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Bolthouse Farms Case Study

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Senior Project - Applied Agribusiness Problems

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The Senior Vice President of Ag Operations Darren Filkins and Vice President of Ag Operations Brian Grant agree that “efficiency is always the bottom line goal”. Mr. Filkins has been with the company since 2007 and is leaving Mr. Grant in his place. The two shared their insightful knowledge on Bolthouse and the industry with our group. Their position at the company allows for a bird's-eye perspective on the company's current challenges, its successes, and its future direction. All three of which seemed to revolve around the concept of efficiency.

Company Overview

BF Bolthouse Holdco LLC (Bolthouse Farms), founded in 1915 in Grant, Michigan, is a vertically integrated agribusiness known for their quality and innovation. The company's headquarters is in Bakersfield, California and operates mainly in California, but also in Georgia, Washington, and Ontario, Canada. Bolthouse supplies a variety of products stemming from the carrot, juice/beverage, and dressing categories. The company started by placing a strong focus on its carrots products, which it still maintains. However, in the last 15 years Bolthouse has added a state of the art bottling facility and manufacturing line, allowing them to produce premium quality beverages and refrigerated dressings.

Bolthouse was owned by Madison Dearborn Partners from 2005 to 2012, but was purchased by the Campbell Soup Company for \$1.55 Billion in 2012. Mr. Filkins says that “Campbell in general is really trying to move towards the healthier platform, there have been a lot of interviews with the President CEO of Campbell, Denise Morrison explaining her strategy in trying to evolve the company in that direction.” And with the U.S. packaged fresh foods category at \$18 billion per year in sales, it's no

question that Campbell's acquisition of Bolthouse hopes to capture a portion of that market sector. In fiscal 2013 (ended July), Bolthouse accounted for approximately 9.45% of Campbell Soup's \$8 billion in sales, which is about \$756 million (WM. BOLTHOUSE FARMS, INC). Their primary focus being on their carrot production, shipping more than 35,000 tons per month (Hoovers).

The company is in a good spot to progress even further as Campbell has a lot of resources to help in operation and expansion. As previously mentioned, this report will discuss the path Bolthouse has taken to get where they are today, the industry they are involved in, some past or current challenges they face and their potential future opportunities.

Bolthouse Farms Mission Statement

Healthier Food Choices

People know they should make healthier food choices, but it's not always easy. We believe everyone deserves healthy food that's more accessible, available and affordable.

Fresh Thinking

We've combined our 100 years of farming expertise with creativity and innovation. The results: high-quality products made as much of fresh thinking as fresh ingredients.

Partners of a Journey

We are partners on a journey to change the way people think about and use fresh fruits and veggies. We will help inspire people to lead healthier, more vibrant lives.

Crafted by a Bunch of Carrot Farmers

Source: <http://www.bolthouse.com>

The Growth of Bolthouse

Founding and Early History

In 1915 the Bolthouse family started commercial vegetable farming in western Michigan. The Bolthouse family grew and harvested fresh carrots, while continually improving on their vegetable varieties. Filkins elaborated on their history in Michigan, “They were doing carrots, but at the start celery was a big piece of what they were doing. They were very involved in direct to market delivering and moving into the terminal markets and wholesale markets at those times.” It was then that they built a reputation on personal responsibility and integrity to supply the freshest produce. By 1950, Bolthouse Farms was a leading supplier of carrots to Midwest processors like Gerber, Campbell’s and Heinz. And in 1959, William Bolthouse created a carrot cellophane packing facility, the first modern packaging technology, which are called “cellos” to this day.

Shortly thereafter, Bill Bolthouse Sr. believed that if he could supply carrots to retailers year round he would be able to market to them better, this belief led him to scout for potential new growing areas. In 1972, he moved the operation to the San Joaquin Valley in Bakersfield, California. Mr.Filkins stated, “Bakersfield was a spot where they could get two carrot crops per year which was very unique to the industry at that point due to climate and soil type. In the early 1970’s, they were out in Bakersfield

starting to contract with growers up and down the state and then eventually got into land acquisition.” The operation still exists in Bakersfield today and has expanded greatly.

Expansion

After the birth of the baby carrot in 1989, Bolthouse immediately introduced ready-to-eat cut-and-peeled carrots, marketed under the name “Shortcuts”. Mr. Filkins acknowledged “what really caused the major expansion was the baby carrot that Bolthouse quickly adopted from Bunny Luv”. They acquired Golden Valley in 1999 to help meet baby carrot demand and in 2002 started growing their organic carrots (Bolthouse Farms). Under management of the Bolthouse family in 2003 they launched their super premium beverage line and built a bottling facility in Bakersfield, CA and Prosser, WA. After this swift growth, Bolthouse, valued at \$1.12 B, became attractive to outside buyers and was purchased by a private based equity firm called Madison-Dearborn in 2005. Filkins said “there was a transition for a little, while the Bolthouse family still worked there, but with the help of Bill Bolthouse’s son-in-law, Andre, and the bringing on of Jeff Dunn (still the current Bolthouse CEO) from Coca Cola, switching management has been good.” The company then continued on the same track, as Bolthouse contracted out additional carrot growers to advance capacity and meet demand. Moreover, in 2006 they signed a supply agreement with Peter Rabbit Farms. All these carrot growing ventures has made Bolthouse one of the two largest carrot growers, producers, and shippers in North America.

