



NCG Programs Update

January – June 2019

Hello from NCG

Greetings Valued Partners,

Despite the seemingly endless winter, our spirits are enlivened by the awesome, collective power of the inspirational people and brands of the Natural Foods world. Some highlights from our year thus far: NCG held a Certification Summit to ensure we're current on all supply chain-based certifications. We sponsored the inaugural National Co+op Grocers Climate Collaborative Awards, recognizing innovative leadership and bold action to address climate change. We co-hosted a Diversity, Equity and Inclusion panel at Expo West with Presence Marketing. We've partnered with suppliers on multiple cause-based promotions. And, as always, we were inspired by all the brands at Expo West that are trying to make the world a better place.

In terms of the business, our flagship program, Co+op Deals, continues to strengthen. One example is our member co-ops' participation in our Off-Shelf Program. The number of our member co-ops opting into any one of our four Off-Shelf Programs for a given promotional cycle has increased by 54% over the last four years. Over the last 52 weeks, the effectiveness of those off-shelf events exceeded the natural channel as a whole, measured by lift over discount.

Another example is the new premium ads in our Co+op Deals flyer, launched in October of last year, that are showing strong initial returns. While we do have fee increases to two of our promotional vehicles, our growing participation coupled with strong effectiveness across all our promotional vehicles makes for a solid opportunity to invest in your brand with NCG!

On behalf of NCG's 147 member co-ops operating more than 200 storefronts, and their millions of consumer-owners and staff, thank you for your continued partnership!



Jason Stein
NCG Category Management Director



ON THE COVER: City Market's new South End store in Burlington, Vermont. Read about it on page 15.



First Half 2019 Business Planning

Category Managers are Ready to Partner with You to Plan 2019

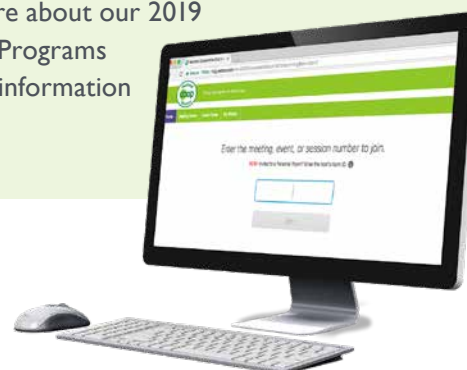
We're in the midst of preparing for Co+Lab, our 2019 promo planning event that many of our vendor partners will be attending. If you are not attending Co+Lab, please contact your NCG category manager by June 13 to plan your business with NCG in 2019. While our 2019 contracts are not yet published, our updated program sell sheets reflecting new program fees are posted on NCG's [Partner Connection](#) portal.

We continue to work on process redesign to strengthen our New Item Program for 2019, although we're not quite ready to share details. Please look for our 2019 Category Review calendar on Partner Connection in late May.

Attend the 2019 NCG Info Session

Friday, May 18, 1:00 p.m. CDT

Learn more about our 2019 First Half Programs during an information [webinar](#).



NCG Program Updates

Showcase Your Impact with a Cause Promotion

NCG co-ops are hungry to make a big impact in local and global communities. Beyond making the most conscientious decisions about what we put on our store shelves, we look to cause promotions as a way to heighten the beneficial economic, environmental and social impact that co-ops and our shoppers can have on the world around us.

The natural products industry is home to brands that are striving to make the world a better place — and NCG understands that mission like no other retailer. Partnering with NCG co-ops on cause promotions is an excellent way for your brand to showcase and expand your impact on a particular organization, social issue or community.

Your cause promotions with NCG will:

- **Engage the co-op shopper** — In addition to bringing visibility to a great cause, cause promotions foster positive brand image and leave a lasting impression on co-op shoppers.
- **Excite store staff** — Convert co-op staff into brand ambassadors! Cause promotions are a particularly effective way to educate store staff about the impactful work your brand does, beyond making great products.
- **Drive product sales** — Cause promotions with strong vendor support have proven to drive sales up to 250% during the two-week promotional period.

