

ANTHONY C. WU

*Current Address: 2980 Birch Hollow Rd., Apt. 2A • Ann Arbor, MI 48104
(419) 308-6252 • tony.ching.wu@gmail.com*



nomz LLC

Submitted on 7/31/2013 by Anthony Wu
for the TAP Business Plan Competition

EXECUTIVE SUMMARY

Cooking dinner on a daily basis can be a time-consuming process. The stages of cooking – the purchase of ingredients, preparation and clean-up – require significant time, and this is often time young professionals or those balancing work and children do not have. In a separate observation, Asian-Americans (“AsAms”) are the fastest-growing, highest-educated and most professionalized racial group in America. They have also become the wealthiest racial group with a median personal income of \$48K versus \$40K for the general population, driven by a high incidence of management and professional jobsⁱ. Thanks to smart phones and the relentless pace of an economy still recovering from the 2009 financial crisis, the workday for these professionals often stretches far beyond the traditional boundaries of 9-5 PM, leaving precious personal time. I believe a business opportunity exists to provide a solution to the rapidly-growing population of young AsAms professionals/students who appreciate the ethnic Asian cuisine they grew up eating but lack time or the knowledge to prepare the meals themselves. The unique needs of this young AsAm demographic – distinctly different from their largely immigrant parents – are underserved or ignored by current offerings in the Asian food market today which typically target cost-sensitive immigrants of Asian descent.

nomz LLC (“the Company” or “nomz™”) will invent and produce frozen “nearly-ready” meals focused on healthy Asian recipes using high-quality, all-natural ingredients. “Nearly-ready” meals are entrees which are almost ready for consumption after defrosting, but can be supplemented with the addition of freshly cooked ingredients such as rice or noodles. For example, one anticipated product would be frozen soup stock (complete with the protein, herbs and spices) that would be heated on a stovetop in 15 minutes and served with separate, freshly-prepared noodles. In addition to a quick and convenient dining experience, there would be three other pillars to the Company’s value proposition: 1) authentic, niche Asian recipes; 2) high-quality, all-natural ingredients; and 3) healthy, delicious recipes. These principles were developed based on consumer responses from a survey conducted by the Company as well as competitive factors.

nomz™ is a compelling value proposition for young AsAm professionals because this demographic is underserved. From studies of Asian supermarkets – both in various locations such as New York, Los Angeles and Detroit as well as of various ethnicities such as Chinese, Korean and Vietnamese – the majority of incumbent products appear to target native speakers or cost-sensitive immigrants. The packaging/product labeling appears cheap and is in the ancestral language, the ingredient list is complex and full of preservatives and products are inexpensive compared to their Western counterparts, leading to suspicions of quality. This can be problematic for native-born AsAms who are increasingly concerned over ingredient quality and are generally not proficient in their language of origin (33% of native-born AsAms consider themselves proficientⁱⁱ). Presently, there is no major food brand that caters specifically to Asian Americans; no brand that can represent familiar and authentic Asian recipes - unlike P.F. Chang’s which caters to mainstream America - combined with an emphasis on high-quality and all-natural ingredients – unlike Asian brands which focuses on low-cost. The potential could be significant as there are 4.7MM AsAms in the United States between the age of 20-34. If the Company’s product sold for a \$5.00 retail price, there is an assumed wholesale markup of 100% and customers purchase a unit every 2 weeks, one would have to believe a penetration share of 0.3%, or 3 out of every 1,000 young AsAms, to reach \$1,000,000 in sales.

The goal of nomz™ is to create a sustainable platform that serves busy AsAm professionals, which include Taiwanese-Americans, delicious, healthy Asian food that saves them time. As both a passionate consumer of Asian food and a Taiwanese-American professional himself, the founder believes he has unique perspective of both product and end-market that will prove advantageous in execution. While the overall vision for success is for the Company to become the leading and most recognizable food brand amongst AsAm, one key milestone will be when the Company reaches \$500K in revenues. Assuming a launch in New York City where 411,000 young AsAms reside and conservative assumptions (detailed below in the “Commercialization” section), the Company would require a market share of 1.9% to achieve \$500K in sales. While difficult, the Company believes \$500K is achievable, and based on nationwide demographic trends, potential revenues could easily be in excess of \$10MM.

MARKET

Educated, wealthy and rapidly growing: Asian-Americans are the best-educated, highest-income and fastest-growing race group in the United States. From 2000 to 2010, the Asian population in the United States has grown faster than any other racial group, increasing its population by 46% versus an increase of 10% for the general population and an increase of 43% for Hispanics.ⁱⁱⁱ These dynamic growth trends are expected to continue as the number of Asian immigrants began to surpass the number of Hispanic immigrants since at least 2009^{iv}. The AsAm demographic is well-educated with over 49% of AsAms achieving a bachelor's degree or higher versus 28% of the general population^v. As a result, roughly half of employed AsAms (48%) are in management, professional and related white-collar occupations versus a 36% share for employed Americans overall, and the median personal income for AsAms is \$48,000, 20% higher than the \$40,000 in median personal earnings experienced by full-time, year-round workers in the US.

The demographic is divided into two distinct populations – native AsAms who were born and raised in the United States, and AsAms who immigrated to the United States from abroad. While the majority (59%) of AsAms are foreign-born, only 26% of AsAms adults are native, implying a large proportion of younger Asian Americans are native-born. This would be expected given early immigrants who moved to the US in the 20th century and began starting families. According to the Pew Research Center, the median age of native-born Asians is 17, and half are still children. When one considers that the AsAm population is skewed towards youth (AsAms aged 0-34 years of age make up 53% of all AsAms), one can draw the conclusion that there is already a meaningful segment of native-born AsAms, and the size of this segment will only accelerate going forward. Currently, 24.2% of the AsAm population, or 4.7 million AsAms, are 20-34 years old. For the US overall, 20.5% of the population are 20-34 years old.