Still under Madison-Dearborn’s new management, in 2007, Bolthouse started to make yogurt based dressings. This diversification in value-added products has been

pivotal in the growth of Bolthouse. Filkins said “There has been a lot of transparency in management, certainly division has been made clear, and the capabilities for growth which you got to remember Jeff Dunn coming in with many years of experience from Coca-Cola had a tremendous vision for beverage and expansion. He had a great marketing talent to come in and number one, not only review what Bolthouse had available, but to build the team and then to drive performance to meet the growth, which has been outstanding (and not many individuals can pull this off) so between all these guys and key players on the strategy piece, Bolthouse was able to really accelerate that growth in a tremendous opportunity which Madison Dearborn then parlayed in the sale to Campbell Soup.” As aforementioned, Bolthouse was sold to Campbell Soup Company for \$1.55 B in 2012, adding health conscious products to Campbell’s product line and expanding their standing as a major Consumer Packaged Goods (CPG) company (Bolthouse Farms). This acquisition has so far proven successful, as in its latest quarter, Campbell Soup Company has experienced a revenue increase 10% year-over-year. And in the mass market for juices, the Bolthouse Farms acquisition provided an immediate boost from 5.5% to 7.2% market share for the 52 weeks end January 2013.

Bolthouse Today

As the company has transitioned from a family-owned business to a part of a well-known food industry conglomerate, there has been a large investment towards efficiency, something that was apparent visiting the facility. This starts in the field through technological advancement and in the facility with equipment automation.

In the field, Bolthouse in general has seen a huge demand for organic carrots and continues to push towards gaining as much market sector they can, this being one of their greatest current challenges. Filkins stated, “The Ag side spends a lot of time evaluating technology, equipment, seed, etc. The only restrictions are the restrictions you're going to put on yourself because right now you have the ability to really look to outside industry and bring technologies in, whether it's a trial and error process or if they want to build something internally, they got the means at the South-Shop to build a prototype. They have full-time AG engineers working for them and all the means they need to do basically whatever it is that they want. This is a pretty big sandbox to play in when you think about how many acres they are dealing with.” Their carrot demand is so high that Bolthouse has quickly expanded their facility, spending somewhere around \$10 million on baby carrot processing equipment in the last two years. They have been lucky with the sourcing of their vegetable products that the California drought hasn't been a huge issue. They have relied on groundwater, limited utilization of Central Valley surface water, and in the Coachella and Imperial Valley's the Colorado River via the All-American Canal for efficient usage.

Another very recent addition is their innovation center, which houses their marketing team and rolls out new product ideas often. Their expansion has been carefully thought out as the company strives for sustainable growth from the ground up. Bolthouse continues to pump resources and money into their research and development center to meet demand of consumer's desires. They pride themselves very much on their marketing and labeling of each product. Ensuring that all the ingredients are listed clearly on each package as has been requested from their target

market consumer. This shows transparency and authenticity from a company standpoint, and promotes the overall brand image they wish to portray. As Bolthouse prepares for the future, they must monitor their costs as the food evolution leads to increased demand and government regulation. Bolthouse always strives to be ahead the curve in terms of technology and innovation which has led to a challenging and fast-paced work environment.

Lastly, the Bakersfield facility takes numerous precautions to mitigate environmental impact, for instance they are heavily solar powered. Their best use agricultural practices lead to soil depletion prevention and cleaner distribution for the company. They have a fresh logistics program, recyclable packaging, and transparency in the overall supply chain. Much of Bolthouse’s success and new company growth can be attributed to the recent acquisition, new management, resources, technology, and its overall integration.

Product Categories

Kids Smoothies
Strawberry Meets Banana Kids Smoothie
Peach Meets Mango

Carrots		
Snacking	Cooking	Organic
Premium Carrot Sticks	Cello	Organic Juicing Carrots
Baby Carrots	Premium Chips	Organic Baby Carrot Snack Bag
Baby Carrot ShakeDowns Chili Lime	Premium Matchstix	Organic Baby Carrots
Baby Carrot ShakeDowns Ranch	Premium Sweet Petites	Organic Cellos
		Organic Chips

