Activity Report

Macedonian Trade Mission to United States and Exhibition at Midwest Fancy Food Show
Chicago, IL
April 24 – May 1, 2008

Table ofContents

I. Introduction

Thomas J. Payne Market Development, at the request of the Macedonian Association of Processors was contracted to coordinate an effective and efficient study tour for participating Macedonian enterprises to the Fancy Foods Trade Fair in Chicago on April 27-29, 2008 and conduct a study tour to visit US manufacturers and dealers with food (vegetable/fruit) processing equipment in the Chicago area.

The participants in the processed vegetables value chain and the wild harvested foods value chain are very export oriented, exporting respectively around 80 % and 95% of total output. Overseas markets such Australia and the US, due to large communities of immigrants from Macedonia, are key specialist markets for the Macedonian agribusiness companies. In addition, large quantities of wild crafted Macedonian food products such as mushrooms and berries end up on the US market.

During the study tour, attendees were taken to numerous retail shops that carry traditional eastern European and Macedonian products. They also visited a cross-section of retail shops that would give the visitors a good understanding of the range, diversity and differentiation between retail shops so that Macedonian products could be modified, if necessary, to appeal to different markets beyond expatriate countrymen.

Attendees prepared for and exhibited at the trade show, which included the Fancy Food Show, the Global Food Showcase and All Things Organic!, a trade event that capitalized on the continued rising demand for organic foods and ingredients.

Also during the study tour, attendees visited four leading used and new equipment dealers to secure a range of vegetable processing equipment pieces. Among the items of interest were carborundum peelers (for carrots, beet root, potato etc.); steam pressure peelers; slicing and dicing vegetable processing machines; vegetable powder mills; pasteurization and sterilization equipment (pasteurizers and autoclaves); IQF tunnels; packing dozers for frozen products, elevators and inspection belts.

II. Travel Itinerary

Date	Time	Description
Thursday, April 24	Arrive in Chicago from Zurich	Pick up by Embassy Limousine 1-773-719-2087
Friday, April 25	Meeting scheduled with Urschell Equipment Laboratories Valparaiso, Indiana Steven Johnson 219 464 4811 11:30 – 1:30 pm	World's leading supplier of food industry equipment
Saturday, April 26	Exhibitor registration and booth setup.	Van to the convention site to obtain badges and prepare booth.
Sunday, April 27	8:00 - leave for McCormick Place 10:00 am to 5:00 pm exhibits	Exhibition hall to staff booth, meet with prospective clients and conduct research.
Monday, April 28	8:00 - leave for McCormick Place 10:00 am to 5:00 pm exhibits	Exhibition hall to staff booth, meet with prospective clients and conduct research.
Tuesday April 29	8:00 - leave for McCormick Place 10:00 am to 5:00 pm exhibits	Exhibition hall to staff booth, meet with prospective clients and conduct research.

Wednesday April 30	8:30 am load van to go to Loeb Equipment meeting Meeting from 9 am – 11 am Meeting at 1:00 – 2:30 pm Meeting at 3:00 pm	Meet with Mark Israel of Loeb Equipment 4131 South State Street Chicago, IL 60609 PH 773-451-3660 Main 773-548-4131 x106 Fax: 773.548.2608 www.loebequipment.com Sean Prena Frain Industries 313 Rohlwing Road Addison, IL 60101 PH: 630-629-9900 FX: 630 629 6575 www.fraingroup.com Meet with Nik Ospina Aaron Equipment 735 E. Green St. Bensenville, IL 60106 630-350-2200 x7583 630-350-9047 www.aaronequip.com
Thursday May 1	3:00 pm Depart Hotel for Airport	Return to Zurich

III. U.S. Retail Market Overview

CONVENTIONAL

The state of the U.S. retail food industry is anything but static. In 2008, higher fuel and food costs and other economic pressures are having a pervasive impact on how consumers shop, cook and dine, according to the Food Marketing Institute (FMI) U.S. Economic concerns are compelling Americans to cook at home more and eat less often at restaurants (71 percent). In fact, families eat their main meal at restaurants only 1.2 times per week, down from 1.3 in 2007 and 1.5 in 2006.

Consumers are buying fewer luxury foods (67 percent) and more store-brand items (60 percent) and eating more leftovers (58 percent). The high cost of fuel is contributing to the decline in the number of shopping trips — below two per week for the second straight year at 1.9.

When deciding where to shop, 37 percent of consumers cite "low prices" as the overriding factor — up from 31 percent in 2007 and well ahead of the second most often cited factor (convenient location at 13 percent).