Summary - Asian Americans Demographics

Source: 7/1/2011 population estimate by US Census Bureau

Asian American population by age

	Asian, Hapa, Pacific Islander	Asian Only	Total Population
USA	19,577,462	15,578,383	311,591,917
% of Total Population	6.3%	5.0%	100.0%

	Asian, Hapa, Pacific Islander	% of Total	Asian Only	% of Total	Total Population	% of Total
0 to 4 years	1,525,659	7.8%	962,178	6.2%	20,162,058	6.5%
5 to 9 years	1,474,715	7.5%	985,889	6.3%	20,334,196	6.5%
10 to 14 years	1,370,839	7.0%	945,385	6.1%	20,704,852	6.6%
15 to 19 years	1,365,717	7.0%	976,676	6.3%	21,644,043	6.9%
20 to 24 years	1,535,525	7.8%	1,172,332	7.5%	22,153,832	7.1%
25 to 29 years	1,615,867	8.3%	1,298,906	8.3%	21,279,794	6.8%
30 to 34 years	1,591,604	8.1%	1,312,235	8.4%	20,510,704	6.6%
35 to 39 years	1,575,253	8.0%	1,342,435	8.6%	19,594,309	6.3%
40 to 44 years	1,455,434	7.4%	1,247,779	8.0%	21,033,645	6.8%
45 to 49 years	1,315,472	6.7%	1,129,874	7.3%	22,158,005	7.1%
50 to 54 years	1,188,502	6.1%	1,024,769	6.6%	22,560,198	7.2%
55 to 59 years	1,031,867	5.3%	906,916	5.8%	20,255,548	6.5%
60 to 64 years	848,490	4.3%	757,688	4.9%	17,806,592	5.7%
65 to 69 years	578,586	3.0%	517,949	3.3%	12,873,788	4.1%
70 to 74 years	426,224	2.2%	384,189	2.5%	9,607,950	3.1%
75 to 79 years	300,846	1.5%	271,706	1.7%	7,388,687	2.4%
80 to 84 years	203,341	1.0%	183,999	1.2%	5,786,543	1.9%
84+ years	173,521	0.9%	157,478	1.0%	5,737,173	1.8%
TOTAL	19,577,462	100.0%	15,578,383	100.0%	311,591,917	100.0%

20 to 34 years	4,742,996	24.2%	3,783,473	24.3%	63,944,330	20.5%
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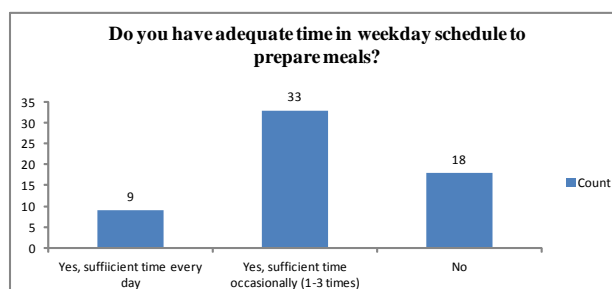
Time-Starved and Concerned Over Food Quality: Data and personal experience indicate that a significant proportion of young AsAms (20-34 years of age, both native-born AsAms and AsAms who immigrated at an early age) are often time-starved professionals who continue to appreciate the cuisine of their origin. In a survey I conducted of 60 young professionals (87% of which were AsAm), over 80% did not have adequate time to regularly prepare meals and over 90% had at least 1 Asian meal per week. In addition to being time-starved, young

AsAms appears to be concerned with the quality of product they are consuming. When asked how they decided between competing products, survey respondents chose quality of product as the top purchase criteria by a wide margin. Interestingly, brand was the last purchase criteria, which may suggest none of the current product brands/offerings resonated with the largely AsAm sample set. While this survey population was small, this would not be a surprise given the majority of products in ethnic Asian stores are in their language of origin, and over 66% of native-born AsAms exhibit little to no proficiency in their language of origin^{vi}. When asked what the most important food labels were, respondents chose “All-Natural” and “Organic” food labels as being between a minor and somewhat important consideration for them.

Select Questions From Company Survey (Source: Survey, team analysis)

Q3) Do you have adequate time in your weekday schedule to regularly prepare meals?

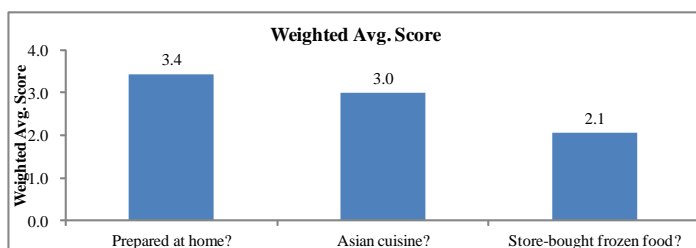
	Count	%
Yes, sufficient time every day	9	15.0%
Yes, sufficient time occasionally (1-3 times)	33	55.0%
No	18	30.0%
	60	100.0%



Source: Survey, team analysis

Q4) Out of 14 lunches and dinners each week, how many are:

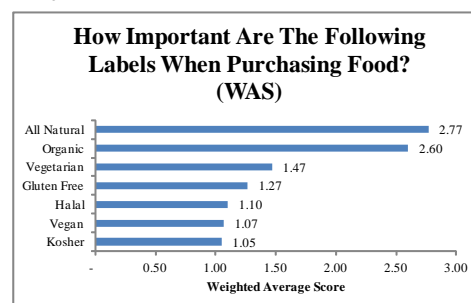
	Frequency per Week						Weighted Average Score ("WAS")
	0	1-2	3-4	5-6	7-8	> 8	
Score Value(For WAS)	1	2	3	4	5	6	
Count of Responses							
Prepared at home?	5	16	14	8	7	10	3.4
Asian cuisine?	5	20	16	11	6	2	3.0
Store-bought frozen food?	17	28	11	1	1	1	2.1
% of Responses							
Prepared at home?	8.3%	26.7%	23.3%	13.3%	11.7%	16.7%	100.0%
Asian cuisine?	8.3%	33.3%	26.7%	18.3%	10.0%	3.3%	100.0%
Store-bought frozen food?	28.8%	47.5%	18.6%	1.7%	1.7%	1.7%	100.0%



Q8) How important to you are the following labels when purchasing food at the grocery store?

	Score Value(For WAS)					Total	WAS
	1	2	3	4	5		
	Not important	A minor consideration	Somewhat Important	Very Important	Extremely Important		
Gluten Free	50	6	2	2	0	60	1.27
Organic	9	21	17	11	2	60	2.60
All Natural	9	11	25	15	0	60	2.77
Vegetarian	45	6	6	2	1	60	1.47
Vegan	57	2	1	0	0	60	1.07
Halal	55	2	2	0	0	59	1.10
Kosher	57	3	0	0	0	60	1.05

Weighted Average Score ("WAS")



Densely Concentrated Around Three “Hotspots”: While the AsAm population is a fraction of the overall US population (~5%), it is densely concentrated with 46% of Asian Americans living in the Western United States. Of the 3,143 counties in the United States, the top 10 counties for young (20-34 year of age) AsAms account for 31% of the total young AsAm population.