Beverages			
Juices		Protein Plus	Breakfast Smoothies
100% Carrot	Mango Coconut Splash	Protein PLUS Chocolate	Peach Parfait
100% Pomengranate	Mango Ginger + Carrot	Protein PLUS Coffee	Strawberry Parfait
Acai +10 Superblend	Orange + Carrot	Protein Plus Mango	
Daily Greens	Organic Carrot	Protein Plus Vanilla Bean	
Daily Golden VEDGE	Tropical + Carrot		
Daily Roots	Watermelon Mint Lemonade		
Smoothies		Café Drinks	Seasonal
Amazing Mango	Multi-V Goodness Cherry	Mocha Cappuccino	Holiday Nog
Berry Boost	Multi-V Goodness Orange	Salted Caramel Latte	
Blue Goodness	Strawberry Banana	Vanilla Chai Tea	
Blueberry Banana Almondmilk	Stone Fruit		
C-Boost	Tropical Goodness		
Green Goodness			

Dressings			
Yogurt		Greek Yogurt	Vinaigrette
Caramelized Sweet Onion	Creamy Balsamic	Bold Blue Cheese	Classic Balsamic
Cilantro Avocado	Honey Mustard	Creamy Basil	Italian Vinaigrette
Caesar Parmigiano	Mango Chipotle	Cucumber Dill	Raspberry Merlot
Chunky Blue Cheese	Salsa Ranch	Peppercorn Ranch	
Classic Ranch			

Source: <http://www.bolthouse.com>
 See appendix for additional images.

Carrot Growing

Since the beginning Bolthouse has placed an emphasis on carrots and have evolved to be a leader in carrot growing, innovation, and strategy. Mr. Filkins and Mr. Grant supply all the carrots and carrot juice, while the rest of Bolthouse’s products are taken care of by the plant operation. Being the senior VP and VP of Ag Operations they do all the strategy, grower relations, contracts, and sales and demand forecasting. Ultimately, they translate unit demand into acres to find how much they need to supply

and do everything necessary to meet it. Another large component of their job is auditing for food quality and safety, in which Good Agricultural Practices (GAP) are followed (Filkins). Additionally, Bolthouse uses sustainable farming practices, including a spray safe program, high efficiency irrigation, and precision GIS Farming.

There are three main farms within California that Bolthouse controls. In the high desert, Lancaster where a majority is conventional growing ground. In Cuyama Valley, there is a very large farm that is almost all contiguous, growing both conventionally and organically. And in Coalinga area and Avenal where they grow organically. Additionally, in the south they have regional operations in the Coachella Valley, Brawly, and more. In the north, they grow in regions like Merced, Tracey, and Atwater. Outside of California they are growing in Arizona, Oregon, Washington, Georgia, and Canada (Filkins). Their goal being to supply a year round product that is consistently fresh. Filkins says “there is a lot of seasonality to it, that Bolthouse wants to be in the right place at the right time and are really tied to weather and soil conditions, so the more diversity the better and more successful they can be.” This land diversification ultimately mitigates risk for Bolthouse from things like El Nino, surface water supplies, pests, or unexpected adverse weather conditions. Filkins also commented, “They are converting grounds so that they can produce more organic products as well as acquiring new grounds. Organics have been on the up and up in the last couple years and are at a premium price point on the growing side so they are trying to fill that demand.” Looking to purchase or sign new grounds requires a lot of time researching the land and the people, as they are only interested in signing reliable, vetted carrot farmers.

Moreover, as with each aspect of this business, Bolthouse concentrates on efficiency. They are very vertically integrated on the growing side, for instance they have their own fertilizer plant and until recently their own soils lab. That way they can choose what nutrients should be applied to soils. Filkins said they craft “prescriptive fertilizers based on the soil analysis and apply specific micronutrients in accordance to whatever deficit they have.” This undoubtedly cuts costs and increases efficiency by keeping it in-house.

Another impressive technology Bolthouse has spent a lot of time and money optimizing is their carrot harvesting practices. Their carrot harvesters are now as big as small buildings, completely run by GPS and almost hands-free. This makes their harvesting periods much less labor intensive and simultaneously maximizes yields. They have a new carrot harvester being built overseas right now, which is planned to be as Filkins said “bigger, faster, better, more dirt removal, quicker, stronger, and an overall game changer.” The goal being to transport the carrot in the shortest amount of time from field to retail. New technology advancement may even lead to cost cuts in the plant as harvesters take on the responsibility of things like color and size sorting.

Carrot Processing

Bolthouse specializes in baby carrots for their sweet taste, marketability and optimal nutrient content. The carrots are cut from larger mature carrots into two or three baby carrots depending on the size. What the baby-cut method has done is “allow growers to use far more of the carrot than they used to” (World Carrot Museum).

Bolthouse claims to do whole carrot operations - meaning they make use of the entire

carrot whether it is packaged, put into juice, or eventually used as feed for animals. No carrot goes to waste.