Consumers equate eating at home with eating healthier. As many as 91 percent say they eat healthier when dining at home, according to the report. This number includes 39 percent who believe home-cooked food is "much healthier". Families also save money since a restaurant meal costs more than twice as much per person, a median of $12 compared with $5. Meals at home have a social benefit for children and the family. Research shows that children who dine regularly with their families at home are healthier, superior academic performers and less prone to substance abuse.

U.S. Supermarket Statistics Overview

• Number of employees- 2002	3.4 million
• Total supermarket sales-2007	$535.4 billion
• Number of supermarkets--2007 ($2 million or more in annual sales)	34,967
• Net profit after taxes, 2006/2007	1.91%
• Median Average Store Size in Square Feet-2007	47,500
• Median Average weekly sales per supermarket 2007	$382,226
• Percentage of disposable income spent on food--USDA figure for 2006	
food-at-home	5.8%
food away-from-home	4.2
• Weekly sales per square foot of selling area-2007	$11.21
• Sales per customer transaction-2007	$28.88
• Sales per labor hour-2007	$138.90
• Average # of trips per week consumers make to the supermarket-2007	1.9
• Average # items carried in a supermarket in 2007	45,000

Source: FMI, 2008

U.S. New Food Product Introductions

An astonishing 95 percent of new products never catch on. Those innovative few that immediately connect with consumers by solving their problems and delivering multiple benefits create the kind of buzz and purchase loyalty that can make a CFO smile. Chicago-based Information Resources Inc. (IRI) has tracked consumer packaged goods (CPG) introductions for 13 years via its New Product Pacesetters report, ranking each year's most successful new brands.

Pacesetters are those products launched between February of one year and January of the next that reach two milestones: 30 percent national distribution and retail sales of at least $7.5 million, according to IRI's definition. When that is accomplished, IRI tracks them over the next 12 months to determine the most successful new products in their first year of "national" sales in food, drug and mass merchandising channels, excluding Wal-Mart.

It is intriguing that year-one sales for new products are declining. Less than one-quarter of new brands exceed sales of $7.5 million. Over the past decade, the proportion of brands earning $20 million or more has shrunk from 13 percent to 7 percent.

On last year's list, there were six new products with sales of more than $100 million; two had sales exceeding $200 million. This year there is only one $100 million product (Campbell's Reduced Sodium Soup).

According to IRI, part of this decline is due to a rise in the introduction of targeted solutions intended for a narrow audience, but there remains a dire need to improve the new product introduction process.

Virtually all of the 2007 Pacesetters are extensions of existing brands, rather than net-new brands. Historically, net-new Pacesetter brands have earned higher year-one sales than extensions. However, in food and beverages (IRI also tracks health & beauty aids and household cleaners), extensions were equally successful as new. Apparently, manufacturers are cracking the code on getting a larger return when leveraging existing brand equities by creating excitement and distinguishing the new items on the shelf.

This year, net-new brands Frito-Lay's Flat Earth fruit and vegetable chips, Stride gum and Vault beverages are experiencing great success.

Nutrition, weight and disease

There were 916 new food and beverage product introductions across food, drug, and mass channels (excluding Wal-Mart) in 2007, compared with 908 in 2006. While taste, variety, and convenience continue to be important to consumers, health and wellness is the current rage.

Food and beverage winners in 2007 offer high-demand nutrition, weight management and disease management solutions. Their success points to a fundamental shift in consumers' perceptions of food — not only a source of enjoyment and satisfaction, but a health solution with the potential to deliver very specific benefits, such as low sodium to manage high blood pressure, probiotics to boost immunity and whole grains for a healthy heart.

As aging baby boomers find their blood pressure rising, it's not surprising that salt reduction led the way in 2007. And lowering salt is perceived by consumers to be good for the entire family. The winner was Campbell's Reduced Sodium Soup, which consists of 85 SKUs, and was the top selling brand with sales of $101 million in the first year.

Birds Eye Steamfresh offers a quick and convenient way to cook frozen veggies while retaining taste, texture and nutrients and using a packaging technology that will change other frozen foods. Fiber One snack bars deliver 35 percent of the recommended daily fiber intake and they are ideal for on-the-go consumers. And Sara Lee Hearty & Delicious breads deliver both fiber and whole grains.

DanActive yogurt drinks give immunity a boost, and Dannon Activia Light aids digestion. Extending day parts, Gatorade A.M. (with sales of $70 million) sports drinks were introduced for morning routines and to replenish fluids lost during sleep. Vault soft drinks provide a boost for energy-impaired, overworked consumers.

