



BRIEF CASES

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TruEarth Healthy Foods: Market Research for a New Product Introduction

Isabel Eckstein strode toward her office, inhaling the aroma from the test kitchen where the product development team was trying new recipes for TruEarth, maker of gourmet pastas, sauces, and meals. Her team had been working hard for the past year on a fresh whole grain pizza. The final market research results had arrived, and it was time to make a decision on launching the product.

In 2006, Eckstein, a brand manager, had led the introduction of Cucina Fresca, a fresh whole grain pasta meal kit sold through supermarkets. By the end of 2007, sales had reached \$23 million, making it the most successful product launch in company history. However, growth had slowed in 2008 as competitors began offering similar products. Sustaining a competitive edge in the fresh Italian food category required continual innovation and, as a result, TruEarth had invested heavily in its pizza offering. Eckstein observed:

We were aggressive in launching Cucina Fresca. We made a significant investment in new manufacturing equipment and the distribution infrastructure required to get fresh food to shelves quickly. Being a small company competing against Nestle and Kraft is not easy, but we do not make rash decisions. The success of Cucina Fresca was a calculated risk based on significant research. We think we can achieve similar success with pizza, but we will need to take a hard look at the numbers.

Company Background

TruEarth was founded in 1993 in St. Louis, Missouri, by Gareth DeRosa, a young entrepreneur. DeRosa saw an opportunity to market healthier gourmet pastas and sauces made from superior ingredients:

In the 1980s, demand for healthy, gourmet products grew sharply. We saw a segment of the market shift away from mass-produced, highly processed foods toward greater quality and authenticity. It was a special opportunity for us because we knew we could deliver what more and more customers wanted.

HBS Professor V. Kasturi Rangan and Sunru Yong prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. This case, though based on real events, is fictionalized, and any resemblance to actual persons or entities is coincidental. There are occasional references to actual companies in the narration.

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DeRosa sourced a particularly high-quality durum wheat from North Dakota and was notoriously selective about ingredients for sauces. The product line featured standard pastas, such as spaghetti, rigatoni, and shells, and specialty pastas with blended ingredients, such as artichoke, spinach, or saffron. In addition, TruEarth was one of the first companies to focus on whole grain products, offering both 60% and 100% whole grain pastas in its line. The tomato-based sauces were made from the highest-quality ingredients—real tomatoes instead of paste or puree, extra virgin olive oil instead of canola or soybean, and no sweeteners or dried spices.

The concept was successful, and TruEarth became a supplier to a number of gourmet groceries throughout the midwestern United States. By 1998, the company had built a loyal regional following. Responding to customer demand, several mainstream supermarket chains began to carry TruEarth products. The company further raised consumer awareness through several promotional programs, using coupons, magazine advertisements, and in-store demonstrations.

Product Development Process

In its early years, TruEarth's product development was informal and largely driven by intuition. The team enjoyed experimenting with new products and "limited edition" variations on the core recipes, and the batch process used to manufacture most products made it easy to experiment without affecting overall production. The company fostered a freewheeling, entrepreneurial spirit, and despite occasional failures, management believed that regularly trying new products was a low-risk way to identify the next hits. Volume estimates were done "back of the envelope," using a mix of high-level analysis and intuition. Not infrequently, TruEarth's projections were significantly different from actual market performance. The company would underestimate the appeal of a hit product and find itself struggling to keep up with demand, or its estimates would be too optimistic and frustrated retailers would seek markdowns and high guaranteed sell-through performance to avoid excess inventory.¹

As TruEarth grew, achieved scale, and began serving larger regional accounts, the cost of such missteps increased. In response, the company developed a more formal four-step process for research and development:

Idea generation. As the company grew, the idea generation process became a more systematic evaluation of consumer trends, with formal management brainstorming sessions.

Concept screening. TruEarth administered formal surveys that included an evaluation of interest, probable purchasing behaviors, and willingness to pay.

Product development and testing. The test kitchen and marketing department developed prototype products, which would then be tested through focus groups.

Quantification of volume. TruEarth worked with Nielsen BASES®, a market research firm, to estimate potential sales. A BASES I test gauged consumer awareness and interest. A more extensive BASES II test included a taste test and could also be used as a "line extension" study for any pre-existing product lines.