The Production Manager, Rene Hernandez showed our group around the processing facility. To start off, every carrot comes in from the field as a whole carrot. Contracted growers as well as in-house teams ship the carrots by truck load to the processing plant. The carrots are then power washed using high-pressure hoses to remove large dirt particles, and the truckloads are dumped onto a conveyer system. The carrots are brought through a washing unit to further remove bacteria and dirt. Next, the carrots are sorted by weight, size, and color to determine whether they will be used for whole carrots, baby carrots, food service, or juicing.

The carrots are then taken through a variety of different machines based on their sorting. The machines clearly differ as carrots will need to be processed accordingly. However, no matter the final carrot product, they are each peeled and polished. The machine for this is a large rotating grater which can be finely tuned for the desired degree of peeling and polishing. Through careful design, the carrots are then transported around the facility to their respective places via water conveyors, to ensure efficiency and cleanliness. Foodservice processing takes place next door to the baby carrot processing and includes: flavor line, carrot chips, petites, sticks, matches, coins, beverage, and concentrate. However, our tour mainly focused on shortcuts.

For shortcuts, the baby carrots are examined through a high-speed camera system to detect defects, abnormalities, and poor size. The new 360-degree camera system has a 97% quality control rate. The threshold for baby carrots regarding length and width, is 1-1.3 inches by 0.2-0.25 inches respectively. A quality control attendant

checks every 30 minutes to adjust parameters to garner the desired results for carrot sorting. Next, the carrots are quickly (approximately 12 minutes) brought down to the shipping temperature of 32 degrees by going through a hydro cooler.

Once the shortcuts are ready for packaging they are transported to the packaging room, which is separated by size: 12oz, 1lb, 2lb, 4lb, and 5lb. When the carrots are bagged there is a small hole punctured where water is shot into the bag to preserve the carrots freshness, resulting in a 30 day shelf life. This room is also where a huge recent investment to improve efficiency has been made. Now, there are robots which pick the bags up off of the conveyor and place them in a box. Usually the box is assigned 30 pounds and is weighed to know when the box is full, ready to move forward. This has massively cut labor costs and saved time. Rene said “weekly preventive maintenance reports are used to ensure the robots packaging productivity and success.” Again, this automation is something that Bolthouse is moving further into and will likely see more of in the future. This carrot process, from arriving at the facility to being packaged and ready for shipping takes approximately 45 minutes.

The plant runs two ten hour shifts and shuts down for a brief 4 hours every night for sanitization. Organics are processed first to prevent contamination. The processing plant produces about 4,200 to 4,500 cases of baby carrots per hour, 24 bags per case. This ends up being somewhere around 2.5 million pounds of baby carrots per day.

Beverages

Our tour of the very impressive beverage lines at Bolthouse was led by Randy Clark, the production manager. He described how Bolthouse can churn out 600,000 cases, with 6 bottles to a case, and 168 cases to a pallet each week.

First, we were shown how their bottles are formed from a small plastic test-tube using heat and a high-pressured air nozzle to plastic containers ranging from 6 ounces, 11 ounces, 15 ounces, 32 ounces, 52 ounces, and 80 ounces. The test tubes are placed under a heat lamp, which makes them flexible. Then they are placed into a stencil or mold where air stretches and blows them out into the desired shape/size. The machine then cools them instantly. The machine can do 400 bottles every minute. Currently, the 1915 bottles are created elsewhere, however they are working on perfecting their own bottling for that line

Bolthouse has three 15,000 gallon blend tanks where the ingredients are mixed together, with an average blend time of 2-4 hours. Then the blends are pasteurized in order to kill off harmful bacteria. Once the pasteurization process is finished the blends are then placed in a 15,000 gallon all-safe, sterile and pressurized tanks for storage until bottling.

The shaped bottles are conveyed through the facility to an injector wheel, where the empty bottles are first sanitized and rinsed with water. The injector fills the bottles with the desired beverage, which are then labeled accordingly through a labeler machine. This is all designed with flexibility in mind and 100% human free to prevent down time. Additionally, the facility has the versatility to run multiple beverage products at the same time. More importantly, Bolthouse has plenty of growth for the beverage lines to expand within its current warehouse due to additional, unused square footage.

The beverage lines have seen great profits and is a top area of growth for Bolthouse. They're market presence is strong, however to the average consumer their brand recognition hasn't reached quite to the level of Naked or Odwalla. Bolthouse

maintains a fresh outlook and natural feel with their advertisements, which promote overall wellness for consumers.

Moreover, for their juice line Bolthouse has created a new Instagram account for their 1915 Organic cold-pressed juices that are non-GMO. The 1915 juice products use a high-pressure processing/pasteurization procedure to help preserve the nutrients of their juice. They have reached 1,000 followers on the account and are pushing the brand to compete in that trendy market sector, where its competitors are selling “cold-pressed juice” for up to \$9.