Stand out from the crowd and make an even bigger impact on the issues that you care about most — partner with NCG! To initiate a cause promotion, complete the application form on [Partner Connection](#) and submit it to Allison Hermes at allison.hermes@ncg.coop. Contact Allison with questions.

87% of people in their 20s and 30s believe that a business should be measured in terms of more than just its financial performance. — Deloitte, 2016



Exciting turnkey POS materials, social media assets and display contests are essential elements of vendor support for successful cause promotions at NCG co-ops.



Secure Seasonal Sales with NCG's Holiday Pre-order Program

Take advantage of an exclusive opportunity to promote your limited-production holiday items. NCG's 2018 Co+op Deals holiday pre-order program ensures high-profile exposure for your brands during this busy season. Strong and growing, the holiday program produced a 25% increase in holiday dollar sales year over year, and 80% of NCG member co-ops participate — that's 160 stores.

Enjoy these essential benefits:

- **NEW!** The holiday program participation fee now secures signage and promotional pricing for all holiday products.
- Receive pre-order commitment quantities months in advance to secure sales and plan production.
- We sell your holiday pre-order products on your behalf to NCG stores through a members-only webinar.

Contract submissions are due May 1 for Thanksgiving, Hanukkah and Christmas products. To participate, talk to your NCG category manager for more information and approval prior to submitting contracts.



Discover an Engaging Marketing Opportunity

Brands are discovering the exciting, affordable way to reach highly desirable co-op customers. Placing an ad in Discover — NCG's enhanced coupon booklet reimaged in 2018 — delivers your brand story to the most committed health and wellness consumers in the natural products industry.

- Full-page ads feature your branded content — image ads, brand storytelling, recipes.
- Six issues published each year, direct mailed to co-op shoppers three times per year, reaching on average 500,000 consumers per issue.
- Discover coupons are valid for two months, ensuring your ads have an extended presence at retail and in shoppers' homes.

What's more, NCG coupons have a higher-than-average redemption rate — that means co-op consumers are more engaged and more people will see your Discover ad. Regardless of whether you are running a coupon, Discover ensures greater exposure for your brand.

Discover continued on next page



Discover continued from previous page

In 2019 we'll be offering a Discover coupon book incentive for vendors who purchase a coupon and ad together. You can save 50% off a coupon for a full page advertisement in the same book, and 25% off a coupon for a half page.

Contact your category manager or [Allison Hermes](#) about ad placement opportunities in 2019 editions of Discover.

Maximize Your Return on Promotions with Rebate Discounts

As natural products become more available in more outlets and the landscape has grown increasingly competitive, so has the need for NCG to sharpen the pencil and ensure that we are offering attractive promotional pricing that drives consumer excitement and volume. Starting in January 2016, NCG's category managers began to push for our brand partners to consider making their pricing investments on Co+op Deals promotions via rebate allowances administered by NCG, instead or in lieu of discounts through a wholesale distributor like manufacturer charge-backs (MCBs). NCG's rebate allowances function very similar to a scanback, with some small differences. With rebate allowances we are able to translate every dollar of your pricing investment into a price reduction at the shelf for co-op shoppers.

To illustrate the effectiveness of rebates when compared to discounts, NCG evaluated a promotion that one brand supported with a 25% MCB discount in September 2017. NCG co-ops sold a total of 53,568 units on this promotion. The aggregate amount of the discount provided by this brand was \$12,410. For the same number of units, if the brand had presented us with the 25% equivalent in the form of a rebate allowance, the brand would have spent just \$9,643 for the same price reduction, a savings to the brand of \$2,767, or 22%! NCG is pushing for more of the pricing investments brands make in Co+op Deals to be presented as rebates instead of the discounts so that these savings can be reinvested to provide more competitive pricing or increase promotional frequency.

To learn more about how much your brand could save by running rebate discounts, talk to your NCG category manager.



