Last
Mile Opportunity Scan For Fresh Produce

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EXECUTIVE SUMMARY

Opportunity

Lack of U.S. market share

Brand awareness

Partnerships

Objective

How to best enter U.S. e-commerce market

Solutions

Web-based store

Retailed-owned E-commerce

Third-party Pack-and-Deliver model

$13 million in revenue

1=Poor
3=Meets
5=Exceeds

Supplier Scorecard

Parameters	Retail E-commerce	Web-based	Third-party Pack-and-Deliver	Rapid delivery	Product subscription boxes	Overall Parameter weights
Partnership Availability	3	3	1	3	3	15%
Long-Term Capability	5	4	3	1	3	25%
Consumer Reach	5	4	3	1	1	30%
Profitability	5	3	3	1	2	30%
Total Score	4.7	3.6	2.7	1.3	2.1	100%

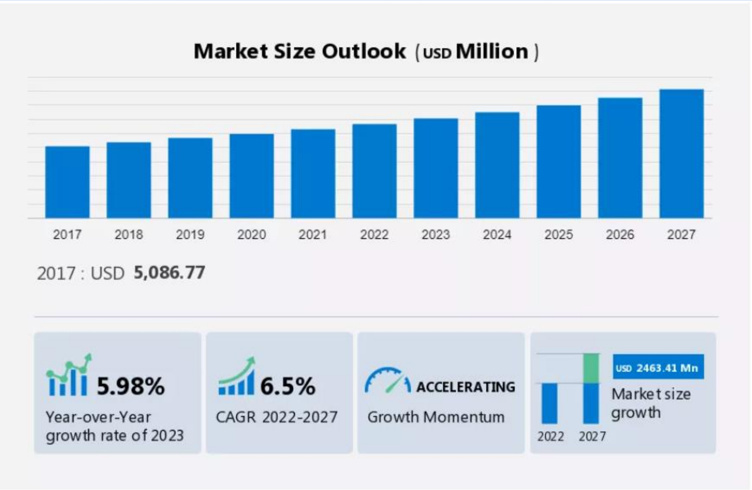
Industry Analysis

OZblu Market Information

- **Over 20% of US grocery sales expected through online channels by 2026**

Market Information	
95.8 Billion	Online grocery market
2.6 Billion	Fruits and Veggies
10 Percent	Blueberry growth year over year

Market Shares	
27.2 Percent	Walmart & Sam's Club
23.7 Percent	Amazon Brands
17.7 Percent	Third-party Pack-and-Deliver



Identifying risks - Current System

Likelihood of Occurrence	Impact			
	Insignificant-1	Minor-2	Moderate-3	Major-4
Certain		Missed Synergies	Forfeited Market Power	Lost Profit
Likely		Lack of Brand Awareness	Competitive Disadvantage	
Unlikely				
Rare				

Identifying risks - Proposed System

Likelihood of Occurrence	Impact			
	Insignificant-1	Minor-2	Moderate-3	Major-4
Certain				
Likely		Pricing Pressures		
Unlikely		Poor Customer Experience		
Rare		New Proposed Laws	Dissolved Partnerships	
Risk mitigation strategies	**Differentiation by Quality**: High value consumers will pay premium	**Profile Abundance:** Leveraging multiple partnerships	**Legislation Awareness:** Persistent monitoring to stay aware of changes in law	**Quality Partnerships:** Partner firms with strong, pre-established quality control metrics

Third-Party Pack-and-Deliver

Firm Compatibility

Retail E-commerce

Web-Based Store

Walmart.com

SamsClub.com

Costco.com

WholeFoods.com

Overview | Strategy | Implementation | Impact

TIMELINE

Year 2

Approach partnerships to expand retail-owned E-commerce while building our Web-based store

Year 4

Continuous improvements and monitoring

Year 1

Plan rollouts and partnership engagement

Year 3

Build partnerships for 3rd party pack and deliver companies; Doordash/Instacart

Assumptions

Contract terms remain static

Demand growth for blueberries continues to grow at 10%

Financial Impact

Return On Investment (ROI)