Marketing Strategy

The Bolthouse brand has recently had a huge upheaval as a remarkable marketing campaign called “Eat ‘Em Like Junk Food”, turned the produce marketing sector on its head (Dunn). This has not only catapulted Bolthouse’s carrot sector sales, but their brand awareness as a whole. Bolthouse CEO Jeffrey Dunn took over in 2008 and asked the question, “How do you make carrots cool?” Although Bolthouse has been a leader in the carrot industry, they had seen no huge growth, and Dunn knew that marketing efforts must be tweaked. Coming from Coca-Cola he helped spur the marketing campaign with the slogan, “Eat ‘Em Like Junk Food” and sales in 2010 increased 13%. The carrot snacks packs were placed in vending machines and 7-11s to help change the perception of carrots from strictly a health food, to a great tasting snack that just happens to be good for you. The company expanded its marketing efforts from \$100,000 to \$2 million in this period and it was showing dividends. With his experience in the beverage industry Dunn worked on attacking the juice market, and within 9 months, they had conquered Odwalla and were now the top juice-maker in America.

Dunn claims he wants to “inspire the fresh revolution”, when it comes to the consumption and consumer awareness of fruits and vegetables.

Bolthouse aims for a strong future based around their 3 A's approach. First through *accessibility* by making products available in vending machines and other snack areas to show the consumer healthier options. The next step is through *availability*; they want their product selections to be sold wherever possible. Online, grocery stores, big-box chains, and gas stations should all be distributing carrots and fresh products to promote the Bolthouse food revolution. The last prong to Bolthouse's continued success is *affordability*. They want to ensure their snack products remain around or less than \$1 to compete with chip and soda makers, but educate consumers enough to make the right decision (Dunn).

Additionally, Bolthouse has a strong social media presence and catchy company website. They have a robust Facebook audience of 578K followers, 28K on Instagram, and 15K on Twitter (Bolthouse Farms). Bolthouse's main marketing team is based in Santa Monica, which has helped propel the brand forward on a national level. The investment from Campbell's and the new research and development center are allowing faster and more innovative products to be produced. Bolthouse prides themselves on being very concerned with customer feedback, so they really sift through emails and Facebook comments about their products to tweak and implement improvements, whether the feedback is complementary or criticism.

In terms of their future like Mr. Grant asked, “How do you continually raise customer awareness through more product lines, and what are you doing each day to increase and drive the demand of carrots?” These are the questions they're set out to

answer. However, most importantly their marketing is meant to help start people making conscious, healthier food choices. It is clear that Bolthouse is an innovative company that looks for creative market solutions and holds close an ultimate goal of changing the food world for the better.

Trends

The scientists are constantly being challenged to test new products internally and externally with package diversification and marketing plans. The company definitely plays into the trends and being able to predict or create what the market wants next. Being first to market is a huge competitive advantage, but they never ride on a single success. They continually are pushing and testing new things for “the next big idea.” Bolthouse is leading the way in terms of packaging styles, product colors, ingredients, and their proprietary bottling line is revolutionizing the juice market growth potential (Filkins).

A current issue in consumer’s minds about juice labels, is that they can be tricky to understand. So many juice and smoothie companies have the perceived notion that they are “healthy” just because they are made with fruit juice. As consumer tastes and preferences have shifted for the better in the last 10 years, people have been willing to shell out more money for juices as opposed to soda and other drinks. But so many companies market their products as 100% juice, which they are allowed to do, even if the juice contains, “additional additives, flavorings, or preservatives.” For example concentrates, i.e. syrups and preservatives, can destroy minerals and vitamins from the juices. In addition, when a juice claims to be not from concentrate, that doesn’t mean that no added flavor packs were added to preserve freshness in sneaky ways.

Consumers are beginning to become more aware of these important differences in the products they are choosing, which is why organic juices, without pesticides are recommended as a good choice. Overall the best and most nutritious way to obtain store bought juice is through cold-pressed products. This process squeezes all the key nutrients into the juice as well as essential oils. Bolthouse wanted to differentiate a product-line for the informed consumer who is willing to pay more for quality, thus they launched their 1915 line. In terms of comparison among Bolthouse's direct competitors, in Naked and Odwalla, they mainly have heat pasteurization, possible GMOs, and are not always organic (Hari).

Bolthouse has also begun a social media technique for rewarding consumer engagement in late 2013. Through their Instagram account when consumers have tagged Bolthouse branded products in posts, after the visual has been cleared the company send a \$1.50 coupon direct to the consumer via direct web address or email. Ad agency Tiny Rebellion helped create the technology to enable such a transaction to increase consumer engagement and show appreciation to their loyal consumers. With Bolthouse having a commanding 576K followers on Facebook they have promoted the Instagram campaign on there as well as Twitter, and it seems to be paying off. Over 400,000 posts have been generated, with over 60% of consumers printing and using the coupon for personal redemption. And now becoming a part of Campbell Soup Company they have the resources to scale up their efforts and promote their mission. Bolthouse hopes to revolutionize the way people make food choices by, "making the healthy choice the easy choice," (Lukovitz).

