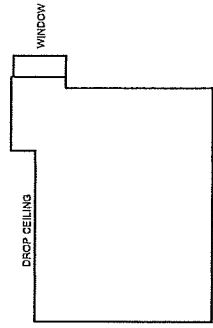
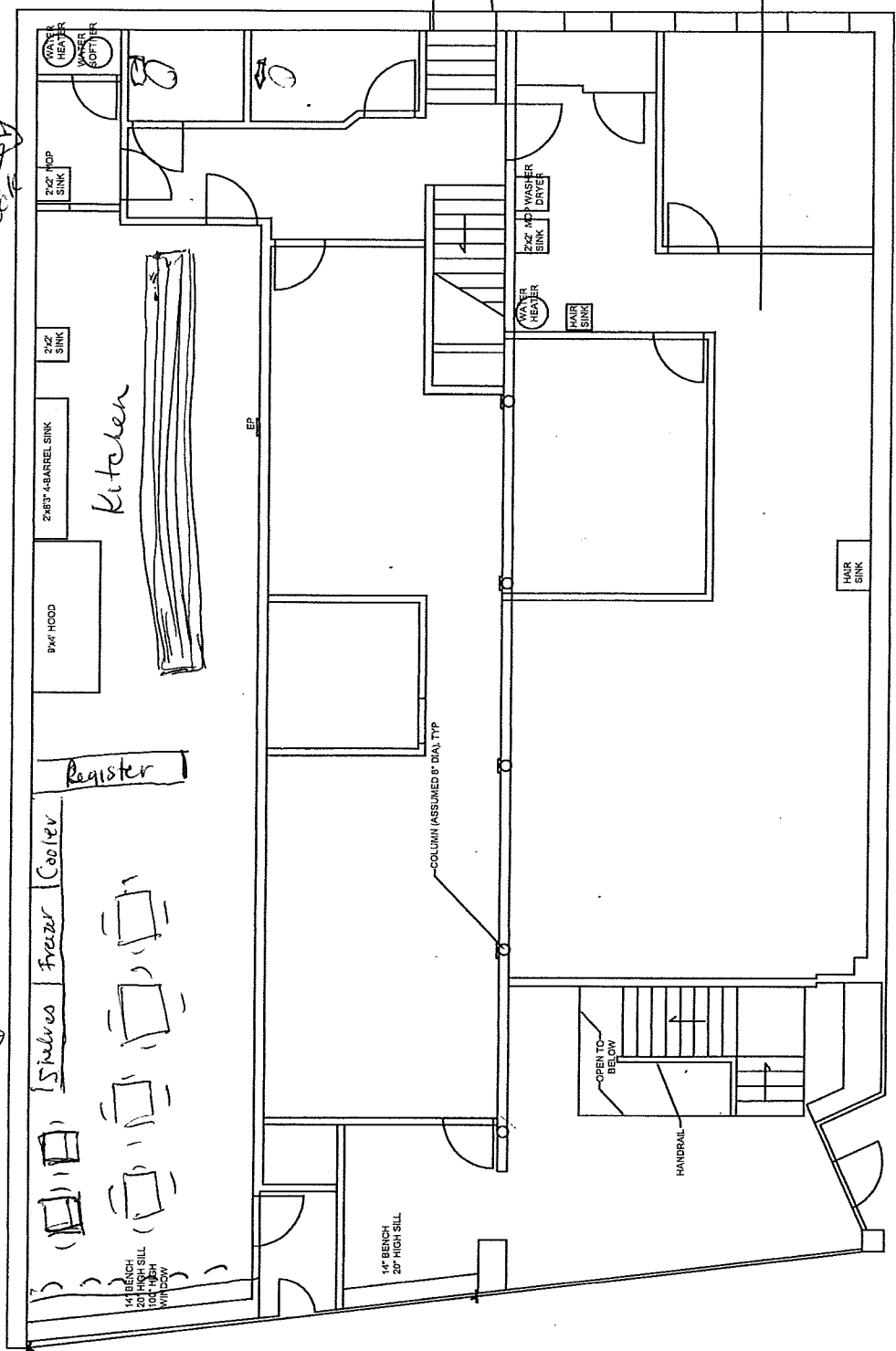
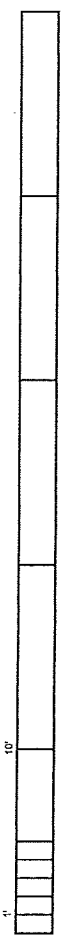