MCB vs. REBATES

53,658 units sold

Scenario 1: MCB

25% Manufacturer Charge-Backs

Discount provided by brand: \$12,410

Scenario 2: Rebates

25% equivalent in Rebate Allowance

Discount provided by brand: \$9,643

22% SAVINGS

New Approach to Co+op Deals Cover Ads

New in 2019, we're changing the way we manage Co+op Deals front cover flyer promotions. We'll no longer charge for our standard size front cover ad spaces and instead we have chosen to focus the front cover of the flyer on promotions that hit hot price points and drive volume.

As you know, the Co+op Deals cover is prime marketing real estate, and allowing ourselves greater flexibility ensures we have the right promotions at the right price in the right place at the right time. Being more flexible with item selection for the cover also ensures we'll have greater alignment with peak seasonality and with our marketing content.

To score an upgrade to the cover — a \$750 value — and secure one of our hottest spots, your product must reach an 80 ACV at NCG member co-ops across the country. Our large cover feature option remains the same. Submit your promotion as a standard inside ad and contact your Category Manager to discuss.



Co+op Deals Premium Ads: The Promotional Power is Undeniable

When NCG launched a fresh new look to our Co+op Deals flyer in October 2017, we also introduced premium ads. These high-impact ad spaces offer an enticing opportunity for additional life and increased exposure for your brands.

The initial results are undeniable — premium ads have:

- driven over \$7M* in total promotional dollar sales
- driven over \$3M in incremental dollar sales
- driven unit lifts of more than 150%
- giant 6X premium ads have been among the strongest performing ads in NCG's history

* Total dollars reported for period Oct 2017 – Feb 2018



Emerging Brands: Grow Your Business with NCG

Are you an emerging brand that's new to working with NCG and unsure where to start? Are you aware of other newer brands that would be a great fit for retail food co-ops? Are you new to your role at a more established brand and ready to learn about all that NCG has to offer? We're here to help!

Across the natural products industry, emerging brands know NCG is an essential partner. It's in our DNA to take chances on new products and to innovate for collective success. Our mission is to develop programs specifically designed to reach co-op customers nationwide efficiently and effectively. And it's our pleasure to work with you to grow your business in the natural products marketplace. Co-ops are where new brands gain a foothold at retail, develop loyal customers and become successful, well-established brands.

Get to know us! NCG invites you to attend one of our short information sessions via webinar, designed to help you understand how our programs can assist you in meeting your business needs. Join us at our next session on Monday, May 21, at 10:30 a.m.

Co+nvergence

We're excited for Co+nvergence 2018 — NCG's 9th annual grocery and wellness conference — and so are our members! Brands often tell us that Co+nvergence is their favorite natural products industry event of the year. That's because the Co+nvergence Vendor Showcase offers an unparalleled opportunity to talk face-to-face with managers and buyers from 200 co-op store locations nationwide and to sell your products. Last year, brands sold more than 80,000 cases of product at the Vendor Showcase.

If your company did not apply, or was not accepted for the Vendor Showcase, make sure you get on the invite list for 2019! Be sure to maintain current contact information for your company in NCG's vendor portal, Partner Connection, and make sure your broker knows of your interest in Co+nvergence.

Want to
Grow?
Go Co-op!

Attend Our Webinar

Monday, May 21, 10:30 a.m. CDT
[Register here to attend.](#) For details and future dates, visit our vendor portal, [Partner Connection](#).



Co+nvergence

July 22 – 26, 2018
Vendor Showcase July 25



Melissa Elkins shows off Community Food Co-op's solar panels.

Advocacy and Sustainability

National Co+op Grocers Climate Collaborative Awards Winners

An ever-growing number of natural product companies are taking action against climate change and the inaugural National Co+op Grocers Climate Collaborative Awards, announced March 7 at Expo West, recognized outstanding leadership and bold initiatives on climate action.

These eight companies, co-ops and individuals were nominated by their peers for expanding the boundaries of industry practices in at least one of the **nine areas** identified by the Climate Collaborative as having the most potential to slow — or reverse — climate change.