"These brands are case studies in how to surpass abysmally low new product success rates in the CPG marketplace, where less than 5 percent of new brands reach $50 million in year-one sales," says Anne Berlack, executive vice president, IRI Business and Consumer Insights. "The New Product Pacesetters highlight not only the brands that won over consumers, but also what distinguishes them from the thousands of other products available on store shelves today."

Reward factor

Indulgence without calories was very appealing to consumers, as evidenced by the strong performance of Heineken Premium Light beer and Diet Pepsi Jazz, which comes in unique flavors such as Caramel Cream.

In fact, reduced calorie benefits in general were far more prevalent this year. Portion control is in high demand, as evidenced by Frito-Lay Mini Bites, Hershey's 100 calorie candy and Quaker Chewy 90 calorie granola bars.

Snack bars and cereal remain the most productive food and beverage categories in Pacesetter intros, but categories including salty snacks, beer, ready-to-drink coffee and tea and bottled water stepped up offerings.

Consumers expect convenience in new products, but it is notable that this benefit must be paired with other high-demand benefits, such as health and wellness. The proof in the pudding is that the percentage of food and beverage products offering extra convenience, added portability and ready-to-use attributes dropped slightly to 23 percent compared to 24 percent in the 1997-2007 timeframe.

Already, IRI is tracking next year's Pacesetters. The likely candidates are a mix of healthier and more indulgent products, sharing a common theme of offering multiple benefits. Healthy Choice Café Steamers deliver the convenience of microwave steaming with tasty low-calorie restaurant-inspired recipes. Progresso Light soup offers weight management benefits at only 60 calories per serving but also high fiber and a full serving of vegetables.

On the beverage front, multiple benefits is key. Miller Chill is a light beer with the unique flavors of lime and salt. Diet Pepsi Max offers ginseng in addition to caffeine, and Coke Zero Cherry offers a sweet, indulgent taste.

And while health and wellness attributes continue to be vitally important, we are also seeing more indulgent products with added benefits. Hormel Complete meals are shelf-stable and ready to eat in 90-seconds. DiGiorno Ultimate frozen pizza contains premium ingredients. Oreo Cakesters and Hostess 100-Calorie packs offer portion control.
Dreyer's/Edy's Loaded ice cream is loaded with indulgent mix-ins, such as cookie dough and brownies, creating an ice cream shop experience.

It is, indeed, important to note that while consumers are trying to eat healthier, change has been slow. IRI's 2008 Snacking Study found consumers still allocate two-thirds of their snack spending to indulgent products — evidence there is still room for innovation in indulgent products as well as in healthier ones.

But health and wellness is the industry's mantra. "During the next year, demand will explode for functional food and beverages that deliver health benefits beyond basic nutrition," says Berlack. "Retailers and manufacturers that marry functional benefits with effective consumer education, as Dannon did this year with DanActive immunity-boosting beverages, will win big."

Food as Health Solution

The appearance of several functional food and beverages on this year's Pacesetters list points to a very powerful underlying trend that will gain significant momentum in the coming year: consumers are increasingly viewing food and beverages as health solutions.

Products delivering disease management and prevention benefits will be far more prevalent over the next few years, and increased availability will further fuel changes in consumer attitudes and approach to diet. Antioxidants, immunity-boosting ingredients, cholesterol-lowering ingredients and digestive aids will be in high demand.

Experiential consumption

Consumers are increasingly seeking exceptional experiences—both sensory and premium. Demand is on fire for new tastes and flavors, fueled by demographic shifts, including population aging (as we lose our sense of taste when we age) and growth in ethnic markets. In addition, despite an unfavorable economy, consumers are gravitating toward premium products across select product categories, including chocolate, coffee and beer. This quest for unique, satisfying experiences likely will not wane if we officially head into recession, as small indulgences become even more important when times get tough.

Sustainable packaging

With one-fifth of consumers "sustainability-driven" in their brand choice, there is a major opportunity to differentiate food and beverage brands through packaging that is reduced, biodegradable or made from recycled materials. Yet, few food and beverage manufacturers have made significant packaging changes to date. Fewer still have communicated sustainability improvements in packaging or other areas directly to consumers—opening up a whole new source of competitive advantage for early market leaders in this space.

New technologies

The enormous success of Birds Eye Steamfresh, which leverages steam-cooking technology, will pave the way for a major focus on new cooking methodologies that deliver added convenience, as well as other technologies to preserve food freshness and flavor.