54%

Total Cost

$8.9 million

Final year increase in sales Revenue

$13.8 million

Increase in revenue in year 4 alone

$7.18 million

Conclusion

ozblu

Opportunity

- Lack of U.S. market share
- Brand awareness
- Partnerships

Objective

How to best enter US e-commerce market

Solutions

- Web-based store
- Retailed-owned E-commerce
  - $13 million in revenue
- Third-party Pack-and-Deliver model

Appendix

Assumptions

- Go puff is a Rapid delivery and Door Dash is not a Rapid delivery
- Timeline is 4 years to be conservative
- Inventory is relative to competitors inventory cost

Identifying risks- retail e-commerce

Likelihood of Occurrence	Impact			
	Insignificant-1	Minor-2	Moderate-3	Major-4
Certain		Pricing Pressures		
Likely		Minimal Sales	Refund Management	
Unlikely		Website Issues	Poor Customer Experience	
Rare			Security issues/ cybercrime	
Risk mitigation strategies				

Identifying risks- web-based

Likelihood of Occurrence	Impact			
	Insignificant-1	Minor-2	Moderate-3	Major-4
Certain		Minimal Sales	Increased Costs	
Likely			Poor customer experience	
Unlikely			Website Issues	Supply Chain Disruptions
Rare			Data Breach	

Risk mitigation strategies				

Identifying risk-Third-Party-Pack-and-Deliver Model

Likelihood of Occurrence	Impact			
	Insignificant-1	Minor-2	Moderate-3	Major-4
Certain			Increased Costs	
Likely		Sustainability Concerns	Poor customer experience	
Unlikely			Lack of Sales	Competition Dominance
Rare				

Risk mitigation strategies				

Door Dash Business Model

- DoorDash operates as a Third-Party-Pack-and-Deliver (TPPD) service in the sense that it partners with restaurants to handle the packaging and delivery of orders to customers. Here's a breakdown of how DoorDash fulfills this TPPD role:
- Order Placement and Processing: Customers place orders through the DoorDash app or website, selecting items from participating restaurants. These orders are then transmitted to the partnered restaurants.
- Restaurant Preparation: Once an order is received, the restaurant prepares the food items as they would for a regular dine-in or takeout order.
- DoorDash Driver Notification: DoorDash assigns a nearby Dasher (delivery driver) to the order. The Dasher receives a notification and travels to the restaurant to pick up the prepared order.
- Order Pickup and Packaging: The Dasher arrives at the restaurant and collects the order, ensuring it's complete and properly packaged for transport.
- Food Delivery: The Dasher securely transports the order to the customer's address, ensuring it remains at the appropriate temperature and maintains its quality.
- Order Completion and Payment: Upon delivery, the Dasher confirms the order with the customer and facilitates payment through the DoorDash platform.
- Customer Communication: Throughout the process, DoorDash keeps customers informed about the status of their order through push notifications and in-app updates.

Door Dash/Instacart Facts

DoorDash

-Pros:

- Broader customer base: Reach a wider audience beyond grocery shoppers.
- Typically faster delivery times: Ensure products arrive fresh and on time.
- Typically lower fees: Reduce costs compared to Instacart.

-Cons:

- Limited control over inventory: Less visibility into product handling and storage.
- Limited data access: Reliant on DoorDash for sales performance insights.

Instacart

-Pros:

- More targeted audience: Reach a more relevant audience of grocery shoppers.
- Typically larger orders: Increase sales per order and boost profits.
- More control over inventory: Greater visibility into product handling and storage.
- More comprehensive data access: Gain insights into sales performance, customer demographics, and product trends.
- More marketing opportunities: Promote products on Instacart's website, app, and targeted advertising campaigns.

-Cons:

- Typically higher fees: Reduce profits compared to DoorDash.
- Typically slower delivery times: Increase the risk of product damage or spoilage.

