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Capturing Coffee



Dairy COMMODITY UPDATE

2015

- Milk production in 2015 is currently forecast lower than the original Spring forecast as drought in the West impacts milk per cow and growth in the cow herd is expected to be slower
- Cheese, nonfat dry milk (NDM), and whey prices are forecast lower on weaker demand, but the butter price forecast is raised on strong demand
- The Class III price is lowered on weaker cheese and whey prices. The Class IV price is lower as the stronger butter price is more than offset by the reduced prices for NDM. The milk price is forecast to average \$17.10 to \$17.60 per cwt

2016

- Milk production for 2016 is forecast higher as improved forage availability and moderate feed costs are expected to support gains in milk per cow. Cow numbers are forecast slightly higher
- With stronger domestic demand and export, cheese, NDM and whey prices are forecast higher, but butter prices are forecast lower as strong NDM demand is expected to support relatively high levels of butter production
- Both Class III and Class IV prices are forecast higher. The milk price is forecast at \$17.45 to \$18.45 per cwt for 2016





BEVERAGES DRIVE TRAFFIC

Customers are paying attention to your beverage menu more than ever before and they need unique, fresh and sustainable options to entice them. Coffee, tea and soda still reign supreme when you look at overarching research numbers, but trends are surfacing that could take the beverage world in a whole new direction.

Almost 60% of consumers are making their dining out choices based on the beverages offered, that's up 25% from last year according to Fast Casual's 2015 Beverage report. Operators are taking notice and the study says 40% of them plan to add a new beverage to their menu in the coming year. If you want to go one step deeper, take a look at where the largest swatch of consumers is heading. The Millennials.

ALL HAIL THE MILLENNIALS

This is the group ranging in age from 15-30 years old that will become the largest living generation in the United States

this year, surpassing the Baby Boomers. As Millennials go, so goes the food and foodservice industries according to leading global information company NPD Group.

If you doubt their power, just watch how Fortune 500 companies are trying to cater to them.

Whole Foods, a pioneer in high-end and organic groceries has announced it will open a whole separate chain of stores designed to appeal to Millennials. According to Whole Foods co-CEO Walter Robb, these future stores will feature *"modern, streamlined design, innovative technology, and a curated selection"* of lower-priced organic and natural foods.

When you mine into Millennials drinking trends, you'll see coffee options as a standout in growth. These younger consumers have become *"accustomed to coffee's constant presence infiltrating many different day parts and eating occasions"* according to menu research firm Datassential. The study goes on to show coffee drinkers are starting at a younger and younger age. Whereas, 35-44 year olds started drinking coffee at 19 years of age, 18-24 year olds are starting their habit around 14.5 years of age.

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BEVERAGES OFFERED

And their coffee drink of choice is not just plain old brewed coffee, it's coffee drinks – hot, iced and frozen. The purchase of frozen coffee drinks alone jumped from 15.8% in 2014 to 41.3% in 2015 among the 18-24 year olds....
that's more than 150% increase!



Coffee ☕

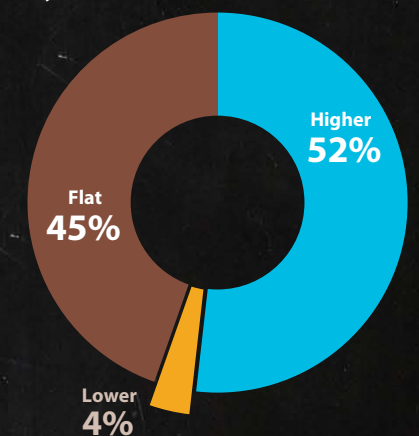
Operators report that espressos, lattes and mochas top their coffee menus, with consumers ordering these most frequently. With upwards of 50% of consumers ordering coffee on a regular basis – this craving for coffee will feed the

increase in coffee sales that over 50% of operators project they'll see over the next two years.

Coffee is also getting colder. Iced coffee was offered at 32 percent more restaurants in 2014 than it was in 2005, according to Datassential. Between 2013 and 2014, it jumped by 38 percent in fine dining and 19 percent in fast casual — the segments in which iced coffee offerings spiked the most. KanPak is an industry leader in the area of coffee and RTD cold coffee in particular. Ask us how our turn-key equipment programs can get you into this growing and profitable category today!



HOW DO YOU ANTICIPATE THAT YOUR SALES FOR COFFEE WILL CHANGE IN TWO YEARS?



Coffee COMMODITY UPDATE

World production is revised down from the December estimate by 3.5 million bags to 146.3 million.

- Central America and Mexico combined are revised down 700,000 bags to 16.0 million due to coffee rust
- Vietnam is down 1.2 million bags to 28.2 million on lower-than-anticipated yield
- Peru is lowered 600,000 bags to 2.8 million due to coffee rust

World ending stocks are lowered 2.9 million bags to 33.5 million.

- Vietnam is down 2.5 million bags to 2.4 million on lower availability
- Brazil is 1.2 million bags lower to 5.8 million bags due in part to higher exports
- European Union is raised 750,000 bags to 12.0 million on lower-than anticipated consumption

USDA Coffee World Markets and Trade, June 2015



Welcome To KanPak® -

Your Complete Beverage & Dessert Partner



KanPak® is a global leader in the development and manufacturing of the very best beverage and dessert solutions. Aseptic technology is at the heart of every product we create, allowing all KanPak® products to ship and store without refrigeration for up to 12 months, but it's our product development team, state-of-the-art beverage manufacturing capabilities and exceptional customer service that really set us apart from competitors.

Coffee beverages, creamers, smoothies, frozen desserts, cocktail mixes, specialty beverages – no matter what kind of product you're looking for, we can deliver. And our aseptic processing and packaging makes our solutions more convenient, efficient and environmentally friendly.

It has been an exciting time at KanPak, with 2014 seeing us become part of the Golden State Foods family of companies and the acquisition of our new production facility in Penn Yan, NY. As pioneers in the area of low acid, aseptic beverage and dessert products, these strategic changes will allow us to continue to build our domestic and international presence to deliver industry leading proprietary solutions to our foodservice and co-manufacturing partners. This is the first of our quarterly newsletters where we will review key commodity categories, consumer and category information, new products and dispensing solutions. We welcome your feedback or suggestions in terms of future content. Please feel free to send your questions or suggestions to info@kanpak.us



Call or email today and find out how KanPak can help drive your beverage and dessert business and profitability!

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