ORGANIC

U.S. Organic Industry Overview

The U.S. organic industry grew 17% overall to reach $14.6 billion in consumer sales in 2005. Organic foods, still by far the largest and most clearly defined part of the organic industry, grew 16.2% in 2005 and accounted for $13.8 billion in consumer sales. Other organic products or 'non-foods'—including personal care products, nutritional supplements, fiber, household cleaners, flowers, and pet food—grew 32.5% from a much smaller base of sales and totaled $744 million in U.S. consumer sales in 2005.

Organic Food Market

The $13.8 billion in consumer sales of organic foods in 2005 represented 2.5% of total U.S. food sales, a 'penetration rate' that has grown from 0.8% in 1997. Organic foods have shown fairly consistent annual growth rates of 15% to 21% since 1997, when fairly comprehensive data was first available. Anecdotal data based on historical surveys and interviews with long-time participants in the organic foods business place growth estimates in a similar range of nearly 20% annually since 1990. Source: *Nutrition Business*

Journal estimates based on OTA's 2006 Manufacturer Survey, annual *Nutrition Business Journal* surveys of manufacturers, SPINS, and other sources.

Organic Food Channel Distribution

As organic foods become part of the American mainstream, they are increasingly found in more mainstream retail establishments. Although the independent natural grocery or health foods store laid the tracks for the organic foods manufacturer and supplier, sales have since penetrated many other channels to the point that independent natural food stores represented less than 25% organic food sales for the first time in 2005. The largest natural food chains (led by Whole Foods Market and Wild Oats grocery retailers) represent an estimated $3.2 billion of total organic food dollar sales, so together the natural channel represented 47% of U.S. organic food sales in 2005.

Roughly 46% of total organic food dollar volume was sold through the mass-market channel, which includes supermarkets/grocery stores, mass merchandisers, and club stores. The remaining 7% was made up of farmer's markets, food service and other non-retail-store sales.

IV. Market Visits

Devon Street Market
1440 W Devon Ave
Chicago, IL 60660
(773) 338-2572

The Devon Market specializes in Eastern European products (Bulgarian, Moldovan, Serbian, Romanian, Macedonian and Ukranian). They carry absolutely everything from sweet and dry wines to fresh fruits, vegetables, baked goods and processed foods.

They do carry numerous products that are not available in mainstream groceries: Asian eggplants, baby bok choy, rapini, tomatillos and a vast array of peppers, cheeses and processed goods. Traditional breads abound - big round loaves of chewy white bread, often fresh out of the oven. Their other specialty breads include Italian and various whole grain or Euro styles.

The East Europe import aisle has lots of wonders - 2 lb jars of acacia honey, many different kinds of canned fish, ajvar and other salads in jars, whole grain buckwheat and other grains, multiple brands of Turkish coffee and European chocolates.

Unlike the major groceries, shops like the Devon market are rather tiny and hard to manage. This is typical of ethnic groceries in the U.S., where average floor sizes are typically about 1/10 the size of the average mainstream retail shop.

Sam's Club
608 SW 8th St.
Bentonville, AR 72712-6097
Phone: 479-277-7000

Sam's Club is the #2 US warehouse club chain (behind Costco). A division of Wal-Mart Stores, SAM'S CLUB accounts for 12% of Wal-Mart's sales. SAM'S CLUB runs some 575 "no frills" stores in 48 US states, plus another 100 or so stores in Brazil, Canada, China, Mexico, and Puerto Rico. The chain's 47 million-plus members -- many of them small-business owners -- pay an annual fee to shop there. The stores average 132,000 square feet and offer more than 4,000 discounted items, including bulk office supplies and food, electronic goods, jewelry, clothes, insurance and travel services, and Member's Mark store-brand products. Most clubs sell fresh meat and produce and have bakeries.

Sam's Club does not carry a high volume of ethnic food products. In fact, Sam's Club typically only has one or two brands of product available, in extremely large quantities. This allows Sam's Club to negotiate low prices and minimize the purchasing process.

Dominick's
1340 S Canal St
Chicago, IL 60607
(312) 850-3915
(312) 850-0398
dominicks.com

Dominick's Finer Foods is a member of the large Safeway family. The company is the second-largest supermarket operator in the metropolitan Chicago area (after the SUPERVALU-owned Jewel-Osco supermarket chain). Dominick's has about 80 stores; including about 30 "Lifestyle" stores with upscale deli and bakery departments and expanded produce areas, floral departments, and in-store cafes. The rest are mostly conventional supermarkets. Dominick's also operates a commissary that produces its prepared foods. Supermarket giant Safeway, which bought Dominick's in 1998, has decided to keep the chain, which was on the block in the early 2000s, but failed to attract a buyer. Dominick's employs 18,000 workers and boasts over $2 billion in annual sales.