- How to Partner with a Third-Party Delivery Service - DoorDash: https://get.doordash.com/en-us/blog/new-partnership-plans
- How to Partner with Instacart: https://www.instacart.com/company/platform
- Instacart for Suppliers: Benefits and How to Get Started: https://www.oberlo.com/ebooks/dropshipping/finding-suppliers

Third Party

- Lower costs: TPPD companies typically have lower costs than DoorDash because they do not have to maintain a large network of delivery drivers. This is because they focus on packing and delivering food from a central location, rather than relying on individual drivers to pick up and deliver orders.
- More control over the delivery process: TPPD companies have more control over the delivery process because they pack and deliver the food themselves. This means that they can ensure that food is packaged properly and delivered promptly. This can lead to better quality and timeliness of deliveries.
- Scalability: TPPD companies can easily scale their operations up or down to meet demand. This is because they do not have to worry about hiring and managing a large team of delivery drivers.
- Ability to focus on food preparation and packaging: TPPD companies can focus on preparing and packaging food, while leaving the delivery logistics to the third-party provider. This can allow them to specialize in providing high-quality food.
- Potential for higher margins: TPPD companies may be able to charge higher margins than DoorDash because they have more control over the entire delivery process. This is because they can control both the cost of goods sold and the delivery costs.
- Improved customer experience: TPPD companies can potentially provide a better customer experience than DoorDash because they have more control over the delivery process. This is because they can ensure that orders are accurate and delivered on time.

Giving up Control

Model	Pros	Cons
Third-Party-Pack-and-Deliver (TPPD)	Reduced overhead costs and labor expenses, scalability to accommodate fluctuating demand, access to specialized expertise and technology	Loss of direct control over inventory, fulfillment, and customer experience, potential for branding inconsistencies and quality control issues, reliance on a third-party provider's performance and reliability
Web-Based Stores	Increased sales potential through online reach, reduced reliance on physical stores, access to e-commerce platform tools and analytics	Reliance on a third-party platform provider for technical support and updates, potential for data security risks and limited control over payment processing, sharing of customer data with third parties raises privacy concerns
Retail-Owned E-commerce	Greater control over branding, customer experience, and data privacy, flexibility to customize the e-commerce platform to specific needs, direct integration with existing inventory and customer management systems	Requires in-house technical expertise or reliance on external IT support, increased overhead costs for platform development, maintenance, and security, data privacy and security compliance obligations

Web Based Stores

- Increased Reach and Market Expansion:
- Expand customer base: Web-based stores provide suppliers with a global platform to reach a wider audience, including potential customers beyond their geographical limitations. [Source: "The Impact of E-commerce on Supply Chain Management" by Journal of Supply Chain Management]
- Access new markets: By establishing an online presence, suppliers can connect with customers in new markets, expanding their reach and diversifying their customer base. [Source: "E-commerce and Supply Chain Management: A Review" by European Journal of Operations Management]
- Improved Efficiency and Cost Savings:
- Reduce order processing costs: Web-based stores automate order processing, reducing manual tasks and minimizing errors, leading to lower operational costs. [Source: "Benefits of E-commerce for Suppliers" by Supply Chain Management Review]
- Streamline communication and collaboration: Online platforms facilitate real-time communication and collaboration between suppliers and customers, improving order processing efficiency and reducing delays. [Source: "E-commerce and Supply Chain Integration: Challenges and Opportunities" by International Journal of Logistics Management]
- Enhanced Customer Experience and Order Management:
- 24/7 availability: Web-based stores provide customers with round-the-clock access to product information, pricing, and ordering capabilities, enhancing customer satisfaction and convenience. [Source: "The Impact of E-commerce on Customer Behavior" by Journal of Retailing]
- Real-time order tracking and updates: Customers can track the status of their orders in real-time, providing transparency and reducing customer service inquiries. [Source: "The Role of E-commerce in Customer Satisfaction" by Journal of Consumer Research]
- Improved Data Collection and Analytics:
- Gather valuable customer insights: Web-based stores generate a wealth of customer data, enabling suppliers to understand customer preferences, buying patterns, and market trends. [Source: "E-commerce Analytics: A Practical Guide" by O'Reilly Media]
- Make data-driven decisions: Suppliers can analyze customer data to optimize their product offerings, marketing strategies, and inventory management practices. [Source: "Data-Driven Supply Chain Management" by Springer]