Analysis: % Cumulative Distribution of Young AsAms Based On Counties With The Largest Young AsAm Population

Note: There are a total of 3,143 counties in the United States

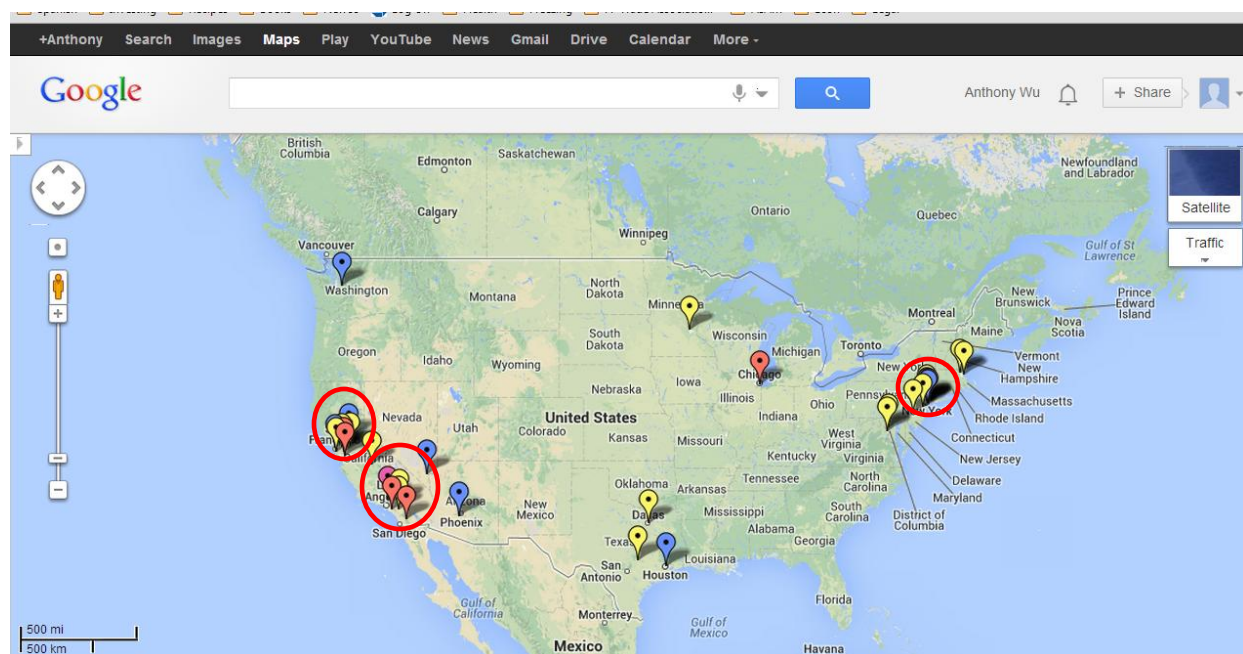
Counties (1)	% of Young AsAms	# of AsAms
Top 10	31.1%	1,475,526
Top 25	47.7%	2,263,370
Top 50	60.1%	2,852,115
Top 100	73.2%	3,471,143
All Counties	100.0%	4,742,996

(1) US counties with the largest count of young AsAms (aged 20-34)

Source: US Census, 2011

When plotting the counties with the largest counts of young AsAms, three “hot spots” emerge within 50 mile radiuses of Los Angeles, San Francisco and New York City. These three hotspots comprise 12.5%, 8.8% and 8.7% respectively of the total young AsAm population in the United States and cumulatively comprise ~30%.

US Counties with the highest counts of young AsAms (20-34 years old)



Key: Color indicates young AsAm count (aged 20-34): Purple = +200K, Red = 100K-200K, Blue = 50K-100K, Yellow = 25K-50K

Analysis: Young AsAm Hot Spots by Area and by County

1. Los Angeles Area (~50 mile radius around LA)

County	Yuppie AsAm Count (K)	% of Total Yuppie AsAms in USA
LA County	370.6	7.8%
Orange County	138.9	2.9%
Riverside County	42.1	0.9%
San Bernardino County	40.5	0.9%
Total	592.1	12.5%

2. San Francisco Area (~50 mile radius around SF)

County	Yuppie AsAm Count (K)	% of Total Yuppie AsAms in USA
Santa Clara	144.7	3.1%
Alameda County	111.1	2.3%
SF County	74.2	1.6%
San Mateo County	48.1	1.0%
Contra Costa County	38.7	0.8%
Total	416.8	8.8%

3. New York City Area (~50 mile radius around NYC)

County	Yuppie AsAm Count (K)	% of Total Yuppie AsAms in USA
Queens County	142.6	3.0%
Brooklyn County	80.7	1.7%
New York County	76.0	1.6%
Middlesex County	45.5	1.0%
Hudson County	37.0	0.8%
Bergen County	29.2	0.6%
	411.0	8.7%

Source: US Census, 2011

Overall, AsAms make an interesting segment to target commercially. Rapidly-growing, wealthy and starved of time, Asian-Americans would likely appreciate healthy and convenience-oriented food solutions. While small compared to the overall population, AsAms are densely located within the US, which allows for easier targeting and critical mass, and they are a rapidly rising tide in the United States should current trends continue. According to the Pew Research Center, the nation's AsAm population will continue to increase faster than the overall U.S. population, and it will be less dominated by immigrants than today. It is projected the AsAm population will grow to 41 million in 2050 (from ~16 million today), nearly tripling in size, and native-born AsAms will become the majority (53%) versus their 41% share today.

COMPANY

nomz™ will invent and produce frozen “nearly-ready” meals focused on high-quality, healthy native Asian recipes to serve a growing population of young AsAm professionals/students who appreciate the ethnic Asian cuisine they grew up eating but lack time or the knowledge to prepare the meals themselves. “Nearly-ready” meals are entrees which are almost ready for consumption after defrosting, but may require the addition of freshly cooked ingredients such as rice or noodles. For example, one anticipated nomz™ product would be frozen soup stock (complete with the protein, herbs and spices) that would defrost on a stovetop within 15 minutes and be served with freshly-prepared noodles.