Awards continued on next page

“NCG congratulates the winners of the inaugural National Co+op Grocers Climate Collaborative awards and commends them for their outstanding leadership on climate. We appreciate all those within our industry who are joining us in the effort to slow global warming by seizing opportunities to innovate within their operations and value chains. Your commitment has the power to inspire more companies to act and to multiply our collective impact. We encourage you to begin taking steps now to participate in the Collaborative so that you can be among the nominees for our 2019 awards.”

— C.E. Pugh, Interim Chief Executive Officer, National Co+op Grocers

National Co+op Grocers Climate Collaborative Awards Winners

Outstanding Company Awards



Alter Eco has changed the way chocolate is sourced, grown, produced and sold by developing a scalable agroforestry model that regenerates farmland and compensates for carbon emissions within its supply chain. This practice — called carbon insetting — reduces the need for clearcutting of old growth rainforest, protecting over 3 million trees since 2008.



Community Food Co-op in Bellingham, WA — by offsetting 102% of its electricity use with its 126 solar panel array and renewable energy certificates, diverting 90% of its waste from the landfill, and investing in efficient lighting and refrigeration systems — has earned the only 2017 EPA EnergyStar® Certificate issued to a grocery store west of the Rockies.



Organic Valley is poised to become the world's largest food company to source all of its electricity from renewable sources. In committing to 100% renewable power by 2019, it has partnered with utility companies to bring major investments in Wisconsin's solar energy farms.



Veritable Vegetable, a San Francisco-area organic produce distributor, diverts an unbelievable 99% of food waste from landfills. Its hybrid delivery fleet has helped the company achieve a 10.7% reduction in greenhouse gas emissions per mile since 2011.

Outstanding Supply Chain Engagement Awards



Guayaki has produced more energy than its operations consume and maintained a carbon-positive footprint for 22 years and counting. Thanks to a remarkable, regenerative supply chain, Guayaki has restored 130,200 acres of rainforest and created 885 living wage jobs for more than 300 families in South America.



Lotus Foods developed a model for the System of Rice Intensification (SRI), an ecological rice production method that improves yields for low-income farmers without requiring specialized seeds, chemicals or inputs. Lotus sources 400 tons of SRI rice annually and its “Do the Rice Thing” campaign educates people about the importance of supporting this growing method.

Outstanding Influencer Awards



Albert Straus, founder of Straus Family Creamery, developed a long-term vision for carbon-positive organic dairy farming. He has turned an environmentally destructive aspect — cow manure — into renewable energy to power everything on his farm.



Clif demonstrates wide-ranging climate leadership in the natural products industry and with its supply chain partners. It is endowing five land-grant university chairs in organic research to ensure that organic agriculture continues to amass scientific data in support of its potential as a global solution to mitigating climate change and providing sustainable food for all.

Take Action on Climate Change Your company can become eligible for a 2019 National Co+op Grocers Climate Collaborative award by making at least three commitments to climate action. Already, 248 companies have made more than 900 commitments in the nine areas of greatest impact! [Join Climate Collaborative in taking action on climate change today.](#)



Tell NCG about Your Climate Change Efforts

As you can see, we're passionate about taking action on climate change. It's important to NCG — and we know it's important to you, too.

Even if your company is not yet a member of [Climate Collaborative](#), we want to know about the big and small ways that you're addressing climate change every day. We

encourage you to share your efforts and success stories with your NCG category manager.

Together, we can build more awareness for climate change issues and let the world know how natural products companies are working hard to make a positive impact.

NCG is in Business to Make a Better World

NCG advocates nationally for a sustainable food system, the fair treatment of people and a healthy environment. We are a founding member of the [Climate Collaborative](#), urging industry leaders to take the reins and reverse climate change. We reduce our climate impact by growing [Co+op Forest](#). NCG is proud to be a “[Best for the World](#)” honored [Certified B Corporation](#).

Co-ops are Moving the Needle on Sustainability

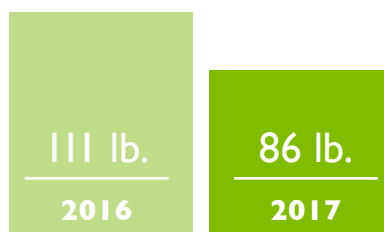
Food co-ops have long been leaders in sustainability, focused on improving what's known as the "triple bottom line" — social, environmental and local economic impact. NCG co-ops are currently engaged in a collective effort to measure and improve our performance in several key areas of sustainability.



