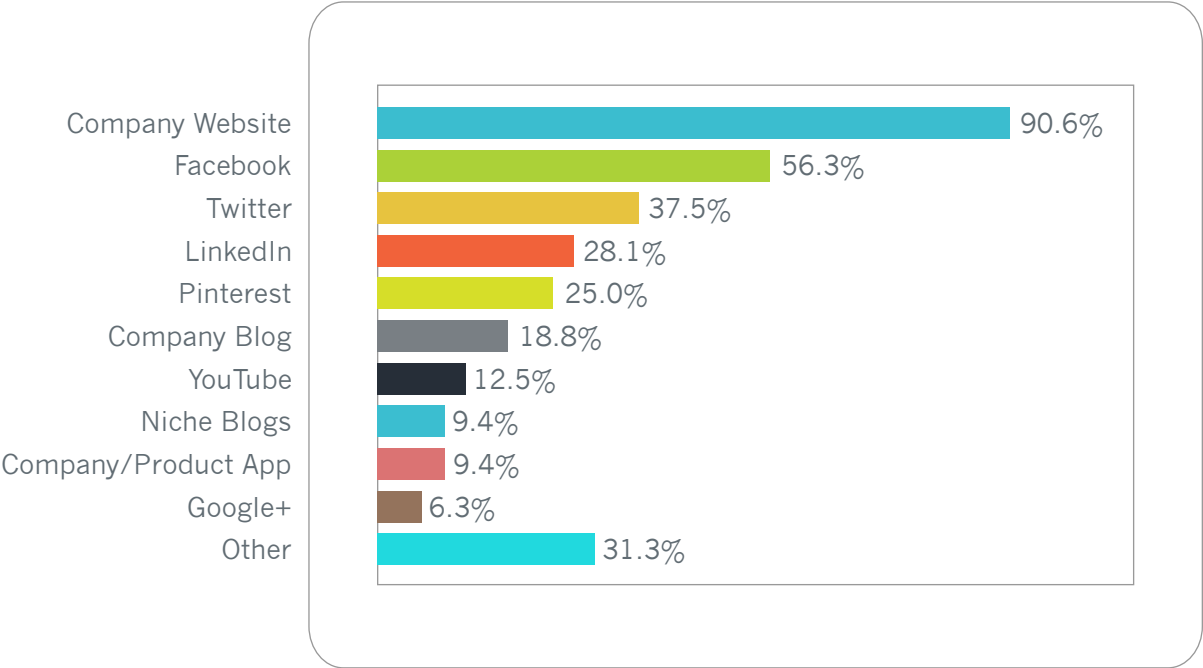
The current high demand for non-GMO products is causing some companies to adapt to keep prices reasonable. Take almonds, for example — as almond butter and other almond products took off, the raw materials costs rose due to scarce supply, so some companies switched to making alternatives like cashew butter.



SOCIAL MEDIA

Most food and beverage companies are using social media, according to the survey. Almost all (90.6 percent) have a company website (some of which include a company blog) and 56.3 percent use Facebook. Other major channels being used included Twitter, LinkedIn and Pinterest.

ONLINE CHANNELS USED BY SURVEY RESPONDENTS



SPOTLIGHT ON SOCIAL MEDIA

NICHE BLOGS MAY HAVE MORE INFLUENCE THAN YOU THINK

Women also have influence beyond being industry leaders or consumers — blogs aimed at women by women are an interesting example. Originally started by stay-at-home and work-at-home moms wanting to reach out, they were first known as “mommy blogs,” but quickly expanded to appeal to a much wider audience of women. They now have become a small but powerful voice for consumers to share tips and product recommendations and reviews. They can be a goldmine for those with products or services aimed at this audience, and marketing to them is virtually free. If you’ve ever wondered how to reach this targeted audience, consider taking these steps — and watch sales soar.

HOW TO MARKET TO NICHE BLOGGERS IN 7 STEPS

1

FIND BLOGS THAT SPECIALIZE IN YOUR PRODUCT SECTOR

Go to [Google.com/blogsearch](https://www.google.com/blogsearch) to find blogs that specialize in your product sector — just enter your specific search parameters and targeted options will pop up.

2

NARROW YOUR LIST BY TITLE

Narrow your list by title, then read actual posts on the sites (including the comments) to see which reviewer is a fit for your product.

3

CHECK THE SITE'S BLOG STATS

Check the sites' blog stats to determine their reach at sites like [Compete.com](https://www.compete.com) or [Alexa.com](https://www.alexa.com).

4

ENGAGE WITH BLOGGERS

Engage with the bloggers by commenting on their posts or through Twitter.

5

CONTACT THE BLOGGER

Once you feel you have caught a blogger's attention (and you're not just another company asking for free PR), contact the blogger via a link on their page or email and request a product review.