The Company will focus its products, branding and marketing on a specific market niche: 20-34 year old, college-educated AsAms who are native to America or immigrated at an early age. Survey data indicates the Company's products would likely be most attractive to this sub-segment of AsAms as they appear to be time-starved and willing to trade-off lower prices for healthy, high-quality food. Additionally, currently available brands, which typically are foreign imports, do not seem to resonate with AsAms.

The Company's products, in addition to being convenient and quick to prepare, would adhere to 3 principles:

- 1) **Authentic, niche Asian recipes:** Rather than compete in saturated mainstream Asian food categories such as dumplings or eggrolls, the Company would focus on comfort food staples such as Asian Chicken Soup Infused With Shitake Mushrooms, Red Dates and Asian Herbs (Xiang Gu Ji Tang) or







Oxtail Bone Marrow Soup (Sul Lun Tang), recipes which lack general awareness in the US population but are well-known to AsAms who grew up eating traditional Asian cuisine.

- 2) **High-quality, all-natural ingredients:** Recipes will be composed of high-quality ingredients and will not include preservatives, monosodium glutamate or other artificial components commonly found in products available at the Asian market. AsAm millennials care about the quality of ingredient they ingest in their bodies, and this preference is commonly ignored as traditional Asian offerings appear to cater to cost-sensitive immigrants who are less sensitive regarding nutritional quality and preservatives.
- 3) **Healthy recipes:** The Company will curate only healthy recipes for its portfolio. If consumers prefer savory Asian food without regard for nutrition, there are already a plethora of Asian take-out options that are tasty, but often laden with sodium/MSG/oil.

Products

The Company will initially focus on frozen soup bases for popular Asian noodle soups recipes. This food category aligns neatly with the Company's founding principles as soups (with fresh noodles added at serving) are generally healthy (stewed versus fried), are very common in Asian kitchens and freeze well. Additionally, there are a variety of recipes for future product options. Specific recipes the Company is iterating on or considering include:

Prospective Soup Recipes

	English Name	Name In Language of Origin	Picture	Why	Healthiness (High = Healthy)
1.)	Chinese Chicken Soup Infused with Shitaake Mushrooms, Red Dates and Asian Herbs	Xiang Gu Ji Tang (Chinese)		Familiar and popular recipe across different Asian cultures, preparation is time-consuming, healthy	High
2.)	Korean Chicken Soup Infused with Shitaake Mushrooms, Red Dates and Asian Herbs	Sam Gae Tang (Korean)		Familiar and popular recipe across different Asian cultures, preparation is time-consuming, healthy	High
3.)	Korean Oxtail Soup	Sul Lun Tang (Korean)		Preparation is time-consuming, healthy	High
4.)	Taiwanese Beef Noodle Soup	Niu Ro Mein (Taiwanese)		Famous, popular recipe. Preparation can be time-consuming	Medium
5.)	Korean Short-Rib soup	Kal Bi Tang (Korean)		Preparation can be time-consuming, healthy	High
6.)	Roasted Cabbage With Salted Pork Soup	Zha Cai Rou Si (Chinese)		Freezes well, preparation can be time-consuming	Medium

The Company plans a serving size of ~450 grams as an analysis of comparable offerings indicates this would be consistent with market.

Serving Size Analysis

Brand	Origin	Type	Item	Main Ingredient/Flavor/ Other	Package Size (grams)	Adj. Package Size (Grams)
One Serving Dinner						
PF Chang	USA	Frozen Dinner	Teriyaki Chicken	Dinner for 2	613	307
" "	" "	" "	Shrimp Lo Mein	Dinner for 2	613	307
" "	" "	" "	Shanghai Style Beef	Dinner for 2	613	307
" "	" "	" "	Shrimp in Garlic Sauce	Dinner for 2	613	307
" "	" "	" "	Orange Chicken	Dinner for 2	613	307
" "	" "	" "	Sweet and Sour Chicken	Dinner for 2	613	307
Birdseye	" "	" "	Teriyaki Chicken		600	600
Tai-Pei	" "	" "	Sweet and Sour Chicken		420	420
Michelin's	" "	Lean Frozen Dinner	Sweet and Sour Chicken		227	227
Amy's	" "	Frozen Dinner	Palak Paneer		283	283
Saffron Road	USA	Frozen Dinner	Chicken Pad Thai	Chicken	312	312
Innovasian	USA	Frozen Dinner	Orange Chicken Breast	Chicken	510	510
Chang Tung	USA	Refrigerated Dinner	Comish game hen soup	Chicken	907	907
Yijo Foods	USA	Refrigerated Dinner	Soybean tofu paste soup	Soup	600	600
Shinsegae	Korea	Refrigerated Dinner	Jya Jya Myung	Noodles and black bean sauce	640	640
Noodle Lovers	" "	Refrigerated Dinner	Green tea mul nangmyun	Noodles and black bean sauce	1,000	1,000
Pulmone	" "	Refrigerated Dinner	Katsuo udon	Udon and fish	472	472
CJ	USA	Frozen Dinner	Japchae	Rice noodles, meat, Kimchi	400	400
Annie Chuns	USA	Frozen Dinner	Mini Wontons	Pork	227	227
" "	" "	" "	Dumplings	Chicken	215	215
Low					215	215
High					1,000	1,000
Average					525	433
Median					600	309

While the Company's products are Asian comfort recipes that will be familiar foremost to AsAms, the Company believes its total addressable market will not be solely comprised of AsAms, and its products will be attractive to any busy individual with an interest in healthy, Asian cuisine. This point is underlined by the growing interest in Asian food in the US: Asian frozen food sales were \$767MM in 2011, growing 7% per annum since 2009 and expected to grow 7% per annum through 2016. Additionally, AsAms have the highest rates of intermarriage of any racial group, and with an overrepresentation in college and professional institutions, there are frequent opportunities for non-AsAms including busy professionals to be exposed to Asian food.