Refrigerant Gas

The greatest contributor to a grocery store's carbon footprint is its refrigeration system.

In 2017, co-ops reduced their monthly refrigerant gas leaks.



Community Food Co-op in Bellingham, Washington, reduced its yearly carbon footprint by **280 tons** by limiting refrigerant gas leaks through preventative maintenance.

Organic Products

At food co-ops, organic food and products on average are:

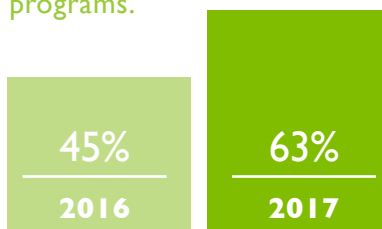
36%
of all products sold

39%
of total sales

\$5.27M
in annual sales per co-op

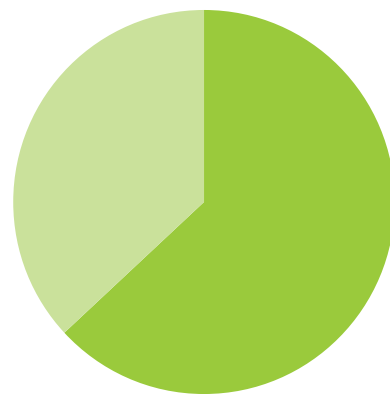
Healthy Food Access

A growing number of co-ops offer healthy food access programs.



Willy Street Co-op in Madison, Wisconsin, gave **\$237,000** in support for healthy food access.

Living Wage



Last year **67%** of all co-op staff were paid a livable wage.

NCG and Presence Marketing Host Inclusive Economy Discussion at Expo West

Inspired by [B Lab's Inclusive Economy Challenge](#), NCG and Presence Marketing co-hosted an Inclusive Economy Panel Discussion at Expo West. The conversation was intended to spark thoughts and raise awareness within the natural products industry about issues surrounding diversity, equity and inclusivity in our businesses.

B Lab defines an inclusive economy as one that “creates the opportunity for all people, regardless of any attribute of their identity or location of their birth, to live with dignity, to support themselves and their families, and to make a contribution to their communities.”

Panelists included successful business owners Beatrice Espada (The Honey Pot), Rebecca Hamilton (W.S. Badger), Meena Mansharamani (Maya Kaimal), and Sheryl O'Loughlin (REBBL). Jocelyn Corbett of B Lab moderated the event, hosted by Presence Marketing VP Milt Zimmerman and Heidi Traore, business development manager for NCG.

“We, at REBBL super herb beverages, believe deeply in the importance of diverse and inclusive teams — these voices must be represented in critical conversations at all levels of our companies,” said panelist and REBBL

CEO Sheryl O'Loughlin. “This is essential for better decisions that lead to improved results in terms of financial, social and planetary bottom lines. This is the beginning of a conversation we are committed to and hope to elevate to the rest of the natural foods industry.”

The Inclusive Economy Panel Discussion marks the first in what NCG and Presence Marketing hope will be many opportunities to explore these ideas together as a business community. “This topic is extremely important and timely,” said NCG's Heidi Traore. “As a cooperative business, NCG believes in the power of people working together to make positive change. We were thrilled to work with Presence Marketing, one of our longest standing partners, to get this conversation started.”

“Kudos to NCG for all the work they're doing within their company, their network of co-ops and the natural products industry to contribute to creating a more inclusive economy,” added Jocelyn Corbett of B Labs. “Hosting this conversation is yet another way NCG is calling for change, and the resonance among attendees was palpable! I look forward to seeing what this community will do together.”