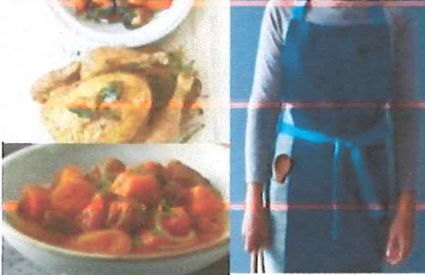
2433 University
Mary C McKenzie
608-347-9300

locked
Storage
backstage

Cold
wine
display →
Shelf
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"You can't buy happiness but you can buy local, and that's kind of the same." - *Unknown*



Mad Local Food Group

Prepared Foods + Neighborhood Kitchen



Business in Brief

Mad Local is an online and retail marketplace, providing a "Whole Diet" delivery and pick-up service. We serve high-quality, locally-sourced and prepared frozen, ready-to-eat meals, cook kits and pantry items to individuals and families who are hungry for high-quality, healthy meals, but starved for time. The marketplace and storefront showcase farm-to-freezer meals, food products and home goods by local artisans, and a kitchen studio to host craft cooking classes, food book events and pop-up food shops. We are a community hub and marketing engine that nurtures local eaters and food producers.

Market Opportunity

We are at the beginning of a major cultural shift in how we define convenience and quality in home-served meals. Consumers are looking for authentic food experiences and for innovative businesses to help them put meals on the table and connect to local producers.

- In 2016, U.S. meal kit providers delivered \$1.5 billion in sales (1% of total food market) and the market niche is expected to be a multi-billion-dollar business within 5 years. While these services are only a few years old in the United States, growth potential is expansive. 3% of consumers (8 million) report that they have tried meal kit services and 20% (50 million consumers) would like to try a service of this type, according to research published by NPD Group.
- Convenience food sales are outpacing other grocery departments' sales, with prepared meal sales up 10% year-over-year. 17% of consumers purchase fully prepped meals from their local store and 40% of consumers purchase pre-cut vegetables or fruit. (Food Marketing Institute, Top Trends in Fresh - Convenience Foods, 2016)
- Food expenses account for a 13% share of household budget for U.S. consumers, ranking third behind housing and transportation. (USDA, Economic Research Service, 2014).

Target Customers

People who are hungry for great food and starved for time.