Branding (Promotion & Packaging)

The Company will be branded and marketed with busy, young AsAm professionals in mind. While many incumbent brands have either foreign character names or English names transliterated directly from their foreign name such as Wei Chuan, the Company will go against the grain and brand itself as "nomz™", a common slang term and onomatopoeia used amongst the younger generation to describe delicious food. Derived from the phrase "nom nom nom", it is a common and popular social media hash tag that will be recognizable to the Company's target audience and immediately set it apart from its competitive counterparts.



The Company's logo, a cute cartoon monster holding kitchen equipment, is fun, youthful and appealing to a demographic which also appreciates similar cartoon characters such as Domokun, Hello Kitty and Pusheen the Cat



(examples as follows). Packaging will be a point of differentiation as many competing products have either outdated packaging (see examples below) or are primarily in a foreign language, making it difficult for Asian Americans to navigate or feel a connection to the brand. The Company's packaging will be sharp, modern and primarily in English with other languages added as needed. Not intended to be a low budget

product, nomz™ and its packaging will be consistent with a brand that emphasizes high-quality ingredients and taste over cost, similar to what one would find in a higher-end grocery store such as Whole Foods.

Examples of food packaging (from left to right: Li Chuen, Walong, Annie Chuns)

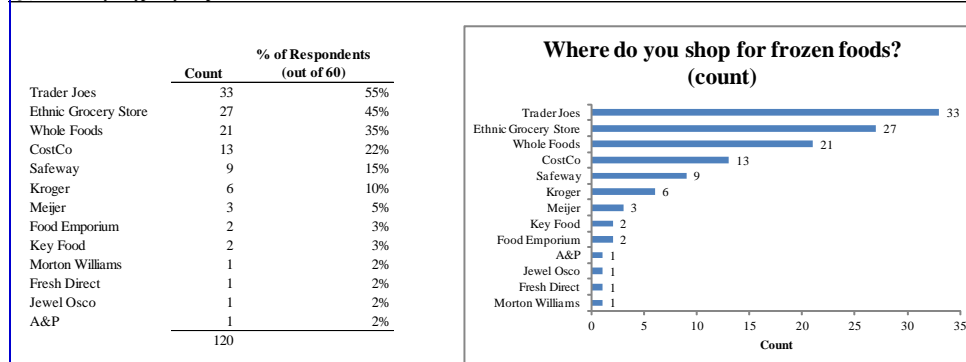


The first two examples are typical of packaging found in ethnic stores, low-budget design or scripted in a foreign language. The 3rd example is Annie Chun's, a Korean-American founded company that later was acquired by a large South Korean food conglomerate (CJ Foods). Annie Chun's sells mainstream Asian food items (e.g. dumplings, eggrolls, won ton soups, etc.) in high-end retailers such as Whole Foods. The packaging looks beautiful and emphasizes the right language young professionals want to hear: No MSG, low sodium, all-natural ingredients, etc. The Company envisions itself as an "Annie Chuns" for traditional Asian recipes, a brand and recipe portfolio that truly resonates with AsAms.

Channel (Placement)

While perhaps not feasible immediately, the Company envisions its products being sold in ethnic Asian stores such as stores in Chinatown, Koreatown or local Asian grocers. There are multiple reasons behind this thought including data on where AsAms shop as well as the niche nature of the product. From the survey mentioned previously, ethnic stores remain a common shopping destination for the purchase of frozen food with over 40% of respondents shopping at these stores, the 2nd most popular destination behind Trader Joes. While it is true Whole Foods and Trader Joes are also popular with the Company's core demographic, the Company believes it would prove difficult to commercially launch with these retailers as its products are niche Asian recipes. Retailers are selective about their product portfolio and require SKUs with fast turnover. As the typical non-AsAm Whole Food/Trader Joe's shopper will likely be unfamiliar with the Company's products, retailers may defer stocking the brand until either the brand develops a following or unless the store is located in an area where a large AsAm population exists. Until brand awareness and a following is built, the Company will initially focus on small-scale direct distribution such as to-door delivery or local farmers' markets. More details below in "Commercialization" section.

Q5) Where do you typically shop for frozen foods?



Pricing

The Company will price its product at a premium to existing ethnic store offerings to reflect its emphasis on quality, packaging and nutrition and to target young AsAm professional segments. Analysis of comparable product offerings suggests a retail price of \$5.00-\$5.50 per package (450 gram serving size) would not be unreasonable and represent a premium of ~20%-30% versus traditional offerings which are frequently unhealthy and contain food additives. This range would apply to a retail price – a direct distribution or wholesale price would obviously be lower. The precedent of a premium for a healthy, all-natural Asian food product does exist – Annie Chun's, a previously mentioned Korean food brand that emphasizes healthy, all-natural recipes, is priced at \$0.03 cents per gram, a premium of over 200% versus the average cost per gram for competing products found in ethnic stores. While some of the gap may be explained by the difference in retail outlet (Whole Foods vs. ethnic stores), the differential is still significant.