Beatrice Espada



Meena Mansharamani



Rebecca Hamilton



Sheryl O'Loughlin



Willy Street Market in Madison, Wisconsin

Co-op Store Location Updates

NCG and Co-ops: Growing Together

2018 is shaping up to be another great year for co-op growth! NCG co-ops are planning more new locations, expansions and relocations to share the power of cooperation with consumers in more communities across the country. Highlights in 2018 include:

Central Co-op, Tacoma, WA — New Location in Summer 2018 Central Co-op's commitment to bringing a co-op back to the Tacoma market is well underway. Boasting 14,000 retail square feet, the full-service Tacoma location will feature a fresh deli department, meat and seafood, a learning classroom, and indoor and outdoor seating.

PCC Community Markets, Burien, WA — New Location in Spring 2018 Burien marks the 12th store for PCC Community Markets, the nation's largest cooperative food market. This new location south of Seattle also brings a new opportunity to expand PCC's food bank initiative, hot food and grocery rescue programs, and local donations into the surrounding community.

Viroqua Food Co-op, Viroqua, WI — Store Expansion in Summer 2018 Located in a region nationally known for its interest in organic production and thriving local food scene, it's no wonder that Viroqua Food Co-op has outgrown the store built

only 10 years ago. This expansion project doubles the co-op's retail square footage, adds more seating and community space, and incorporates numerous environmentally sustainable elements — highly energy efficient refrigeration, reclaimed heat for hot water needs, LED lighting and natural daylighting.

Weaver Street Market, Raleigh, NC — New Location in Summer 2018 Weaver Street Market's fourth store is focused on creating a community gathering place in the heart of Raleigh's Warehouse District. Located in a new mixed-use development, the co-op features multiple seating areas indoors and outside the store, a demonstration kitchen and innovative food service offerings — with customer service that's second to none.

Willy Street Market – West, Madison, WI — Store Expansion in Summer 2018 Willy Street is a powerful force in the community — and has been since 1974. Sales volume at its bustling West location now nearly matches that of the co-op's original flagship store. A small expansion is designed to better serve customers by reconfiguring the retail floor to make it more shoppable and add more seating.

A Co-op Success Story: City Market Expands in Burlington, Vermont

On opening day of City Market's new South End location — one week before Thanksgiving 2017 — General Manager John Tashiro stood at the entrance and greeted every customer who came into the store. John's welcoming gesture is an example of the little things that make people feel good about their co-op and symbolic of what makes City Market thrive.

That day was several years in the making, and one of immense pride for co-op owners, City Market staff and residents of Burlington, Vermont. Behind the scenes, the co-op had been planning for a second store since 2012. With increasing sales, space and capacity constraints at its existing Downtown store, and a persistently busy parking lot, City Market saw an opportunity. Opening another store would allow the co-op to serve more members of the community, both as a grocery store and a community partner.

In 2015, City Market announced its intention to open a second location; the co-op broke ground in February 2017. From the start, every detail of this project was well-planned — every scenario examined and contingency considered, nothing left to chance. City Market worked with NCG's staff and engaged NCG's Development Co+operative to bring its expansion plans to life.

The co-op also emphasized community involvement in the planning process. City Market is highly involved in its community and knew it was just as essential for the community to be involved in developing its South End location. In community engagement meetings with residents, businesses, artists and other stakeholders, the co-op shared plans and listened to feedback, then addressed concerns in the development of the new store.

With the Burlington community, NCG, our Development Co+operative and the co-op all working together toward the same vision and goals, the outcome is a beautiful store and an exciting future

for City Market. As John Tashiro wrote to co-op supporters, "Our collective South End dream became a reality through the cooperative efforts of many."

The doors of City Market's South End store opened November 16, 2017, transforming a former industrial site in an underserved part of Burlington into a thriving community space. The newly constructed building has 15,500 square feet of retail space — almost 30% more than the Downtown location. It features a community meeting space and teaching kitchen, outdoor café seating, and ample parking for cars and bikes. In the few months since the South End store opened, sales have exceeded projections and 1,200 new owners have joined the co-op, bringing the total to more than 13,000 members.

Because of the long-term vision that City Market carefully invested in this project, the South End store is built for the future and it can evolve and endure for five, 10 or more years as the store gains momentum and the co-op continues to grow.



City Market in Burlington, Vermont