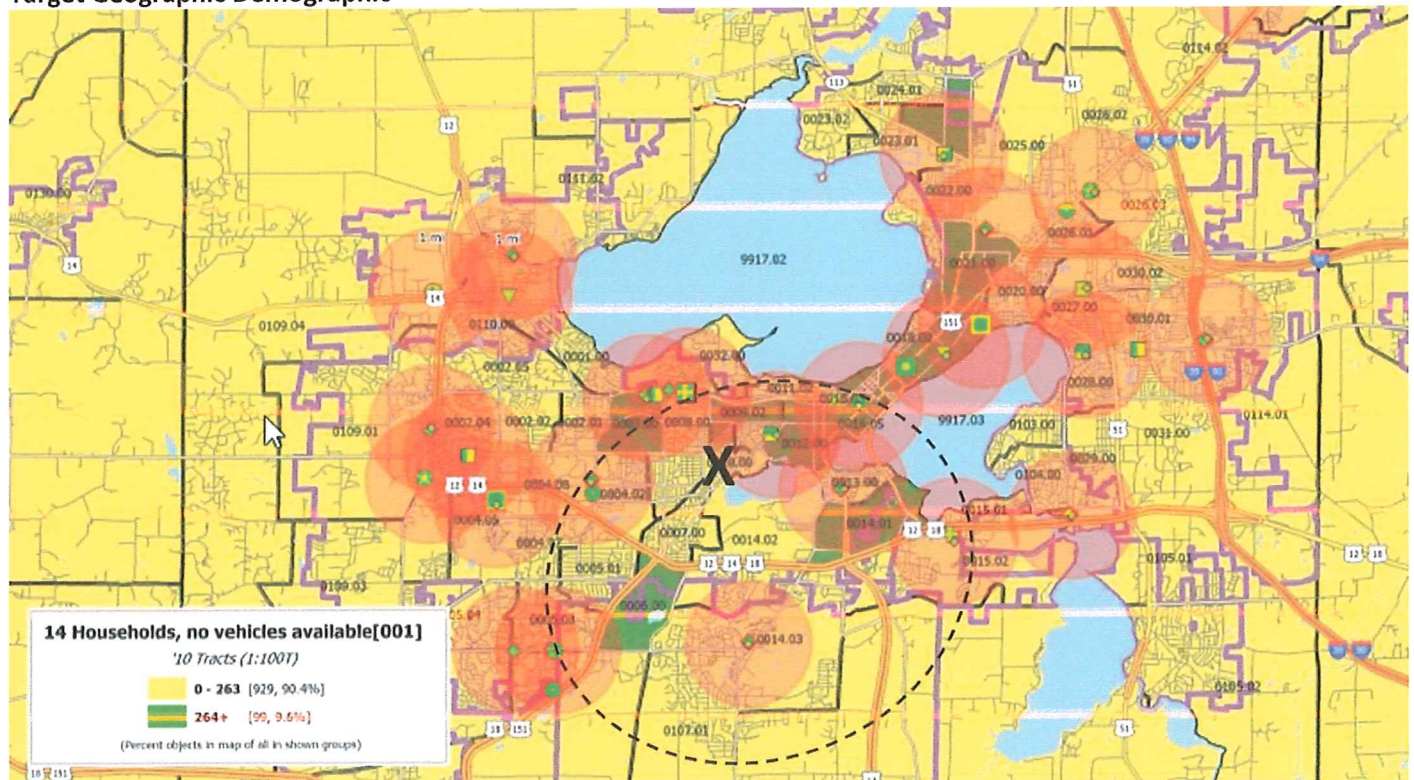
- Young professionals and older adults, active lifestyle, want to eat well, but don't have time or interest in cooking for 1 or 2 hours every day
- Busy 2-income households/ families, need fast solutions for "What's for dinner?" made with local ingredients, are healthy and are less expensive than taking the family out for dinner
- 25-54 years old, higher level degrees, single income \$70K+, dual-income with family income \$90K+

Our target customers

- Love the idea of the farm-box/Community Supported Agriculture (CSA), but are overwhelmed by the time it can take to prepare food from scratch, or the quantity provided
- Believe in supporting a local food system, eating seasonally and are willing to pay for the service
- Care about the community and are concerned about access to healthy, wholesome local foods for all

"You can't buy happiness but you can buy local, and that's kind of the same." - *Unknown*

Target Geographic Demographic



2015 research market analysis, shows most city residents have access to a grocery store within a 1-mile radius, with a gap (area of opportunity) in Dudgeon-Monroe neighborhood and Southwest into Westmorland, Nakoma, Fitchburg, Verona.

Market Problem and Current Solutions

There are many prepared and convenience food options available, but they are not meeting our target consumers' needs for authentic food experiences, convenience beyond novelty, reduced food and packaging waste and increased connection to local producers.

- Only half of consumers who try home delivered meal cook kit delivery retain the service; wasteful packaging and cost are cited as top concerns for those who cancel.
- CSA and farmer's markets provide consumers direct access to local ingredients and a connection to producers. Wisconsin ranks in the top 10 for direct farm sales to consumers, with \$46.9 million reported sales in 2012. But CSA retention is a challenge; the 2015 annual CSA report by Small Farm Central reports a 46% average retention rate. Low retention is commonly due to guilt over unused produce, a feeling of pressure to cook, and discomfort from lack of control over choice of what is for dinner. Some report feeling they have a house full of food, but nothing to eat.
- 89% of Shoppers believe that eating at home is healthier than eating at a restaurant, yet most are concerned they are not getting enough good nutrition in general. (Food Marketing Institute, 2016 Year in Review)

If we do not address this need with local, scalable solutions, national footprint businesses will steal food dollars from the local economy. By providing a sustainable, replicable model we can grow the market and the economy here and satisfy consumers' hunger for healthier convenience food options.