Another interesting development is Bolthouse's new snack product line for kids. The fruit and veggie based lines are featured in the refrigerator section of the produce section. The product line includes smoothies, fruit tubes, and veggie snackers. The fruit tubes are a tasty refreshment that are a "creamy fruit experience." The veggie snackers are pre-cut and are a healthy grab-and-go option for kids' lunches (Cloud). These additions to their product line display Bolthouse's adaptability to current market trends. They run a business with very open ears, ready to listen to their customers and produce or improve based on customer recommendations.

At the start of 2013, Bolthouse Farms opened its new pride and joy. Their new innovation center on-site was created to help test new product offerings and increase innovation. The swanky building cost \$5 million and is 17,900 square feet of scientific sensory equipment. Its proximity to the plant allows for ideas and collaboration among different partners in the company, which is always good for diversifying and advancing ideas. The company has been very pleased with the food science technology they have implemented thus far. The research and development team has about 40 scientists and the processes executed are all in order to find about what kind of products their consumers need next. New products can now be fully-developed and tested with local markets before official rollouts. The center has been a great success so far, and the mayor of Bakersfield even gave Bolthouse a certificate of appreciation for, "changing the perception of health-food brands and promoting the accelerated growth of all-natural products," (Jahn).

Looking into the Future

Bolthouse has quickly transformed from a family-owned company into a part of a large CPG corporation. This has come with an array of challenges which have been tackled by a very experienced and competent team of executives.

As Bolthouse looks into the future, it seems as if the path will continue in the same direction as it has in the past. It's doubtful the company will take a ninety degree turn into another market sector, but rather improve upon the markets it has already entered.

For carrots, the gradual expansion to meet demand, especially for organics, will be their largest challenge. This is because there is a finite amount of land available left that is prime for carrot growing. And as demand continues to rise, as they're hoping it will, it will require planning and efficiency to meet.

For the beverage and dressing lines Bolthouse will concentrate on continual improvements, product rollouts, and complimentary goods. The idea is to cut costs and increase efficiency.

Overall, like Mr. Filkins said, "They are growing carrots in order to make a difference. They are really proud of what they do and their staff is happy." This kind of attitude resonates through their employees and you can tell that the final product has been crafted with care.

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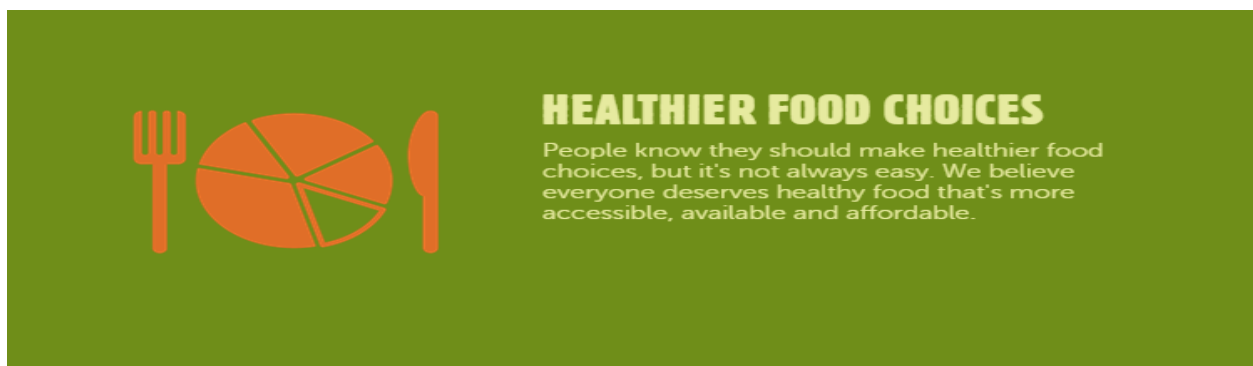
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ddendum

Mission Statement:





FRESH THINKING

We've combined our 100 years of farming expertise with creativity and innovation. The results: high-quality products made as much of fresh thinking as fresh ingredients.



PARTNERS ON A JOURNEY

We are partners on a journey to change the way people think about and use fresh fruits and veggies. We will help inspire people to lead healthier, more vibrant lives.