¹ Retailers consider excess inventory "unsaleable" if it has been on the shelf too long and/or expired. To avoid costs of disposal, many force manufacturers to guarantee a certain percentage "sell-through" (i.e., product that sells to the final consumer). Excess inventory below this sell-through is subject to markdowns (e.g. 50% discount) where much of the cost may be borne by the manufacturer.

Consumer Trends:

Home Meal Replacements, Refrigerated Pasta, and “Bad” Carbohydrates

Starting in the 1990s, three important developments reshaped how consumers purchased groceries. The first important trend was a new, loosely defined food category in the United States—“home meal replacement” (HMR). An increase in dual-income households had led to higher disposable incomes coupled with “time poverty,” as both workers found themselves lacking the time to cook a meal and clean up afterward. Further, consumers had tired of unhealthy carryout and fast food and started seeking greater variety and freshness. Supermarkets began meeting HMR needs by enhancing their fresh, prepared food offerings.

However, not all consumers wanted fully prepared, “ready to eat” products. Some consumers sought “semi-prepared” options that required more effort than a processed microwave dinner, but remained considerably easier than a true home-cooked meal. In response, food manufacturers developed single-serving meal kits, which included all or most of the components required for a dish. Psychologically, such kits enabled consumers to feel they were still involved in preparing dinner, but without a difficult, lengthy process. The act of combining ingredients allowed consumers to flavor according to taste and provided a more “home-cooked meal” experience.

The second key development was the growth of refrigerated fresh pasta. Consumers perceived fresh pasta to be tastier and more authentic than the dry, shelf-stable pasta offered by most companies, including TruEarth. Technical innovations in packaging had allowed food manufacturers to produce fresh pasta for broad distribution to supermarkets. Behind the efforts of Nestle and Kraft, annual sales for the category had grown to \$4.1B by 2004.

The third trend was a growing awareness of the importance of whole grains in the diet. Spurred by various diet fads, particularly in the early 2000s, consumers sought to avoid “bad carbohydrates” made from refined, white flour. However, many whole grain breads, pastas, and snacks were considered less tasty than their less healthy counterparts. TruEarth’s whole grain pasta line was widely considered one of the best-tasting options, and the jump in demand boosted sales.

Cucina Fresca: Fresh Pasta and Sauce

In late 2004, the management team at TruEarth began discussing ways to take advantage of growing demand for quick home meal replacements, refrigerated pasta, and whole grain food options that did not sacrifice taste. Eckstein explained:

With standard cut pasta like linguine, there’s actually little difference between high-end dry and fresh pasta in flavor, texture, and nutrition. But fresh pasta has its benefits: shorter cooking time, the option to introduce filled pastas like tortellini, which we had long discussed, and the consumer perception of better quality. Refrigerated fresh pasta was growing faster than dry pasta, which made it attractive. And there was no strong player in fresh pasta offering a compelling whole grain option; a couple of companies had tried this, but their products were not very tasty, and we knew we could do better.

The TruEarth test kitchen developed a fresh whole grain pasta line dubbed Cucina Fresca, Italian for “fresh kitchen,” with a full range of choices: cut pasta, tortellini, ravioli, as well as accompanying sauces (see Exhibit 1 for product line). Whereas the dry pastas and shelf-stable sauces came in larger sizes and could be used for several meals, the Fresca products were designed to be consumed in a single meal for two.

Once the concept was tested with focus groups to positive feedback, Eckstein's team decided to conduct a market study to estimate Fresca's potential sales volume. TruEarth retained Nielsen BASES® to conduct a BASES I study to assess consumer awareness of fresh whole grain pasta and interest in purchasing. BASES completed approximately 300 concept tests across several cities (see **Exhibit 2** for an overview of the BASES methodology and **Exhibits 3 and 4** for a summary of the findings). There was no fresh whole grain pasta with broad distribution, with 85% of those in favor of the concept having never purchased it before.