"You can't buy happiness but you can buy local, and that's kind of the same." - *Unknown*

The Mad Local Food Group Solution

Mad Local will redefine how the community answers the question "What's for dinner?" and build new market pathways for farmers and producers. The online marketplace and storefront showcase farm-to-freezer meals, food products and home goods by local artisans, and a demonstration kitchen to host craft cooking classes, food book events and pop-up food shops.

Mad Local Food will be a community hub and marketing engine to nurture local eaters and food producers. We will:

- Prepare farm-to-freezer mains, sides and desserts, meal kits and hot ready-to-eat, locally-sourced, seasonal dinners for in-store sale, satellite pick-up, and sustainable eBike and eTruck delivery
- Support local food manufacturers in doing what they do best, promote their products and bring new made-in-Wisconsin pantry products to market under the Mad Local banner
- Host and produce Mad Local kitchen events, including chef and food manufacturer spotlights, "Read It & Eat" food author events, retail food pop-up shops and small-batch, craft cooking classes
- Work to increase access to locally-sourced, quality, prepared foods for under-served families in the greater Madison area through our "Community Eats" program, where a portion of our products are donated to food pantries serving communities defined as food deserts

Unlike most national meal kit or grocery deli's, Mad Local will

- Focus on low-waste, compostable and reusable packaging
- Promote local farmers, ranchers, food manufacturers, and highlight local chefs
- Provide aspirational/gourmet menus, economy and family- friendly selections with video and online support
- Provide meal kits, frozen mains, sides and desserts, locally produced pantry products and a line of home goods created by local artisans
- Provide a broader "whole diet" locally-sourced food offering, including breakfast, lunch and dinner selections and options that reflect how families and individuals really eat, offering meals to cook, ready-to-heat-and-eat meals, hot meals, and pantry staples
- Provide frozen ready-to-eat meals and meal kits for sale in grocery stores
- Create sustainable relationships with consumers through subscription and retention marketing-based service models

Unlike other local food class and kitchen event organizations, Mad Local's kitchen studio will host classes and

- Invite authors and food experts from around the region and country beyond those engaged with Wisconsin Book Festival and other events
- Host food book club and series-type classes and programs
- Offer packaged parties and private kitchen event rentals, such as group wine tastings, birthday parties, rehearsal dinners
- Provide a natural light kitchen studio for lease to cookbook authors, bloggers, chefs and manufacturers who need a backdrop for photography and video-recording
- Provide a kitchen studio space for manufacturers, businesses and chefs to rent for concept testing, tasting and product innovation

Key Competitors Strengths and Weaknesses in the Convenience Food Space

Plated, Blue Apron and Hello, Fresh Strengths

- National brand recognition and logistical networks
- Strong brand identities, clear target markets and developed marketing strategies

Grocers & Co-ops Strengths

- History of serving and meeting customers' needs and responding to demand for more locally sourced products
- Established reputation in community

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Plated, Blue Apron and Hello, Fresh Weaknesses

- Anonymous, national cook kit services
- Limited delivery options, e.g., Blue Apron only delivers in Madison in mid- or end-of-week, when most families need less support
- Some focus more on aspirational cooking than every-day, e.g. Plated meals often take more than 12 steps and 1 hour to cook
- High packaging waste and food miles
- None provide ready to heat-and-eat options or pantry products to complement the meal kit purchases

Grocers & Co-ops Weaknesses

- Require customers to meal plan and have time for shopping or planning delivery, and have time to cook
- Customers in our focus group research claim they have to shop at up to 4 locations in Madison to source the ingredients they look for, based on quality, product availability, and price, and that they feel they have to compromise if they are limited in time for multiple stops
- Lack of healthy prepared and frozen prepared foods for in-home consumption available along the Monroe Street Corridor, west of Trader Joe's

Mad Local Food Group will succeed by connecting consumers with convenient meal options which meet their health, lifestyle and entertainment expectations. Serving them access to the hottest consumer food trends for authentic, artisan foods, redefined premium products, flavor adventure, comfort and indulgence, all with on demand delivery and a meaningful impact on their food system.