E Commerce

- Wider reach: Retail-based e-commerce allows businesses to reach a wider audience than they could with a physical store alone. This is because online stores are accessible to anyone with an internet connection, regardless of their location.
- Source: ”The Benefits of E-commerce for Retail Businesses” by Shopify (2023)
- Reduced overhead costs: Retail-based e-commerce businesses typically have lower overhead costs than traditional brick-and-mortar stores. This is because they do not need to pay for physical space, such as rent or utilities. Additionally, they do not need to hire as many employees to staff a physical store.
- Source: ”The Benefits of E-commerce for Retail Businesses” by Shopify (2023)
- Scalability: Retail-based e-commerce businesses can be easily scaled to meet the demands of their customers. This is because it is relatively easy to add new products and services to an online store, and it is also relatively easy to increase the capacity of an e-commerce website.
- Source: ”The Benefits of E-commerce for Retail Businesses” by Shopify (2023)

Meal and Produce Kit's

- Low profit margins: Meal and produce kit companies often operate on low profit margins, which can make it difficult for them to pay suppliers competitive prices. This can be a major deterrent for suppliers, as they may not be able to make a profit selling to these companies.
- Source: "The Meal Kit Industry: A Comprehensive Analysis" by Reportlinker (2023)
- High demand for products: Meal and produce kit companies often experience high demand for their products, which can put a strain on their suppliers. This can lead to stockouts and delivery delays, which can damage the supplier's reputation and make them hesitant to do business with these companies in the future.
- Source: "The Meal Kit Industry: A Comprehensive Analysis" by Reportlinker (2023)
- Short payment terms: Meal and produce kit companies often have short payment terms, which can put a strain on the supplier's cash flow. This can make it difficult for suppliers to meet their own financial obligations.
- Risk of insolvency: Meal and produce kit companies are often relatively new and may have a higher risk of insolvency than more established companies. This can make suppliers hesitant to do business with these companies, as they may not be able to get paid if the company goes bankrupt.

	JUMBO		ORGANIC		TRADITIONAL	
	Retail price (US$/oz.)	Manufacturer s margin (%)	Retail price (US$/oz.)	Manufacturer's margin (%)	Retail price (US$/oz.)	Manufacturer s margin (%)
Retail-owned e-commerce	0.71	15 25	0.50	0–10	0.42	5 5
Third-party pack-and-deliver model	0.97	35 45	0.97	45–55	0.60	25 35
Web-based stores	1.02	40 50	0.83	35–45	0.56	20 30
Rapid delivery	0.91	25 35	1.00	35–45	0.67	20 30
Meal and produce kit	...	...	0.70	10–25	...	...

Rapid Delivery

- Rapid delivery companies like Gopuff, Getir, and Gorillas experienced explosive revenue growth in 2021, but they also had high cash burn rates.
- Gopuff raised $3.4 billion in capital and generated more than $2 billion in revenue in 2021, but it still had an EBITDA loss of around $500 million.
- Rapid delivery companies face high customer acquisition costs and low customer lifetime value due to low customer retention and low average transaction sizes.
- Established companies like Walmart and Amazon have more mature omnichannel sales strategies and can integrate rapid delivery capabilities to increase customer lifetime value.
- Increased costs: Rapid delivery services often require suppliers to adhere to specific packaging and labeling guidelines, which can increase their costs. For example, Gopuff may require suppliers to use specific packaging materials or containers for certain types of products, such as fresh produce or beverages. These additional costs can further strain suppliers' profit margins.

Blueberry Industry Analysis Extra

- Increased demand for blueberries: The demand for blueberries is increasing due to growing awareness of their health benefits and their versatility as a food ingredient.
- Expansion of blueberry production: Blueberry production is expanding in new regions of the world, such as China and South Africa.
- Development of new blueberry varieties: New blueberry varieties are being developed with improved flavor, texture, and disease resistance.
- Increased focus on sustainability: Blueberry growers are increasingly adopting sustainable practices to reduce their environmental impact.