The research findings were inputs into the proprietary BASES model to estimate first-year trial volume and repeat-purchase volume. The results indicated a 76% positive purchase intent, comprising those who said they “definitely” or “probably” would buy the product. The industry rule of thumb is that 80% of those who claim they “definitely would buy” and 30% of those who stated they “probably would buy” actually completed a purchase, resulting in a 36% trial rate. The model was further refined based on TruEarth's marketing plan, which called for \$8 million in advertising and \$2 million in promotional coupons. Eckstein's marketing team estimated that the expenditure would result in 800 GRPs,² which BASES estimated would generate 17% awareness among the target population. Based on salesforce feedback, the company anticipated 50% ACV distribution.³ This resulted in an adjusted trial rate of 3.0% (see **Exhibit 5** for methodology and calculation details).

TruEarth was equally focused on repeat purchase estimates. The study did not incorporate actual taste testing, so BASES forecast follow-up sales by gauging consumer reaction to the fresh whole grain pasta concept and its prior experience with fresh pasta and other gourmet and healthy foods. Without knowing actual product quality, BASES created three scenarios—one each for mediocre, average, and excellent product—and estimated repeat rate based on its experience with other food products (**Table A**).⁴

Table A Total Forecasted Units of Fresh Pasta and Sauce (MM)

	Mediocre Product	Average Product	Excellent Product
Pasta			
Trial Volume	1.4	1.4	1.4
Repeat Purchase Volume	1.0	1.7	2.3
Total Estimated Volume (MM units)	2.3	3.1	3.6
Sauce			
Trial Volume	0.9	0.9	0.9
Repeat Purchase Volume	0.8	1.8	2.6
Total Estimated Volume (MM units)	1.7	2.7	3.5
Minimum Business Requirement \$21M retail market (\$14 M wholesale)			

² Gross Rating Points (GRPs) are a measure of advertising impact.

³ All commodity volume (ACV) is a measure of distribution reach. A 70% ACV, for example, means that a product is distributed in stores that represent 70% of sales volume of food products in that area. Niche products from smaller manufacturers will have more limited distribution and lower ACV, whereas Coca-Cola, for example, would have 100% ACV.

⁴ BASES drew on prior experience with products of similar price, nutrition, and target consumer characteristics. Past launches showed that repurchase rates of similar goods ranged from an estimated 21% repurchase for “mediocre” product to 49% for “excellent” product (see **Exhibit 5**).

Each 9-ounce package of pasta was expected to sell for \$5.75 retail, while the 12-ounce sauce package would sell for \$4.50, resulting in a total combined retail market of \$21 million to \$37 million. At 35% gross margins for retailers, this was a \$14 million to \$24 million opportunity for TruEarth at wholesale prices. BASES recommended that the company proceed with the introduction of refrigerated fresh pasta on the assumption that the company could preempt the competition in major metropolitan areas.

The decision to launch refrigerated whole grain pastas required TruEarth to upgrade its manufacturing facility. The cut pastas and sauces could be produced on existing lines. However, stuffed pastas such as tortellini and ravioli required new production lines, and the packaging requirements for refrigerated products required investment in new equipment. Eckstein explained how the company incorporated the BASES findings into its decision:

Given the required capital expenditure, marketing spend, and our own return criteria, the required Year 1 sales volume was \$14 million at wholesale. The BASES study gave us a lot of confidence. There was clearly significant interest in this, and our focus groups showed that the product would be perceived to be at least of average quality. We believed that we would achieve the required volumes with Cucina Fresca and have a comfortable margin for error.

The Cucina Fresca line was rolled out nationally in the third quarter of 2006. It grew quickly, with \$18 million in retail sales in 2006 and \$35 million in 2007. Eckstein remarked that the broad appeal and flexibility of the line was critical:

The Cucina Fresca products are quick and easy. There's no guesswork for the consumer. The packaging on each product recommends the best sauce options. The portions are exactly right, so you get the perfect amount of sauce and pasta. We provide simple instructions for cooks to add their own touches, such as grilled chicken or shrimp. Plus, there's so much concern now about unhealthy carbohydrates; we offered an option that was whole grain but still tasted great. Cucina Fresca tapped into an unmet demand, giving customers the convenience they require while allowing them to feel good about their food choices. The team was proud that we had done so well in this new category—it was an unqualified success.