Macedonian visitors stopped at the Dominick's on the west side of Chicago and saw numerous Eastern-European style products for sale, but none of Macedonian origin. Several roasted pepper products were for sale with origins in Turkey, Italy, Mexico and California.

The potential for Macedonian products such as Ajvar or similar products to be carried in a retail store like Dominicks is present, but repackaging is necessary. Ajvar would need to be called "roasted pepper spread" or something similar to enable mainstream consumers to better-understand what they were buying.

Whole Foods
1101 S. Canal St Suite 107
Chicago , Illinois 60607
Phone: 312.435.4600
Fax: 312.435.4640
www.wholefoodsmarket.com

Founded in 1980 as one small store in Austin, Texas, Whole Foods Market is now the world's leading retailer of natural and organic foods, with more than 270 stores in North America and the United Kingdom. To date Whole Foods Market remains uniquely mission driven: They're highly selective about what they sell, dedicated to stringent Quality Standards, and committed to sustainable agriculture. Most processed vegetables sold in Whole Foods are either certified organic or produced by local and regional suppliers.

Whole Foods obtains its products locally and from all over the world, often from small, uniquely dedicated food artisans. They strive to offer the highest quality, least processed, most flavorful and naturally preserved foods. Whole Foods charges premium prices for all its goods and is considered distinctly upscale. Packaged goods all carry a high-value image and packaging style.

FORTUNE magazine ranked Whole Foods Market (Nasdaq: WFMI), the world's leading natural and organic foods supermarket, number 16 on its 2008 list of the "100 Best Companies to Work For." The Company has made the list consecutively for 11 years and is one of only 14 companies to be named every year since the list's inception.

V. Fancy Food Exhibition

On Display

The exhibitors at the Macedonian booth showed an array of products including roasted peppers, pickles, Ajvar, Ljutenica, cabbages, stuffed peppers, and mushrooms. Visitors could see the products to discuss private label and branded product purchases. Many visitors came into the booth to discuss products and see the packaging and quality up close.

Taste Testing

Visitors were also given the opportunity to sample the products directly. Using a variety of savory snacks and breads, the exhibitors served both spicy and mild Ajvar to attendees. Because many visitors were unfamiliar with Ajvar, small signs accompanied the samples explaining what ingredients were contained in the product, how it could be served in this market and even how to pronounce the product. This helped immensely as once the visitors knew the ingredients, it sounded appealing to them. In fact, visitors were extremely impressed with the roasted pepper flavor and could imagine numerous uses for the product, including a pasta topping, an hors d'oeuvre spread, as a ravioli filling and as a side dish.

Booth Meetings

There were literally hundreds of booth meetings, some single taste tests and others requiring the answering of simple questions. However, exhibitors were also given a chance to meet with numerous leaders in the industry and the following is a summary of some of those encounters. Throughout the three day event, several companies asked for quotes on full and multiple container loads of products. Among just a few of the many meetings held, the following is a glimpse of some of the meetings held at the show.

DELALLO FINE FOODS

We provided a tasting of four different pepper products for Delallo Fine Italian Foods Director of New Business, Fred Mazur. He said they are currently in the process of developing toppings for bruchetta and pasta toppings and that the pepper concepts were of interest. Took him over to meet the Macedonian folks and helped him take back samples of the various pepper products for the Delallo folks to sample at their booth. The products were provided by the various representatives at the Macedonian booth and the samples included:

1. Ljutenica – red pepper, garlic, carrots, parsley.
2. Mediterranean roasted pepper – roasted pepper, tomatoes, parsley, garlic
3. Red/green roasted peppers – peppers, carrots which we described as, “summer bruchetta” to try to get interest up!
4. Homemade adjvar vegetable spread of roasted pepper and eggplant

The company sells jars of red peppers and pickles which it sources from various places in the world. Also trays of olives, artichokes, pickles for self-serve supermarket bars. The buyer of the company for pepper products is Anthony D. Piezo. Fred provided the folks at the booth with his business card.

ROLAND FOODS

Another major purveyor of jarred pepper products was Roland Foods. TJP visited this company and brought a representative to visit the Macedonian group at the booth and to see the various jarred products.

USDA Organic Certification

Brought some of the group to the USDA booth and they were given a booklet to the legal requirements for organic certification. Were also told that there is a list of organic certifiers on line that they can select from. Some certify for booth Europe and the USA . There was discussion of the term “wild harvest” and the term, “wild” was pointed out in the booklet.