Pricing Analysis

Date	Store	Brand	Origin	Type	Item	Main Ingredient/Flavor	Price	Package Size (grams)	Cost per gram	City	Other notes
2/9/2013	Whole Foods	Annie Chuns	USA	Frozen Dinner	Chicken and Garlic Soup	Chicken	3.69	124	0.030	Ann Arbor	Organic, all-natural
2/9/2013	Galleria	Chang Tung	USA	Refrigerated Dinner	Cornish game hen soup	Chicken	12.99	907	0.014	Ann Arbor	
2/9/2013	Galleria	Chang Tung	USA	Refrigerated Dinner	Cornish game hen soup	Chicken	12.99	907	0.014	Ann Arbor	
2/9/2013	Galleria	Yijo Foods	USA	Refrigerated Dinner	Soybean tofu paste soup	Soup	4.49	600	0.007	Ann Arbor	
2/9/2013	Galleria	Shinsegae	Korea	Refrigerated Dinner	Jya Jya Myung	Noodles and black bean sauce	5.99	640	0.009	Ann Arbor	MSG, Korean packaging, high in sodium
2/19/2013	Manna Int'l	Noodle Lovers	Korea	Refrigerated Dinner	Green tea mul nangmyun	Noodles and black bean sauce	6.29	1,000	0.006	Ann Arbor	
2/19/2013	Manna Int'l	Pulmone	Korea	Refrigerated Dinner	Katsuo udon	Udon and fish	6.99	472	0.015	Ann Arbor	No MSG
2/19/2013	Manna Int'l	CJ	USA	Frozen Dinner	Japchae	Rice noodles, meat, Kimchi	5.49	400	0.014	Ann Arbor	No MSG
2/19/2013	Hua Xing	Prime Food	USA	Frozen Dinner	Noodle Soup	Por and Shrimp Wontons	3.15	227	0.014	Ann Arbor	MSG
2/19/2013	Hua Xing	Wei Chuan	USA	Frozen Dinner	Rice Bowl	Stewed Pork and Mushroom	2.99	340	0.009	Ann Arbor	MSG, Sodium Benzoate
2/19/2013	Hua Xing	Oriental Mascot	USA	Frozen Dinner	Noodle Soup	Stewed Beef Soup Noodle	1.99	340	0.006	Ann Arbor	
2/19/2013	Hua Xing	Wei Chuan	USA	Frozen Dinner	Noodle Soup	Stewed Beef Soup Noodle	5.99	454	0.013	Ann Arbor	MSG, Sodium Benzoate, Very high sodium
3/30/2013	Hong Kong Mkt.	Nippon Trends	USA	Frozen Dinner	Noodle Soup	Tonkatsu Soup Ramen	5.99	356	0.017	NYC	MSG, high in sodium
3/30/2013	H Mart	Hanoreum	Korea	Frozen Dinner	Noodle Soup	Cold Noodles (Nangmyun)	7.99	1,575	0.005	NYC	
3/30/2013	H Mart	Choripdong	Korea	Frozen Dinner	Noodle Soup	Mul Naeng Myun	7.99	1,620	0.005	NYC	High in sodium
4/20/2013	99 Ranch	Day-Lee Foods	USA	Frozen Dinner	Rice Bowl	Chicken Teriyaki (no rice)	7.99	567	0.014	LA	Sodium benzoate, labeled as all-natural
4/20/2013	99 Ranch	Wei Chuan	USA	Frozen Dinner	Noodle Soup	Stewed beef noodle w vegetable	3.79	505	0.008	LA	MSG, Sodium Benzoate
4/20/2013	99 Ranch	Fortune Avenue	USA	Frozen Dinner	Rice Bowl	Beef with Rice	2.99	340	0.009	LA	High in sodium, MSG, Sodium Benzoate
4/20/2013	99 Ranch	Wei Chuan	USA	Frozen Dinner	Noodle Soup	Spicy beef w. pickled mustard greens	3.89	482	0.008	LA	Many food additives, high sodium
4/20/2013	99 Ranch	Fortune Avenue	USA	Frozen Dinner	Noodle Soup	Spicy beef noodle soup	2.69	340	0.008	LA	MSG, Sodium Benzoate
4/20/2013	99 Ranch	Wei Chuan	USA	Frozen Dinner	Noodle Soup	Leaf mustard, pork & soybean kernels	3.99	495	0.008	LA	MSG, Sodium Benzoate, High in Sodium
5/8/2013	1 Way	I Mei	Taiwan	Frozen Dinner	Rice Bowl	Gluten Rice Bowl (Sticky Rice)	5.39	640	0.008	Ann Arbor	Titanium dioxide as coloring agent
5/8/2013	1 Way	Wei Chuan	USA	Frozen Dinner	Noodle Soup	Stewed beef noodle w vegetables	3.99	505	0.008	Ann Arbor	Many food additives, high sodium
5/8/2013	1 Way	Wei Chuan	USA	Frozen Dinner	Rice Bowl	Curry chicken rice bowl	2.89	340	0.009	Ann Arbor	Sodium benzoate, MSG, Disodium gunylate,

Descriptive Statistics (excluding Annie Chun's)

Low	1.99	227	0.005
High	12.99	1,620	0.017
Average	5.61	611	0.010
Median	5.39	495	0.009

Descriptive Statistics (Annie Chun's Only)

Annie Chun's	3.69	124	0.030
Annie Chun's Premium to Average Cost Per Gram of Comparable Offerings			200%

Potential Cost of Nonz Products:

Serving Size (grams)	450
Cost Per Gram (\$)	0.012
Retail Price (\$)	5.50

Premium to Average Cost of Per Gram of Comparable Offerings 23.2%

Future Growth

Overall, the vision for the Company is to become the preeminent brand specifically serving the needs of young AsAms, helping these time-starved professionals eat well and save time. While the Company's initial products will be centered on frozen noodle soups stocks, the growth possibilities for ancillary products and markets are numerous given the diversity in Asian culture. Additional recipes could be mined from different Asian geographies, and market variations are possible as well. For example, a frozen "halal" Chinese product would be innovative and could serve a Muslim demographic that is 24% of the world's population and growing at 2x the rate of non-Muslims.^{vii}

COMPETITION

Numerous substitutes and incumbent competitors exist. There are frozen Asian cuisines with an organic or all-natural focus (Annie Chun's), refrigerated ready-made ethnic soups such as Korean tofu bean paste soup (Yijo Foods) and an abundance of frozen noodle soup stocks involving authentic Asian recipes (Wei-Chuan, Prime Food). Young AsAms, who are largely located in cities, also have easy access to Asian take-out. However, market demand

Wei-Chuan, a Taiwanese conglomerate, is likely the market leader for Chinese frozen cuisine, particularly with respect to frozen noodle soup stocks. While there are other brands including Wa-Long and Prime Food, numerous research trips to Asian grocery stores in Ann Arbor, Los Angeles, New York and Chicago has consistently shown that Wei-Chuan commands significant shelf space, if not the most shelf space in the frozen products aisle. It is interesting to note that unlike dumplings which is a food category that is saturated with multiple brands, frozen soup stock is a food category which is only represented by 2-3 brands (Wei-Chuan being the largest), despite the popularity of this food item in Asian culture. Wei-Chuan dominates the shelf space and offers several popular recipes including Taiwanese beef noodle soup, roasted cabbage with salted pork soup and pork/shrimp wonton soup.

Wei-Chuan

紅燒牛肉麵

STEWED BEEF NOODLE SOUP WITH VEGETABLE

\$3.49

NET WT 12 OZ (1LB 1 OZ)



Examples of Korean frozen food products



While competition is robust, the Company believes a brand and product targeting the unique preferences of young AsAm professionals is absent from the marketplace. While small at 4.7 million, the size of the AsAm population aged 20-34 is growing significantly more rapidly than the general population, providing a margin of safety and tailwind for future growth.