Competitive Threat: Rigazzi Fresh Whole Grain Pasta

TruEarth's success with Cucina Fresca was threatened when Rigazzi Brands introduced its own whole grain fresh pasta in late 2007. Based in Michigan, Rigazzi had marketed itself as using only traditional pasta-making techniques and vintage Italian equipment. DeRosa described the threat posed by Rigazzi:

In the years since I founded TruEarth, lots of gourmet companies have come and gone. Rigazzi is the only competitor of similar scale, and they sell all the same products we do. Some of our supermarket accounts are happy to carry both of us, but many prefer to have just one refrigerated whole grain pasta vendor and we find ourselves competing for very limited shelf space. Anytime they move, we have to respond aggressively.

Rigazzi targeted TruEarth's high-priority cities with its new line, offering substantial trade discounts to supermarkets and high-value coupons to consumers. TruEarth responded with its own promotions. Eckstein observed that the competitive threat had been an important lesson:

TruEarth benefited from being a successful first mover. If we had waited, we would not have been able to establish the market share we have now. We were also fortunate that the fresh whole grain category itself was still new and growing, and most companies had not yet

figured out how to make a whole grain pasta that still tastes great. But we knew that this would not be the case indefinitely and we could not afford to be complacent.

Whole Grain Pizza

Soon after TruEarth had launched the pasta and sauces line, Eckstein's team had started working on a refrigerated pizza kit. The product line extension had been part of the plan from the inception of Cucina Fresca. Pizzas were a core component of the Italian-American food category, with annual sales in the United States estimated at \$53 billion in 2007. Surveys suggested that 77% of consumers ate pizza at least once a month. Over two-thirds of pizza sales volume came from delivery, take-out, and restaurants. The store-bought refrigerated pizza market was 11% of sales and totaled \$5.8 billion, making it a larger market than refrigerated pasta, which was approximately \$4.4B in 2007. However, pizza demand in key demographics had been hurt by health concerns and the popularity of diets that restricted or cut out carbohydrates. Eckstein believed this presented the perfect opportunity for TruEarth:

We know the American consumer loves pizza and would prefer to not cut it out. Independent surveys of restaurant-goers showed that 33% of people had “strong interest” in a whole grain crust. There was certainly demand for it—increasing numbers of local pizzerias offered it, particularly in major metropolitan areas. Major chains like Papa John's and Pizza Hut had introduced whole wheat or multi-grain crusts. In our view, this was an opportunity to leverage our brand and introduce customers to guilt-free gourmet pizza with a healthy, whole wheat crust and high-quality ingredients. We could produce something that was fresher than frozen pizza, healthier than take-out, and allowed consumers to easily customize to their own taste.

However, not everyone at TruEarth agreed on the viability of a pizza line. Rosie Carlton, the director of business development, was the most vocal doubter:

Many consumers view pizza as an indulgence—not a meal where they are working hard to make a healthy choice. Kraft and Nestle are already huge players here with low-cost frozen pizza. I worry that if we do not deliver a crust as good as freshly made takeout, we will not have a competitive offering. Consumers have so many options we need to compete against.

Despite the trepidation of a few within the organization, TruEarth proceeded with product development efforts. By mid-2007, the TruEarth test kitchen had developed a pizza concept to test: a basic kit (crust plus separate packets of cheese and sauce) and a line of separate, complementary toppings:

1. three extra cheeses,
2. sliced mushrooms, and
3. hormone-free chicken sausage-crumbles.

The pizza would feed 2 to 3 people. Based on gross margin requirements, the team planned to price the pizza kit at \$8.00, with individual topping packs at \$3.50 each. (TruEarth hoped, of course, that many consumers would purchase at least one topping). Eckstein decided to test the idea broadly, and conducted 300 mall intercept interviews comparing the TruEarth concept with takeout and other refrigerated pizzas (see **Exhibit 6** for results of the study).⁵

⁵ “Intercept” interviews are conducted by asking passersby to provide feedback on a specific issue or topic. In this situation, participants were not served pizza.

With the generally favorable feedback gathered by the TruEarth team, Eckstein commissioned a BASES II Line Extension Study, which included both an in-depth concept survey and an in-home product usage test. BASES conducted interviews in seven cities, interviewing consumers over age 18 who were the principal grocery shopper for their households. An additional quota of respondents who had purchased the Cucina Fresca pasta and sauce in the past year were also interviewed. The concept test consisted of photographs and a description of the quality ingredients. All respondents who expressed interest in purchasing the product were given a sample kit for a home test. After a 7- to 10-day period, participants were called to gather after-use feedback (see **Exhibits 7–10** for results of the BASES pizza concept study and home-use test).