CRAFTED BY A BUNCH OF CARROT FARMERS.™

Product List:

Snacking Carrots

Snacking



Premium Carrot Sticks



Baby Carrots



Baby Carrot
ShakeDowns® Chili
Lime



Baby Carrot
ShakeDowns® Ranch

Cooking Carrots

Cooking



Cello



Premium Chips™



Premium Matchstix™



Premium Sweet Petites™

Organic Carrots

Organic



Organic Juicing Carrots



Organic Baby Carrot Snack Bag



Organic Baby Carrots



Organic Cello



Organic Chips™



Organic Julienned Carrots



Organic Sweet Petites™

Juice Beverages

Juices



100% Carrot



100% Pomegranate



Açai +10 Superblend™



Daily Greens



Daily Golden VEDGE®



Daily Roots™



Mango Coconut Splash



Mango Ginger + Carrot



Orange + Carrot



Organic Carrot



Tropical + Carrot



Watermelon Mint Lemonade

Smoothie Beverages

Smoothies

Amazing Mango® Berry Boost™ Blue Goodness® **NEW** Blueberry Banana Almondmilk C-Boost™
 Green Goodness® Multi-V Goodness™ Cherry Multi-V Goodness™ Orange Strawberry Banana Stone Fruit
 Tropical Goodness

Protein Plus Beverages

Protein Plus [SEE ALL](#)

Protein PLUS™ Chocolate Protein PLUS™ Coffee Protein PLUS™ Mango Protein PLUS™ Vanilla Bean

Breakfast Smoothie Beverages

Breakfast Smoothies



Peach Parfait



Strawberry Parfait

Café Drink Beverages

Cafe Drinks



Mocha Cappuccino



Salted Caramel Latte



Vanilla Chai Tea

Seasonal Beverages

Seasonal



Holiday Nog

1915 Cold-Pressed Juices



BOLTHOUSE
FARMS
1915™



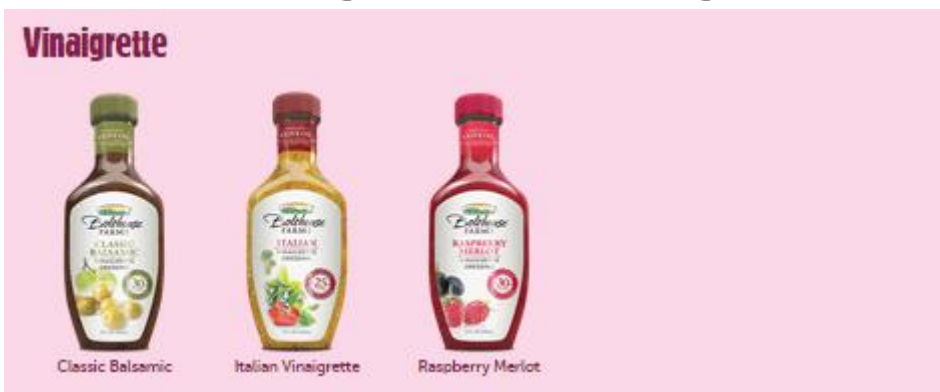
Greek Yogurt Dressings



Yogurt Dressings



Vinaigrette Dressings



Kids Smoothies



Kids Fruit Tubes



Kids Veggie Snackers

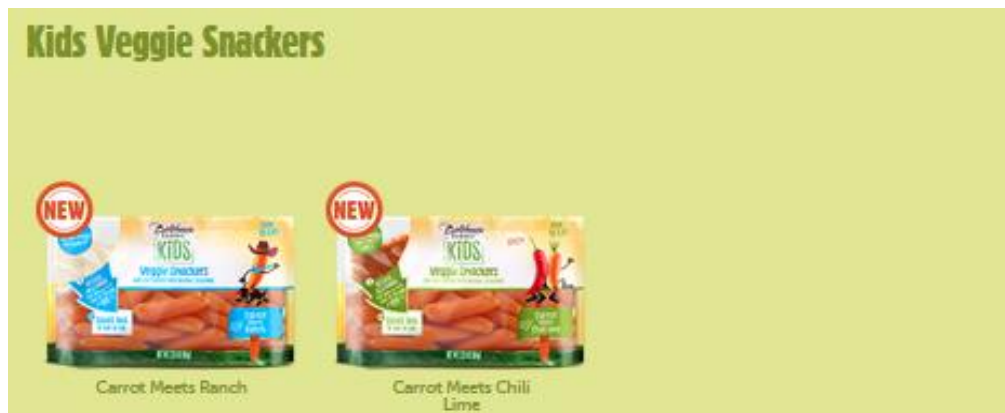
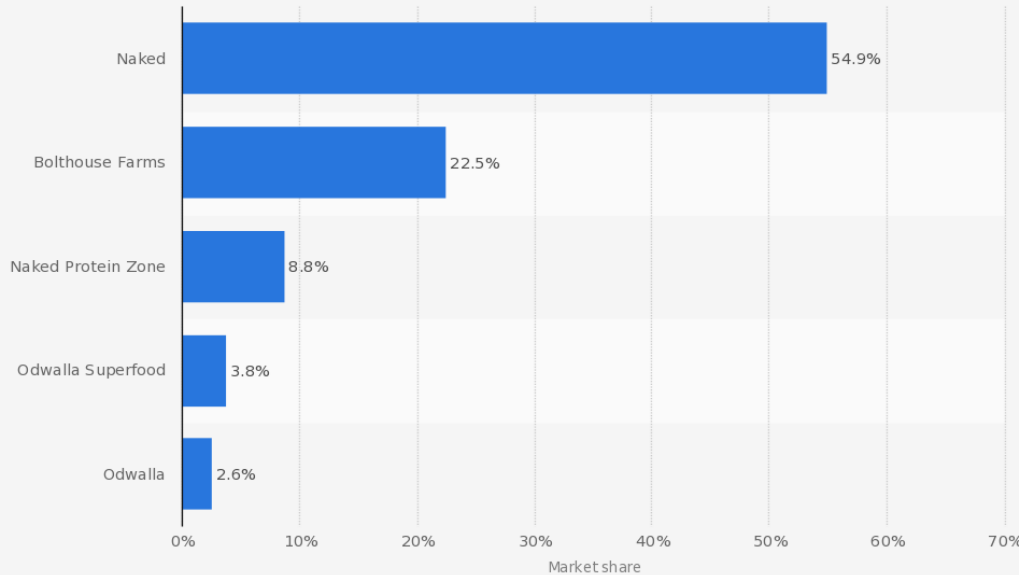