Business Model

Mad Local Food Group will reach consumers directly and through business-to-business sales. In the early days, event and kitchen studio revenue will be the largest contributor to earnings, while weekly meals, retail sales and subscription services will ramp up over the first five months. Retail sales will be available onsite and as delivery services ordered by phone or mobile interface.

Key Revenue Streams

- Retail
 - Farm-to-freezer mains, sides and desserts
 - Meal kits
 - Pantry items (frozen cuts of meat, dairy, shelf stable products from local manufacturers, beer and wine)
 - Home goods curated for modern life and produced by local and regional artisans
- Events and Classes
 - Book events, seasonal themes, wine and beer tastings, global cuisine, kids' cooking classes, craft cooking, meet-the-maker events
- Wholesale and B2B/B2C Event Sales
 - Frozen foods and pantry products
 - B2B Kitchen studio rental for photography, food events, tastings and food focus groups
 - B2C Kitchen studio rental for smaller events (capacity 10-50), including wine dinners, wedding events, tastings

Logistics

- Frozen food production and packaging will be processed in our commissary kitchen
- Weekly chicken dinners, daily coffee and pastry to be produced and served from the Kitchen studio within the retail location
- Consumers are able to purchase onsite or order over the phone or online, for pick-up or delivery

"You can't buy happiness but you can buy local, and that's kind of the same." - Unknown

The growth of convenience food sales in meal kits and as a portion of conventional grocer's sales show that this area of the food market is growing and sustainable. Our consumer focus group research shows that the individual and family consumers in our demographic are looking for local solutions which help them enrich their food experiences and support local food economy. Chefs and local manufacturers do not have a creative space like the proposed kitchen studio available, it is a model which has found success in other markets and will be well received by the food community.

Organization, Leadership and Advisors

Mad Local Food Group is a woman-owned and operated Limited Liability Corporation. The business will have a chef, prep cooks and retail employees, contract chefs and event presenters, and wholesale partners/collaborators.

Christy McKenzie – Owner

Christy has more than 15 years of professional experience in food, advertising, consumer marketing and research, sales, and consumer promotions. Her heart is in community food systems and economic development. She looks forward to bringing her passion, business acumen and leadership to develop Mad Local Food Group as an economic engine for Southwestern Wisconsin. She is a leader and business manager with a proven track record of growing sales, building relationships and scaling up businesses. Her educational background is in Community and Environmental Sociology (prior known as Rural Sociology) at the University of Wisconsin-Madison, where she studied community economic development, and local and international food systems. While in school, she worked in hospitality serving as part-time innkeeper with a local bed and breakfast, and as a server in local restaurants. She was a demonstration chef, pastry assistant and prep cook at L'Etoile and Sub-zero|Wolf. In 2004, after a move to the Northwest, she became the manager of the Tully's Coffee Corporation headquarters store and served as a trainer for new hires, managers and regional managers. She moved from food and beverage retail into food-based digital media publishing and advertising with Allrecipes.com. While with Allrecipes, she supported work to develop a suite of content-driven premium sponsorship products, and moved into management in the International business, helping lead consumer research, marketing and sales operations for the launch of the Allrecipes model into 18 countries, with 16 localized websites. In 2014, Christy moved back to Madison to join a start-up in print-at-home digital promotions and engagement media. The company was purchased by the leading coupon settlement business in the country and Christy now serves as the Director of Account Management for their Manufacturer Digital Promotions business. She leads a team of eleven account managers who serve \$20-plus million in annual promotions business, doubling business year-over-year for the past three years.