With the large capital expenditure in packaging equipment already made, the incremental investment for pizza was substantially less than for pasta, which included some re-tooling costs and the marketing plan. The margin structure was similar to pasta, with food retailers expecting a 35% gross margin. Eckstein estimated that wholesale volumes needed to exceed \$12 million to meet the company's return requirements. Working with BASES, the TruEarth team compiled estimates on the key drivers of volume (**Table B**).

Table B Awareness and Purchase Behavior Estimates

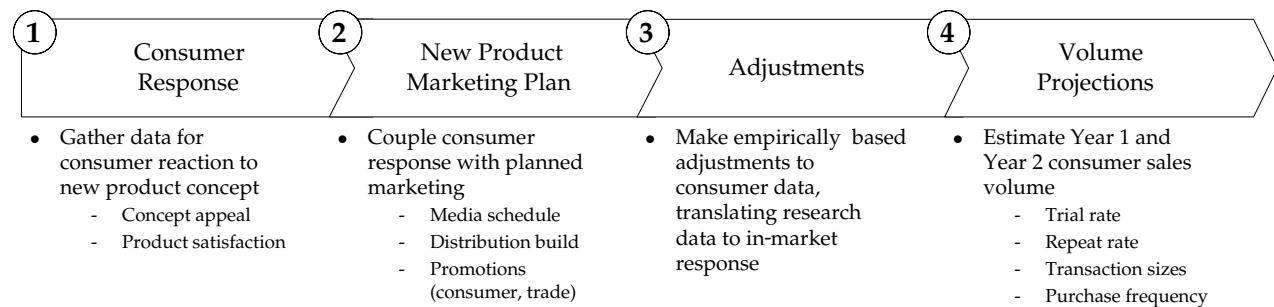
Target Households & Awareness	
Target Households (30% bigger than pasta)	58.8MM
Cucina Fresca Pasta Customers	11%
Customer Awareness	50%
Non-Customer Awareness	12%
ACV Distribution	40%
Purchase Assumptions	
Units per purchase (pizza kit + 1.25 toppings)	1.25
Average spend per purchase (retail)	\$12.38
Repeat purchase occasions	2.0
% Repurchasers (Excellent product)	49%

Eckstein's team believed that the customer base that had already tried the fresh pasta would have higher awareness of the pizza product. TruEarth's evaluation of its priority cities indicated approximately 13% penetration of Cucina Fresca pasta, and the BASES study was consistent, with 11% of the target population having tried the product in the past year. Because the studies had been done in only high-potential markets, however, Eckstein believed that true penetration could actually range between 5% and 15% and knew that sensitivity testing to this range would be required of pizza volumes.

Mulling over the extensive data from the TruEarth and BASES studies, Eckstein wondered whether to launch the pizza product and what the volume would be. The TruEarth team was well aware that Rigazzi had also tested a pizza concept and was likely not far from an introduction. The pressure to move quickly was high.

Exhibit 1 Cucina Fresca Product Line, Fresh Pasta

Cut Pasta	Filled Pasta	Sauce
Fettuccine	Four Cheese Ravioli	Marinara Sauce
Linguine	Spinach Cheese Tortellini	Alfredo Sauce
Angel Hair Pasta		Pesto with Basil

Exhibit 2 Market Forecasting Methodology: Overview of the BASES System**Exhibit 3** Fresh Pasta Purchase Intent

Nestle and Crafts

Measure	Cucina Fresca (N=300)	Industry Median ^a
Definitely would buy	27%	20%
Probably would buy	49%	42%
"Top Two" Box	76%	62%
Mean Likeability ^b	4.1	3.6
Mean Price/Value rating ^b	3.2	3.5

Purchase intention responses can be one of five categories: "definitely would buy," "probably would buy," "unsure," "probably would not buy," and "definitely would not buy."

^a Industry mean is based on non-whole grain fresh pasta products, which may or may not be relevant for comparison to a whole grain product.



^b Five-point scale with 5 being "like extremely" or "extremely good value."