Supply chain Disruption:

- Labor shortages: The blueberry industry is facing a labor shortage due to the increasing complexity of blueberry production and the low wages offered to blueberry pickers.
- Climate change: Climate change is threatening blueberry production in some regions of the world due to changes in temperature and precipitation patterns.
- Pests and diseases: Blueberry crops are susceptible to a number of pests and diseases, which can reduce yields and increase costs.

Blueberry Industry Analysis Appendix

- Retail for most blueberries .30 to .60 per ounce

○ Rapid delivery- .67

○ Retail owned e-commerce- $.42
- Premium (OZblu) .70-1

○ Web-based- $1.02 per ounce

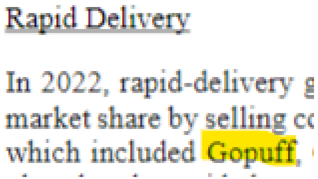
○ Retailed- owned e-commerce- $.71
- In retail produce marked up 50-70% due to spoilage

○ Retail sell price (the price retailers charge customers) is reduced by 50 per cent for jumbo and organic

■ 75 per cent for traditional
  - Online shopping- more brand loyalty and less price sensitive than instore -
  - 80% looked for non-gmo labelling
  - 92% of supermarket shopped use social media channel on a regular basis and only 29%

Third Party Confusion

1. Loss of control: Some business owners worry that they will lose control over their inventory and customer experience by outsourcing fulfillment. However, with the right 3PL partner, you can maintain visibility into your inventory and orders and ensure that your customers are happy.
2. Hidden costs: Some 3PLs may charge hidden fees for things like storage, packaging, and shipping. It is important to be upfront about your needs and get all fees in writing before signing a contract.
3. Communication challenges: It is important to choose a 3PL partner that you can communicate effectively with. You should be able to easily share information about your products, orders, and customers.
4. Scalability concerns: Some businesses worry that a 3PL will not be able to scale with their growth. However, the right 3PL partner should be able to accommodate your increasing order volume and product variety.


Rapid Delivery

In 2022, rapid-delivery
market share by selling
which included Gopuff,

Pricing/Margins

- High Production Costs: Fruit cultivation involves significant investments in land, labor, equipment, and various inputs, all of which contribute to substantial production costs.
- Crop Sensitivity: Fruit crops are susceptible to weather damage, pests, and diseases, which can lead to crop losses and reduced profits.
- Competitive Market: The fruit industry is highly competitive, with numerous producers vying for the same customer base, leading to downward pressure on prices.
- Perishability of Fruit: Fruits are perishable goods, requiring retailers to maintain low prices to minimize potential losses due to spoilage.

EXHIBIT 8: TOP US BLUEBERRY COMPETITORS

	JUMBO		ORGANIC		TRADITIONAL	
	Retail price (US$/oz.)	Manufacturer s margin (%)	Retail price (US$/oz.)	Manufacturer's margin (%)	Retail price (US$/oz.)	Manufacturer s margin (%)
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How we are Improving Pricing/Margins Strategy's

- Economies of Scale: Increasing production scale can lower per-unit costs and improve efficiency.
- Vertical Integration: Controlling the supply chain from production to distribution can optimize pricing and reduce reliance on intermediaries.
- Differentiation and Branding Awareness: Creating unique product offerings and establishing a strong brand can command premium prices.
- Market Analysis and Targeting: Understanding consumer preferences and targeting specific market segments can optimize sales strategies.
- Technology Adoption: Embracing innovative technologies, such as precision agriculture and data analytics, can enhance productivity and resource management.
- Our Proposed Strategy