COMMERCIALIZATION

The Company envisions commercialization as a two-phase process in accordance with lean startup principles. Initially, the Company will launch on a modest scale with production occurring in a small commercially-licensed facility or a shared-use kitchen. Product will be distributed either directly via home delivery or through localized farmers' markets. The initial phase will be viewed as an investment/trial period rather than as a comprehensive launch. While a minimally viable product and system of delivery will be established, the initial phase's purpose is primarily two-fold: to assess whether there is a latent demand for the Company's products, and to incrementally build a following and brand awareness. If there is meaningful adoption of the Company's products, then a second phase of commercialization backed by meaningful quantities of capital would ensue, and the Company would scale-up investment in areas including marketing, facilities and distribution to create a platform equipped to satisfy local/regional demand. If the Company's products are not adopted, then the Company will change directions, and large-scale investment (and losses) will have been avoided. The Company anticipates launching in New York City for multiple reasons including its density of young Asian Americans (3rd largest hotspot in the nation), the city's reputation for long hours and busy professionals and the founder's previous familiarity with New York City. Given the low-cost nature of the product and through the founder's personal network in NYC, the Company is confident of recruiting over 100 people that can assist with product trials and could become initial customers as well.

Through analysis of population data, the Company believes New York City contains an adequate addressable market for the Company to achieve significance. There are 411,000 AsAms between the age of 20-34 living within a 50 mile radius of NYC. If one makes conservative assumptions including 50% of this population are college-educated (a conservative estimate as 50% applies to the overall Asian population and educational achievement likely skews

young given generation-over-generation improvement), a consumer purchases a nomz™ meal once every two weeks and a retail price of \$5.00 with a wholesaler mark-up of 100%, one would have to believe that the Company requires a 3.7% market share among college-educated AsAms (1.9% of total young AsAm NYC population) in order to achieve \$500K in revenue. While difficult, a 3.7% share is not absurdly heroic, and this required share would quickly become diluted if one includes other populations who may purchase the Company's products including Asian soccer moms and adventurous non-Asians with an interest in Asian cuisine. The exhibit below shows required market shares to achieve \$500K in sales for various sub-groups of the young AsAm population (see Appendix for AsAm subgroup assumptions). The resulting numbers to create a meaningful small business, while difficult, appear within the realm of possibility. If one reverses the analysis, there is clear potential for a +\$10MM enterprise.

Market Sizing - Required Share to Achieve \$500K In Revenue

Assumptions:		Comment:	
Consumption Frequency Per Week	0.5	Assumed	
Price of SKU	5.00	Assumed / informed by market analysis	
Wholesaler/Retailer Mark-Up	100%	Assumed / informed by interview with CPG CEO	
Percent of Asian Americans that are college-educated	50%	2010 US Census Bureau	
Consumption Frequency Per Year	26	Calculated	
Price to Wholesaler	2.5	Calculated	

	Population	Population w. College Degree	Penetration (people)	Units Consumed Per Year	Est. Revenue	Req. Share (Of College-Educated)	Req. Share (Of Total Segment)
# of Asian-Americans aged 20-34 years	4,754,717	2,377,358	7,692	200,000	500,000	0.3%	0.2%
# of Chinese AsAm aged 20-34 years	1,103,094	551,547	7,692	200,000	500,000	1.4%	0.7%
Estimate of native-born AsAm of Chinese descent (aged 20-34)	286,805	143,402	7,692	200,000	500,000	5.4%	2.7%
NYC area (50 mile radius) - AsAm Population (aged 20-34)	411,000	205,500	7,692	200,000	500,000	3.7%	1.9%

To date, the Company has begun product iteration as well as the creation of its brand. With regards to the product, the Company has selected an initial recipe, Asian chicken soup infused with shitake mushrooms, red dates and herbs (Xiang Gu Gi Tang), is soliciting user feedback and is researching the optimization of the freezing process by reading the frozen food industry bible, "The Handbook of Frozen Food Processing and Packaging" by Da-Wen Sun. With regards to branding, the Company has incorporated, designed a logo, filed a pending trademark application for the brand name "nomz™" at the US Patent & Trademark Office and reserved the appropriate website and social media domain names. The current priorities are to continue soliciting feedback on the Company's recipes, research the commercial freezing process and equipment and begin distribution trials for family and friends.

CHALLENGES

The Company anticipates channel penetration, marketing and food science to be its greatest challenges. Although retail channels offer access to a large volume of potential consumers, the Company's niche and innovative nature may leave it misaligned with both higher-end Western retailers and lower-end ethnic grocers. Chinatown and similar ethnic stores may hesitate to stock a higher-end product as its customers are traditionally cost-sensitive. For reasons mentioned previously, higher-end Western retailers such as Whole Foods may not be interested in stocking and "proving" a new product that will only be familiar to a minority of its customers. However, several trends may mitigate the challenge of channel penetration. Asian cuisine with a 26% share of the market is the 2nd largest category of ethnic food sales (non-restaurant) in the United States behind Mexican cuisine, and interest in authentic ethnic food is swelling as the market is projected to grow by 5-6 percent per annum through 2016.^{viii} Additionally, trends towards healthy and all-natural food products are indisputable, and ethnic stores may recognize that they do have a small but growing base of AsAm customers who desire such products. As AsAms and Non-AsAms with an interest in Asian cuisine grow both in size and purchasing power, retailers may wish to better serve these segments by stocking the Company's products. In the interim, the Company will distribute directly to consumers through delivery and local farmers' markets as it builds its brand awareness and following.