SAM'S CLUB

Large and small buyers were at the show. Visited with the VP fresh merchandising for Sam's Club. He is currently purchasing cultivated shitaki mushrooms. He is from Arkansas and handles the meat, bakery, produce, deli, and commercial meats procurement for Sam's Club (750 skus) Suggested that packages of mushrooms have a story included on how they are wild and hand harvested. Is interested in samples. Said that a company such as Whole Foods charges a 20% premium so that can give and gauge for area of what Sam's would be working in. They want volume. Purchase mushrooms by the palate and quantity is determined by the volume that moves. Start small and go from there. Currently purchases shitaki mushrooms by the palate (144 screw top containers per palate). They are affiliated with Walmart which has 96 million customers per week and 140,000 items per store. Was only interested in the mushrooms and appeared to be very price sensitive.

EDEN FOODS

Made an appointment for the purchasing department manager from Eden Foods Inc. to visit the Macedonian booth to see the bottled items. Thought it would be interesting to view concepts that could be produced under the Eden label. He came and viewed the items. Obtained business cards from exhibitors. This is a large organic company.

MAITAKI

We set up appointments with companies selling mushrooms at the show – both US and Canada . There was good interest. A neighboring booth was selling cultivated dried mushroom powder from Japan for healthy beverages. Met with the mycologist of the company. Was told that one of the Macedonian companies had tried producing the same mushroom but had difficulty selling it in country so has since discontinued this project.

AMY's FOODS

Met with the COO of Amy's food company. They purchase 2 million lb. of peppers and use shitaki mushrooms in their products. They do local sourcing and prefer to go through other vendors to obtain products rather than do direct purchasing from out of the country. Good opportunity to show some of the products available from Macedonia.

Exhibitors

The following individuals were attendees at the Republic of Macedonia booth.

- Mr. Tose of Intermak
- Zorance Kolakov
- Sasho Risteski
- David Ropa – TJP
- Deborah Payne – TJP
- Vlatko Kostadinov – Intermak
- Darko Nashkov – Lars
- Dragi Stoimirovski – Univerzal Promet
- Trajko Alcinova - Altra
- Lepa Alcinova- Altra
- Venko Lazarov – Univerzal Promet
- Boban Zaev – Trgoprodukt
- Vasko Traev – Trgoprodukt
- Marjan Mitev – Trgoprodukt

VI. Processing Equipment Suppliers

Urschell Laboratories
Contact: Steven Johnson
2503 Calumet Avenue
Valparaiso, Indiana 46384
Phone: 219 464 4811

Nobody in the world builds a machine as well as Urschel Laboratories, Inc. With the company's longstanding history and design philosophy, it is easy to see how quality is built into every part manufactured. This philosophy began in 1910 and continues on with Urschel employees who are dedicated to this high level of excellence and precision.

Urschell currently supplies the equipment that cuts and dices approximately 90% of the world's processed vegetables. The company is extremely successful and is the leading name in vegetable processing equipment. As the Macedonian visitors remarked, they had a chance to visit the "Mercedes" of food processing equipment. Although the cost of Urschell equipment is not in line with the cost constraints of their current business, the meeting at Urschell was informative, eye-opening and impressive.

Meet with Mark Israel of Loeb Equipment
4131 South State Street
Chicago, IL 60609
PH 773-451-3660
Main 773-548-4131 x106
Fax: 773.548.2608
www.loebequipment.com

Loeb has a wide range of equipment available to its customers and is able to source nearly any type of processing equipment imaginable. The following is the list of items that Loeb has or can make available:

Aerosol Equipment	Autoclave Sterilizer	Palletizer and Depalletizers	Pharmaceutical Equipment, Misc	Reactors, Pressure Vessels
Bag Sealer, Jaw, Band, heat, Stitch	Bagger, Preformed Bag	Peeler Vegetable	Wrapper	Roaster, Bean Nut
Bakery	Baler Trash Cardboard, Bag Compactor	Pharmaceutical, Counter Tablet	Plant, Complete Facility	Scale, Circular, Rotary, Inline, Linear
Blancher	Blister Packaging	Plant maintenace	Popcorn Popper	Shrink Tunnel
Boiler	Bottle Unscrambler	Plastic Equipment	Press, Tablet	Skin Packaging
Bowl Chopper	Breader and Batterers	Press	Pulper Finisher, Extractor	Smokehouse Equipment
Brew Kettle Beer, Misc	Bucket Elevator	Printing, Can Bottle Silk Screen	Dump Station, Bag	Super Sack Handling
Can Seamer	Capper	Pump	Dust Collector	Table, Heat, Cold, Cutting or Prep
Cartoner	Case Handling	Retort, Basket or Continuous	Electric Generator	Transportation Vehicles
Centrifuge	Checkweighers, Combo Units	Roller Compactor	Evaporator, Thin Film,	Tunnel, Cooling Straight Line
Chemical Processing Equipment, Misc	Clean in Place CIP C I P, COP C O P	Seasoning Drum Coater	Extruders, Food Grade	Vacuum Pan Cooker
Filler	Color Sorters	Fryer, Oil Roaster	Feeders	Washers
Column, Distillation, Pack or Tray	Complete Processing or Packaging Lines	Meat Equipment	Filters	Sifter, Screener
Compressors	Compressors, Air and Gas	Metalworking Equipment, Misc	Form Fill and Seal	Slicer, Dicer
Confectionary	Converting	Mills	Freeze Tunnels	Soap Bar Equipment
Conveyor	Cooling Tower	Mixer	Gas Flush, MAP, Nitrogen	Kettles
Dairy, Egg and Cheese Equipment	Deaerator, Versator	Office Equipment or Furniture	Grinders	Tunnel, Pasteurizer
Dryer	Dryer, Oven, Toaster, Impingment	Packaging Equipment, Misc	Heat Exchangers	

Contact: Sean Prena
Frain Industries
313 Rohlwing Road
Addison, IL 60101
PH: 630-629-9900
FX: 630 629 6575
www.fraingroup.com

The Frain Group is the largest dealer of used packaging and processing equipment and machinery in North America - ten times larger than any competitor. They have over 7,000 machines in stock and ready to ship, and a database of over 30,000 pieces of used packaging and processing equipment. Among the items that they have available, include:

- Aerosol Equipment
- Air Compressor Equipment
- Airlock Equipment
- Asset Management Equipment
- Bag Dumper Equipment
- Bag Hanger Equipment
- Bag In Box Equipment
- Bakery Equipment
- Bin Equipment
- Blancher Equipment
- Blister Equipment
- Blower Equipment
- Boiler Equipment
- Candy Equipment
- Canning Equipment
- Capper Equipment
- Cartoner Equipment
- Cartoner Accessory Equipment
- Case Erector Equipment
- Case Packer Equipment
- Case Set-Up (Tray) Equipment
- Centrifuge Equipment
- Grinder Equipment
- Heat Exchanger Equipment
- Homogenizer Equipment
- Kettle Equipment
- Labeler Equipment
- Laboratory Equipment
- Material Handling Equipment
- Meat Equipment
- Metal Detector Equipment
- Mill Equipment
- Mixer Liquid Equipment
- Mixer Paste Equipment
- Mixer Portable Equipment
- Mixer Powder Equipment
- Motor Equipment
- Oven Equipment
- Palletizer Equipment
- Pasta Equipment
- Pharmaceutical Equipment
- Plastic Equipment
- Press Equipment
- Printer Equipment
- Cottoner Equipment
- Counter Equipment
- Cutter Slicer Equipment
- Depalletizer Equipment
- Dryer Equipment
- Dust Collector Equipment
- Evaporator Equipment
- Extruder Equipment
- Feeder Equipment
- Filler Can Equipment
- Filler Cup Equipment
- Filler Liquid Equipment
- Filler Paste Equipment
- Filler Powder Equipment
- Filter Equipment
- Cleaner Equipment
- Coder Equipment
- Complete Line Equipment
- Converting Equipment
- Conveyor Equipment
- Checkweigher Equipment
- Cooler Equipment
- Seamer Equipment
- Shrink Equipment
- Sifter Separator Equipment
- Skin Packaging Equipment
- Sterilizer Equipment
- Still Equipment
- Stretch Wrapper Equipment
- Tank Equipment
- Tube Equipment
- Unscrambler Equipment
- Wrapper Equipment
- Form Fill Equipment
- Freezer Equipment
- Fryer Equipment
- Granulator Equipment
- Refrigeration Equipment
- Revolving Pan Equipment
- Scale Equipment
- Sealer Bag Equipment
- Sealer Case Equipment
- Pump Equipment
- Sealer Tray Equipment

Meet with Nik Ospina
Aaron Equipment
735 E. Green St.
Bensenville, IL 60106
630-350-2200 x7583
630-350-9047
www.aaronequip.com

Aaron is one of the world's leading dealers in the process equipment industry. Aaron's inventory contains the largest selection of process equipment in the industry. Their sales and support staff is comprised of more than fifty professionals dedicated to servicing the customer's needs. As specialists in equipment procurement, Aaron advises its clients on the availability of equipment from single machines to large plants and processes. This equipment is available on an 'as is' basis or the equipment can be reconditioned by our skilled mechanics. In fact, we are so intent on ensuring customer satisfaction, most items can be inspected under power in one of our fully equipped warehouses.