6

DOUBLE CHECK YOUR WEBSITE

Double check that your website and links work and are easy to read and navigate.

7

CONSIDER GIVEAWAYS

Consider giveaways as a good way to drive traffic to a blog and to your site.



KEY TAKEAWAYS

In the Green Hasson Janks 2015 food and beverage survey, we found that women are beginning to take their places among food and beverage leaders at some companies, but there is a long way to go. We feel this will change over time as the industry continues to understand how women consumers drive trends and growth, and how women leaders can be a significant asset to corporate image and growth. The next logical step is for women to take the reins and lead that growth more broadly.

We also found that women are already having a profound effect on how the food and beverage industry develops and markets products. Owners, venture capitalists and boards will inevitably reward this perspective in the industry's leadership ranks. As the generations shift and Millennials take the lead, those inside and outside the market will see women leaders in a different light — as the industry continues to grow and innovate, there is no doubt we will see more and more women joining the top executive ranks.

Green Hasson Janks LLP extends its sincere thanks to all 2015 Food and Beverage Industry Survey participants.

ABOUT THIS REPORT'S PRINCIPAL AUTHORS



DONALD J. SNYDER

Donald J. Snyder is a partner at Green Hasson Janks and heads the firm's Food and Beverage industry practice. Don has more than 25 years of experience in public accounting and chairs the firm's Accounting and Auditing Department, as well as the Quality Control Department. He provides audit, accounting and consulting services and is a well-known business consultant in the food distribution, food processing and manufacturing industries.

A popular industry speaker, Don also writes for the firm's *CPA Food Bites* blog, hosts a number of food and beverage networking groups and organizes and leads food executive roundtables. Don is involved in assisting clients with designing and assessing their internal accounting controls and has also written several articles on the subject of fraud prevention and detection. He has been nominated for a *San Fernando Valley Business Journal* award as one of the "Valley's Most Trusted Advisors."

Don holds a Bachelor of Science degree in Administration with emphasis in Accounting from the University of Colorado. He is a member of the California Society of Certified Public Accountants and the American Institute of CPAs. Don can be reached at djsnyder@greenhassonjanks.com.



NIDHI SAPRA

Nidhi began her career in the US with Green Hasson Janks in November 2013. She has been involved in the Food and Beverage industry practice and is also a guest writer for the firm's *CPA Food Bites* blog. During her time with the firm she has worked with both large and small corporations, each presenting a unique challenge to solve and learn from.

Nidhi has more than five years of experience in public accounting, both in India and the U.S. Before moving to the States in late 2013, she worked with KPMG in India for four years where she led the advisory team for Pepsi's operations in southern India. In 2012, she founded FinCraft, a niche financial consulting firm that works with new restaurants in New Delhi. During this time, she assisted passionate restaurant owners to set up their business plans and chart their way forward.

Nidhi holds a Bachelor of Science degree in Accounting and Economics from the University of Delhi. She is also a former member of the Institute of Chartered Accountants of India. Nidhi can be reached at nsapra@greenhassonjanks.com.

Green Hasson Janks

Founded in 1953, Green Hasson Janks is one of the oldest independent accounting firms on the west side of Los Angeles. Ranked as a top-20 largest accounting firm on the *Los Angeles Business Journal's* Book of Lists, the firm has 13 partners and more than 130 staff members that serve over 3,000 clients. The firm is a member of the American Institute of Certified Public Accountants (AICPA), the AICPA Governmental Audit Quality Center (GAQC), the California Society of CPAs and the California Association of Nonprofits (CAN) and the Public Company Accounting Oversight Board (PCAOB).

Green Hasson Janks is also an independent member of HLB International, a worldwide organization of professional accounting firms and business advisors represented in over 100 countries. This affiliation provides access to the subject matter experts of other member firms in most major cities around the world. Green Hasson Janks is the exclusive member firm of HLBI in Los Angeles County.

About our Food and Beverage Industry Practice

In today's environment of business consolidation, increased competition and regulatory pressures, the food and beverage industry is facing its toughest challenges in years. Manufacturers, packers and co-packers, distributors, and retailers can all benefit by partnering with an accounting firm that understands the unique inventory, process and transactional issues facing the industry.

The food and beverage industry is one that can thrive even in the face of a struggling economy. It is, however, important for business owners and executives to know how to navigate financial, market and operational challenges to ensure a strong revenue stream and long-term viability. At Green Hasson Janks, we are often engaged to provide benchmarking, articles, consulting and best practice sharing to help food and beverage companies prepare for the future.

10990 Wilshire Boulevard, 16th Floor | Los Angeles, California 90024
Tel: 310 873-1600 | www.greenhassonjanks.com