Marketing a new brand with the resources of a small business is typically challenging. However, the Company believes it has unique insight in how to reach its target demographic by having a founder who both belongs to said demographic and is an avid consumer of the Company's products. At first, the Company will employ word-of-mouth, social media and other low-cost marketing methods. Given the founder's deep network within the

Company's target demographic, The Company believes these connections will be initially sufficient to determine whether the products have traction to justify further investment. Once momentum has been established, the Company has several specific marketing ideas aside from the traditional avenues (food blogs, Shark Tank TV show, media outlets, etc.) including:

- Targeted advertising at venues/events popular with young Asian American or time-starved professionals. Specific examples include Fast Break NYC (basketball league popular with AsAms), Circle/LQ night club (popular lounges amongst AsAms), hack-a-thons or start-ups (the Company's products could be a next generation "ramen" product that – while more expensive – undoubtedly would be healthier and as convenient).
- Enrolling Jeremy Lin, the Houston Rocket basketball player, as a brand representative. As likely the most prominent Asian-American alive today, he would be incredibly effective in promoting and raising awareness in the Company's core demographic. As Mr. Lin is a healthy athlete who has strong ties to his Asian American identity, it seems possible the Company's products may resonate. There are creative ways to align interests and minimize up-front costs for enlisting Mr. Lin's services including equity ownership. The founder of the Company does have an indirect connection to Mr. Lin – a close friend is the supplier of men's suits to Mr. Lin and has worked with Mr. Lin and his agents before.
- Sponsoring events at Asian interest student clubs on college campuses to raise awareness early in the consumer life cycle. Although the primary purpose would be to "seed" awareness, college students are also busy and may appreciate the healthy and convenient nature of the Company's products. While possessing much less disposable income than young professionals, college students – especially AsAm students - do often have parents that are happy to purchase healthy food for their children.
- Soliciting a review from freezerburns.com, a website dedicated to reviewing frozen food products. The purveyor of the site, Gregory Ng, publishes a regular video reviewing frozen food products and receives over 55,000 site visitors per month and 5,000 views per episode. It is featured in a variety of blogs and has received attention of large food conglomerates such as Kraft and ConAgra, which has submitted food products for review.

Frozen food is often associated with connotations from the TV dinners of the 1950s – bland, chewy and barely edible. One challenge will be for the Company to disassociate its products from these historical associations and elicit consumer interest/purchases. While the Company is aware that soup stocks can remain delicious after freezing/reheating – the genesis of this idea was from the founder's mother, who frequently froze Asian leftovers including soup stocks for future consumption – it is also cognizant that not all recipes freeze equally well; there are methodologies to the recipe selection, cooking and freezing process to minimize the degradation of quality in frozen food. Therefore, the Company is actively researching the science aspect of frozen foods through both interviews and industry guidebooks and plans to add a food scientist and/or culinary expert to the team. The Company currently has a minimum viable product and is in the process of optimizing and soliciting user feedback.

CONCLUSION

While the Company will initially focus on frozen soup noodle stocks, its vision is to become the leading and most recognizable food brand amongst Asian Americans and provide an assortment of delicious, healthy and time-saving foods across Asian cuisines and food categories. The Company should be especially relevant and helpful for Taiwanese-Americans because as the most educated and one of the most white-collar racial groups, Taiwanese Americans are likely among the busiest Americans today! According to the 2010 Census, Taiwanese Americans have the highest levels of educational attainment in the United States with nearly 75% of the racial group achieving

a bachelor's degree or higher. 39% of all Taiwanese in the United States possess a master's degree or higher, nearly 4x the national average, and 66% work in white-collar professions versus 36% for the general population and 48% for AsAms overall. Every minute that the Company's products can save for a Taiwanese-American is another minute he or she can devote to his or her family or passion. With the taste buds of their parents, but the unique spending power and concerns of their own generation, young AsAms have largely been ignored by current offerings in the marketplace. nomz™ represents an opportunity to address this unappreciated segment by providing healthy, delicious food that will save time. If fortunate enough to receive funding from TAP and its sponsors, the Company anticipates using funds to purchase a pressure cooker (Kuhn Rikon 12 qt Duromatic pressure cooker, +\$350), purchase commercial freezing equipment (AF Eurodib Blast Chiller, 35-55 lb, +\$10,000) and fund recipe R&D, the Company's current priority.

ⁱ Pew Research Center, "Rise of the Asian Americans", April 2013

ⁱⁱ Pew Research Center, "Rise of the Asian Americans", April 2013

ⁱⁱⁱ US Census Bureau, 2010

^{iv} Pew Research Center, "Rise of the Asian Americans", April 2013

^v Pew Research Center, "Rise of the Asian Americans", April 2013

^{vi} Pew Research Center, "Rise of the Asian Americans", April 2013

^{vii} Pew Research Center, June 2013

^{viii} Mintel Research Report, July 2012, <http://www.specialtyfood.com/news-trends/featured-articles/article/research-spotlight-ethnic-foods-flying-high/>,

About The Founder: Anthony Wu graduated summa cum laude in 2007 from the Wharton School of Business at the University of Pennsylvania with a bachelor's degree in finance. Post-graduation, he worked in New York City for 4 years as a consultant at McKinsey & Co. and as a private equity associate at American Securities LLC. He currently lives in Ann Arbor, Michigan, where he is a general manager at a privately-held distribution firm.

APPENDIX

Population Sizing - Estimate of Young Professional Population by Asian Ethnicity

Source: US Census 2011; Pew Research Center

		Source/Comments:
Total number of Asian-Americans in United States (Incl. Hapas)	19,577,462	2011 Census data
Less: Percent which are aged 20-34	24.3%	2011 Census data
# of Asian-Americans aged 20-34	4,754,717	
Less: Percent of AsAms which are Chinese	23.2%	2011 Census data
# of Chinese AsAms aged 20-34	1,103,094.29	
Less: Percent of Adult AsAms which are native-born	26%	2012 Pew Study on Adult AsAms. Number for all AsAms is 41%
Estimate of native-born AsAm of Chinese descent (20-34)	286,805	
Percent of AsAms which are Filipino	19.7%	2011 Census data
Percent of AsAms which are Vietnamese	10.0%	2011 Census data
Percent of AsAms which are Korean	9.9%	2011 Census data
Percent of AsAms which are Japanese	7.5%	2011 Census data
# of Chinese international students studying in the US	194,029	NAFSA (Assoc. of Intl' Educators)
# of Taiwanese international students studying in the US	23,520	NAFSA (Assoc. of Intl' Educators)
Total # of Chinese/Taiwanese international students in the US	217,549	

SUMMARY:

# of Asian-Americans aged 20-34	4,754,717		Census already includes international students in estimate
Estimate of AsAm of East/SE Asian descent (20-34)	3,342,566	✓	
# of Chinese AsAm aged 20-34	1,103,094		
Estimate of native-born AsAm of East/SE Asian descent (20-34)	869,067	✓	
Estimate of native-born AsAm of Chinese descent (20-34)	286,805		