Exhibit 4 Fresh Pasta Concept Likes and Dislikes

Attributes	Total (N=300)	Favorable to Concept (N=228)	Unfavorable to Concept (N=72)
LIKES			
Food Qualities			
Whole grain	32%	35%	22%
Freshly made and dated	38%	42%	26%
Looks appetizing	22%	25%	13%
Preparation			
Product selection	17%	20%	9%
Easy to prepare	21%	24%	12%
Single meal portion size	16%	18%	10%
Other			
TruEarth brand name	33%	40%	10%
Good price	18%	22%	7%
DISLIKES			
Limited selection	20%	15%	35%
Too expensive	8%	3%	25%
Limited time to product expiration	16%	10%	33%

Note: Respondents are asked to select the attributes that they "like" or "dislike" about the product concept.

Exhibit 5 Fresh Pasta Purchase Volume Estimate, Year 1

Trial Purchase Intent		Repeat Purchase Inputs	
Definitely would buy	27%	Trial Households (MM)	1.4
% of "Definites" who actually buy	<u>80%</u>	Repeat Purchase Occasions	2.1
"Definite" Purchases	21.6%	Repeat Transaction Amounts	1.6
Probably would buy	49%	Repeat Rate, by Product Scenario	
% of "Probables" who actually buy	<u>30%</u>	Mediocre Product	21%
"Probable" Purchases	14.7%	Average Product	37%
		Excellent Product	49%
Trial Rate (Definite + Probable)	36.3%	Repeat Volume, by Product Scenario (MM)	
Marketing Plan Adjustment		Mediocre Product	1.0
 Gross Rating Points	800	Average Product	1.7
Projected Consumer Awareness	17%	Excellent Product	2.3
 All Commodity Volume distribution (ACV)	50%		
Marketing Adjusted Trial Rate	3.0%	VOLUME = TRAL RATE + REPEAT RATE	
Trial Rate x Awareness x ACV			
Target Households (MM) ^a	45.2		
Trial Households (MM)	1.4		

^a Target households based on addressable market in metropolitan areas with annual household income over \$50K

Methodology:

1. Trial Rate = "Definites" x 80% + "Probables" x 30%
2. Marketing-Adjusted Trial Rate = Trial Rate x % Awareness x % ACV (distribution)
3. Trial Households = Target Households x Marketing-Adjusted Trial Rate
4. Repeat Volume = Trial Households x Repeat Purchase Occasions x Repeat Transaction Amounts x Repeat Rate
5. Total Volume (Table A) = Trial Purchases + Repeat Purchases

Exhibit 6 Pizza Attributes and Substitution: Mall Intercept

Measures (based on 10-point scale where 10 = "Agree Strongly")	Takeout Pizza, based on past experience (N=300)	Refrigerated Pizza, based on past experience (N=137)	Favorable Evaluation of TruEarth Pizza Concept (N=181)
Usage attributes			
Is a product for the whole family	8.9	7.1	8.6
Is convenient	9.3	7.3	7.3
Is easy to prepare	N/A	7.4	7.7
Taste attributes			
Would taste fresh	9.4	7.2	7.9
Comes in varieties I like	9.1	6.3	6.7
Quality attributes			
Is made from high-quality ingredients	8.4	6.2	8.1
Is made from healthy ingredients	7.1	5.9	9.1
Substitution of TruEarth Pizza for other choices (N=181) ^a	% of Last 10 Pizza-Eating Occasions	% of Next 10 Pizza-Eating Occasions	% Change with Introduction of TruEarth Pizza
TruEarth Whole Grain Pizza	N/A	17%	17%
Takeout/delivered pizza	47%	43%	-4%
Restaurant pizza	23%	22%	-1%
Refrigerated pizza	9%	3%	-6%
Frozen pizza	19%	14%	-5%
Homemade pizza	2%	1%	-1%
Total	100%	100%	0%

^a To be read: Among those favorable to the TruEarth Whole Grain Pizza concept, on average, 47% of the last 10 instances of pizza consumption were takeout. If TruEarth were available, the average respondent indicated that takeout pizza would account for 43% of their next 10 pizza-eating occasions.

Example comments:

23-year old female: "I rarely eat pizza because it's not very healthy, but I miss it. I would definitely consider it more often if it were healthier."