Demand/Current System Requirement

- OZblu has **more than 40 farms** globally growing the OZblu varieties
- Crowd-farming: OZblu sells blueberry bushes to individual investors, who then earn a share of the profits generated from the sale of the blueberries.
- Vertical integration: OZblu controls the entire blueberry production process, from growing the bushes to packing and shipping the blueberries. This gives the company greater control over the quality of the blueberries and allows it to capture more of the profits.
- Patented varieties: OZblu grows proprietary blueberry varieties that are sweeter, juicier, and crunchier than traditional blueberries. This gives the company a competitive advantage in the market.
- Sustainability: OZblu is committed to sustainable farming practices. The company uses recycled water and compost, and it minimizes the use of pesticides.
- Technology: OZblu uses technology to improve the efficiency of its operations. The company has developed a proprietary app that allows investors to track the progress of their blueberry bushes and receive payments.
- OZblu's business model has been successful in attracting investors. The company has sold over 96,000 blueberry bushes to date
- Whichever of these business models chosen OZblu has the capacity to manufactory

Costs

- Amazon- stocking fees- 10% of revenue
- Instacart & Doordash- 10% of revenue
- Walmart- E-commerce has 6.25% of revenue commission cost

Walmart Financials

Assumptions		
Corporate Tax Rate		21.00%
Cost of capital (discount rate):		6.37%
	$	2,308,536

Walmart Financials

		Years			
	0	1	2	3	4
Revenues		$ 5,600,000	$ 6,305,600	$ 7,100,106	$ 7,994,719
COGS		$ 5,208,000	$ 5,864,208	$ 6,603,098	$ 7,435,089
gross profit		$ 392,000	$ 441,392	$ 497,007	$ 559,630
expenses					
Retailed imposed fee		$ 350,000	$ 394,100	$ 443,757	$ 499,670
Legal fees- contract negation		$ 128,800	$ 145,029	$ 163,302	$ 183,879
Operating profit		$ 613,200	$ 690,463	$ 777,462	$ 875,422
taxes		$ 122,640	$ 138,093	$ 155,492	$ 175,084
net income		$ 490,560	$ 552,371	$ 621,969	$ 700,337
Cashflow		$ 140,560	$ 158,271	$ 178,213	$ 200,667
PV cashflows		($132,142.52)	($148,792.48)	($167,540.33)	($188,650.41)
PV calculated		$ 132,142.52	$ 148,792.48	$ 167,540.33	$ 188,650.41
NPV					
NPV calculated					
5 Year ROI					
Annual ROI		5.72%	6.45%	7.26%	8.17%
Cumulative ROI		5.72%	12.17%	19.43%	27.60%

Doordash & Instacart Financials

Assumptions	
Corporate Tax Rate	21.00%
Cost of capital (discount rate):	6.37%
	$3,321,052.21

Doordash & Instacart Financials

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expenses					
commission costs of operation		$ 560,000	$ 630,560	$ 710,011	$ 799,472
Legal fees- contract negation		$ 128,800	$ 145,029	$ 163,302	$ 183,879
Operating profit		$ 823,200	$ 926,923	$ 1,043,716	$ 1,175,224
taxes		$ 172,872	$ 185,385	$ 208,743	$ 235,045
net income		$ 650,328	$ 741,539	$ 834,972	$ 940,179
Cashflow		$ 90,328	$ 110,979	$ 124,962	$ 140,707
PV cashflows		($84,918.68)	($104,332.57)	($117,478.48)	($132,280.77)
PV calculated		$ 84,918.68	$ 104,332.57	$ 117,478.48	$ 132,280.77
NPV					
NPV calculated					
5 Year ROI					
Annual ROI		2.56%	3.14%	3.54%	3.98%
Cumulative ROI		2.56%	5.70%	9.24%	13.22%

Amazon Financials

Assumptions	
Corporate Tax Rate	21.00%
Cost of capital (discount rate):	6.37%
	$3,321,052.21

Amazon Financials

		Year			
	0	1	2	3	4
customers					
Revenues		$ 5,600,000	$ 6,305,600	$ 7,100,106	$ 7,994,719
COGS	-15000	$ 5,208,000	$ 5,864,208	$ 6,603,098	$ 7,435,089
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