Primary Advisor:

Robert Sands, Certified Score Mentor and Business Consultant

Bob Sands has 30+ years of experience and expertise gained in the manufacturing, foods, and agricultural industries, with companies ranging from \$50 million to \$5 billion in annual sales. He has held positions of increasing responsibility including the last 10 as President & CEO. Company ownership includes family, public, and private equity firms.

Areas of expertise and experience include:

- Revenue, cash flow, and market enhancement
- Rapid and dramatic turnaround
- Acquisition and mergers
- Strategic Planning
- Refinancing, leveraging for expansion
- Large scale manufacturing and global supply chain management in highly seasonal environments

Consulting Advisors:

Paul Fishkin, Certified Score Mentor and CPA

Amy Gannon, Assistant Professor of Management at Edgewood College, Founder Doyenne Group for Women's Entrepreneurship

Alison Dodge, Small Business Consultant WWBIC

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Traction and Partnerships in Development

- Farm partnership with Reimer Family Farm (Coordinating access to chicken, beef, pork, lamb, eggs and network of farms looking to expand their marketing models from CSA to wholesale.)
- Initial pantry product partners, with products in early development – Yahara Bay Distillery and Underground Meats
- Kitchen collaboration with Wolf/Sub Zero and design-build with Ideal Builders
- Product consultation and pricing support from Willy Street Co-op and Metcalfe's market grocery buyers
- Chef-led research and development in process, beginning April 2017 – Nate Carney, Chef Epic
- Tastings and pop-up chicken dinners beginning May 10, 2017, for community building and fundraising. Beginning with stakeholders and moving out to larger community, with a KickStarter campaign
- Cricket Media marketing partnership. Website and mobile interface design and framework built by June 15, content development and site buildout ongoing June 15 – August 1, 2017
- Retail soft-opening August 1, public opening and launch August 16, 2017
- Initial Read it & Eat event with NY Times Best Selling Author: Larry Olmsted, Real Food Fake Food; Scheduled for Oct. 7, 2017; collaboration in discussion with Madison Area Chef's Network
- Table Wine (Wine selections, and wine/beer business)
- Wilson Creek Pottery (Functional pottery kitchen and serving ware)

Pricing Strategy

We will price as an accessible, premium service, and within the established range for quality local foods, meal kit providers and market to ensure that our customers understand the value of the product. We will use consumer promotions to incent trial purchases of products and services and retarget consumers to reengage frequency to purchase. Price research has been done across the local market for similar providers, with national meal kit services and with consumer focus group. Following is a sample of service costs with more detail provided in the financial projections section below.

- Cook Kits – Average 2.5 recipes per kit, \$20 to \$35 per recipe (serves 4), depending on ingredients
- Chicken Dinners – \$35 per dinner for 4 (Chicken, Salad, Seasonal Vegetable and Roll)
- Cooking Classes – \$35 to \$80 per class participant, depending on topic

Sales & Marketing Strategy

About half of all shoppers engage with food through social media, 5% of Shoppers use online-only retailers fairly regularly, and an additional 15% occasionally use online-only retailers for groceries. (Food Marketing Institute, *U.S. Grocery Shopping Trends*, 2016). We will have a multi-method marketing campaign, focused on introducing our services and incenting trial and repeat purchase, building credibility through high quality service and partnerships with strong and innovative community businesses and farms. Reinforcing the habit switch and reliance on service is key to retention.

- Direct Mail outreach with consumer promotion discounts and information on services and events
- Social Media presence and targeted marketing by demographic and geography
- Neighborhood Email List Serves and word-of-mouth
- Business marketing - flyering and sampling at larger local employers whose employees work and live in target area
- Collaborations and partnerships with local businesses and restaurants who provide service to target demographic, e.g. working with Table Wine to provide wine selections and wine club membership with a West Madison pick-up/delivery site
- Kick-off and ongoing events in the retail location and pop-up events around town
- Website and mobile web interface designed for sharing our story, highlighting producers, pushing forward our events and making ordering and delivery easy
- Core focus on retention marketing plans for retargeting consumers and driving recency and frequency to purchase