35-year old male: "Whole grain crust does not even sound like real pizza. It would probably have to taste better than the stuff I can get from delivery."

42-year old female: "The whole family loves pizza, but it's important to me to provide something that's not terribly unhealthy. A good whole grain crust just might do the trick."

Exhibit 7 Pizza Concept Purchase Intent: Mall Intercept

Measure	Total (N=300)	Non-Customers (N=225)	TruEarth Customers (N=75)
Definitely would buy	18%	15%	26%
Probably would buy	43%	39%	53%
"Top Two" Box	60%	54%	79%
Mean Likeability ^a	3.7	3.5	4.2
Mean Price/Value rating ^a	3.0	3.0	3.1

^a Five-point scale with 5 being "like extremely" or "extremely good value."

Note: "Top Two" box totals are rounded.

Exhibit 8 Pizza Concept Likes and Dislikes: Mall Intercept

Attributes	Total (N=300)	Favorable to Concept (N=181)	Unfavorable to Concept (N=119)
LIKES			
Food Qualities			
Whole grain	19%	25%	10%
Freshly made and dated	31%	35%	26%
Looks appetizing	24%	31%	13%
Preparation			
Product selection	16%	20%	9%
Can purchase all items in one place	27%	35%	15%
Can buy toppings separately	23%	31%	11%
Can add amount & type of toppings desired	18%	24%	9%
Easy to prepare	16%	20%	9%
Other			
TruEarth brand name	24%	33%	11%
Good price	9%	13%	3%
DISLIKES			
Limited selection	23%	18%	31%
Too expensive	27%	20%	38%
Limited time to product expiration	12%	3%	25%

Note: Respondents are asked to select the attributes that they "like" or "dislike" about the product concept.

Exhibit 9 Pizza Product Likes and Dislikes, After Home Trial

Attributes	Favorable to Product (N=109)	Unfavorable to Product (N=59)
KEY REASONS FOR FAVORABLE PURCHASE INTENT		
Overall taste, texture, and quality	10%	
Like the crust	13%	
Like the cheese	18%	
Like the sauce	22%	
Like the toppings	19%	
Like the fresh ingredients	21%	
Easy to prepare	19%	
Good price	9%	
Family likes it	8%	
KEY REASONS FOR UNFAVORABLE PURCHASE INTENT		
Too expensive		45%
More expensive than restaurant or takeout		23%
Overall taste, texture, and quality		12%
Dislike the crust		16%
Family dislikes it		11%
SUGGESTED IMPROVEMENTS (BOTH GROUPS)		
Improve overall taste/flavor	8%	24%
Improve the sauce	3%	9%
Make crust less chewy	7%	20%
Lower price	26%	35%
No improvement needed	28%	6%

Note: From the original sample of 300 respondents, 168 participated in the in-home test. Of these, 109 indicated they were "favorable" to purchasing the product.

Exhibit 10 Typical Price Consumers Would Pay for 12" Pizza Serving, After Home Trial (In-Home Use Test Respondents)

	Refrigerated Pizza			Other Pizza	
	Total (N=168)	Favorable to Product (N=109)	Unfavorable to Product (N=59)	Frozen (N=168)	Delivered/ Takeout (N=168)
\$4.00 or less	9.7%	9.5%	10.1%	16.0%	1.2%
\$4.01 to 6.00	10.9%	8.6%	15.2%	18.3%	4.3%
\$6.01 to 8.00	17.4%	15.5%	21.0%	25.9%	10.8%
\$8.01 to 10.00	12.8%	10.8%	16.6%	17.6%	16.0%
\$10.01 to 12.00	14.5%	12.7%	17.9%	12.5%	18.5%
\$12.01 to 14.00	12.6%	14.3%	9.5%	4.5%	20.2%
\$14.01 to 16.00	8.5%	12.5%	1.1%	3.5%	18.0%
\$16.01 to 18.00	7.9%	9.3%	5.2%	1.0%	9.3%
Over \$18	5.6%	6.8%	3.4%	0.7%	1.7%
Mean Price	\$10.09	\$10.75	\$8.86	\$7.43	\$11.72

Note: Assuming 1.25 toppings with each pizza, the average retail price for TruEarth Whole Grain Pizza is about \$12.38