VII. Summary

There are numerous opportunities for further development of the U.S. market for Macedonian products. The reasons for these opportunities exist for three primary reasons: 1) strong demand for ethnic products, 2) advantageous trade relationships that already exist for Macedonia in the Midwest U.S., and 3) a flavor profile that completely fits with current trends in the retail and food service product sectors.

In the U.S. today, there is an increasingly high level of differentiation between products that is based primarily on marketing, not ingredient costs. Stores sell some products at extremely high mark-ups due to perceptions of value in the mind of the consumer. Perfect examples of this include retail products sold at Dominick's and Wholefoods, which carried 20-25% premiums over similar products sold at Jewel or Sam's Club and a further 40% premium over products sold at Eastern European markets in Chicago. Although numerous Macedonian products are being sold at these markets, the quantities and values of sales is extremely low. If Macedonian processors were to move beyond the sale of products to expatriate Macedonians and target more mainstream retail shops, overall sales volumes and revenue would increase.

However, in order for that to occur, numerous changes to existing product lines needs to occur. Standardization is a key component in any mainstream retail shop. Retails and manufacturers alike want to have consistency on their store shelves. If a company is going to sell a line of any product—be it jams or pickles—the jar shape, labels, caps and sizes must be consistent. This will need to be implemented more fully at the Macedonian end of the supply line in order to offer American retailers and food companies what they want.

Macedonian processors will also likely need to see their product lines become differentiated. They will still need to foster and support their importers in traditional markets. However, they will likely need to change the name or market their traditional products in a different way. For instance, in Macedonia, adjvar is eaten as a side dish. However, in the U.S., the flavor profile of adjvar makes it more suitable as a pasta filling, topping, savory spread or hors d'oeuvre. Macedonian companies will have to explore, more fully, which opportunities exist in repositioning and marketing their own products. As is often the case with traditional products being exported to new markets: the manner and use of the product will likely change. It is absolutely imperative that Macedonian processors be willing to accept that new consumers of the product may look at the product in new and different ways. ***Acceptance, not adherence to tradition, is the most important factor.***

VIII. Recommendations

There are several short-term activities that will help the Republic of Macedonia continue to make in-roads in the U.S. processed vegetable market. Over the next two years, the following activities should be considered for implementation, primarily, in the Chicago market. Because of such strong Eastern European ties, the greatest potential for consumer acceptance exists in the Midwest United States.

Trade Meetings

There are numerous professional events in the Midwest that provide access to key decision makers in the U.S. food industry. IFT meetings, suppliers nights, and technical trade talks allow manufacturers to discuss their products in order to educate members of the food industry. These events and meetings can be exploited to establish closer industry ties.

Publicity

New products need to be communicated on many fronts. Press contacts, editor tours, Internet support and web-based communication will be necessary to get the word out about Macedonian products. Once there is interest, buyers or simply curious shoppers need an avenue to travel to gather more information.

In-store Promotions

Consumers will not be willing to buy a product unless they are familiar with it already. In-store promotions and taste-tests are a useful way to get shoppers to buy a product. This is also a good method for getting a product into a retail store. Retailers want to carry products that are going to get sales and marketing support. This type of activity is useful in solidifying new retail relationships and helping develop interest in a product.

Packaging and Marketing Research

Labels and packages need to be made more upscale and consistent in order to enjoy success in the U.S. market. It may be advantageous to explore packaging and label design options in the U.S. to identify the consumer response and acceptance of traditional Macedonian products based on packaging.

Exploration of Food Service Industry

Americans now consume more food outside of the home than in. No matter what the product, manufacturers cannot ignore the U.S. food service industry. Numerous upscale, fast-food-style restaurants exist in the U.S. today that would be perfectly suited to using adjvar and other traditional Macedonian products, but would need them in bulk. It would be beneficial to the Macedonian industry to explore opportunities in the U.S. food service sector and identify the specific packaging and processing needs of future end-users.

Trade Shows

Trade shows like the Fancy Food show and others are perfect venues for getting Macedonian products into the hands of key food industry leaders. Other shows, such as the Natural Products Expo, FMI and others give processors a chance to show their products and open up new opportunities. Although the number of contacts reached may be limited, the importance of those contacts cannot be underestimated.