Photo of Carrot Harvester:



Graphs on Beverages

Market share of the leading refrigerated juice and juice drink smoothie brands in the United States in 2014, based on sales



Sources:
IRI, Beverage Industry Magazine
© Statista 2015

Additional Information
United States; IRI; November 2013 to November 2014



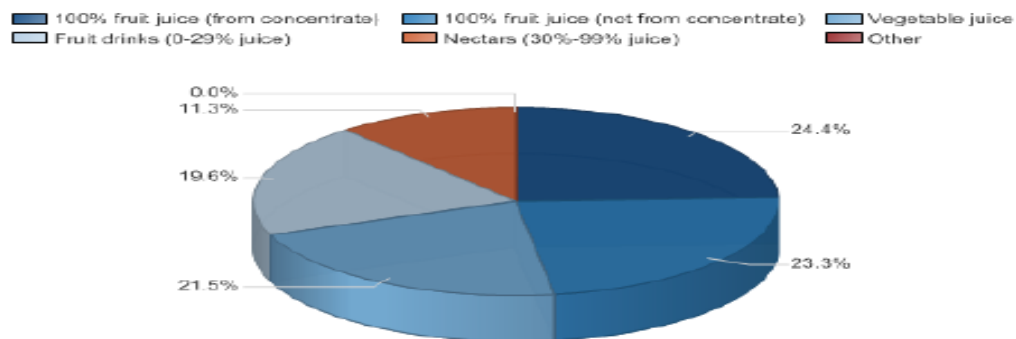
Table 3: United States juices market category segmentation: \$ million, 2014

Category	2014	%
100% fruit juice (from concentrate)	7,827.1	24.4%
100% fruit juice (not from concentrate)	7,476.9	23.3%
Vegetable juice	6,917.1	21.5%
Fruit drinks (0-29% juice)	6,285.9	19.6%
Nectars (30%-99% juice)	3,614.2	11.3%
Other	0.0	0.0%
Total	32,121.2	100.1%

SOURCE: MARKETLINE

MARKETLINE

Figure 3: United States juices market category segmentation: % share, by value, 2014



SOURCE: MARKETLINE

MARKETLINE

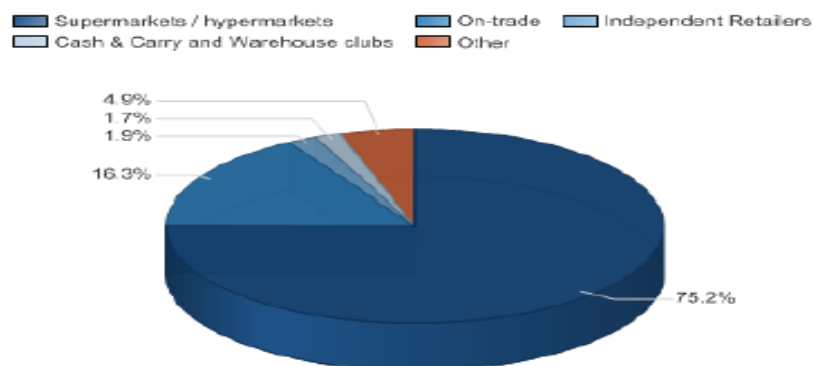
Table 6: United States juices market distribution: % share, by volume, 2014

Channel	% Share
Supermarkets / hypermarkets	75.3%
On-trade	16.3%
Independent Retailers	1.9%
Cash & Carry and Warehouse clubs	1.7%
Other	4.9%
Total	100%

SOURCE: MARKETLINE

MARKETLINE

Figure 6: United States juices market distribution: % share, by volume, 2014



SOURCE: MARKETLINE

MARKETLINE