

Consumer Internet Trends and Growth Driven by Food Category

Food Tech & Media Map Reveals Dynamic Industry with Consolidation Under Way

July 30, 2012 New York, NY – Only 50% of U.S. households own a smartphone, but 100% think about what’s for dinner each day. As a central aspect of daily life, food is a driving force of consumer engagement in the technology and media industries, and an integral component to many digital trends and innovation in the space. From home cooking to neighborhood discovery to the restaurant experience, the increased digitization of the food world has spurred rapid change in how consumers interact with brands and businesses, and created notable opportunities for industry players.

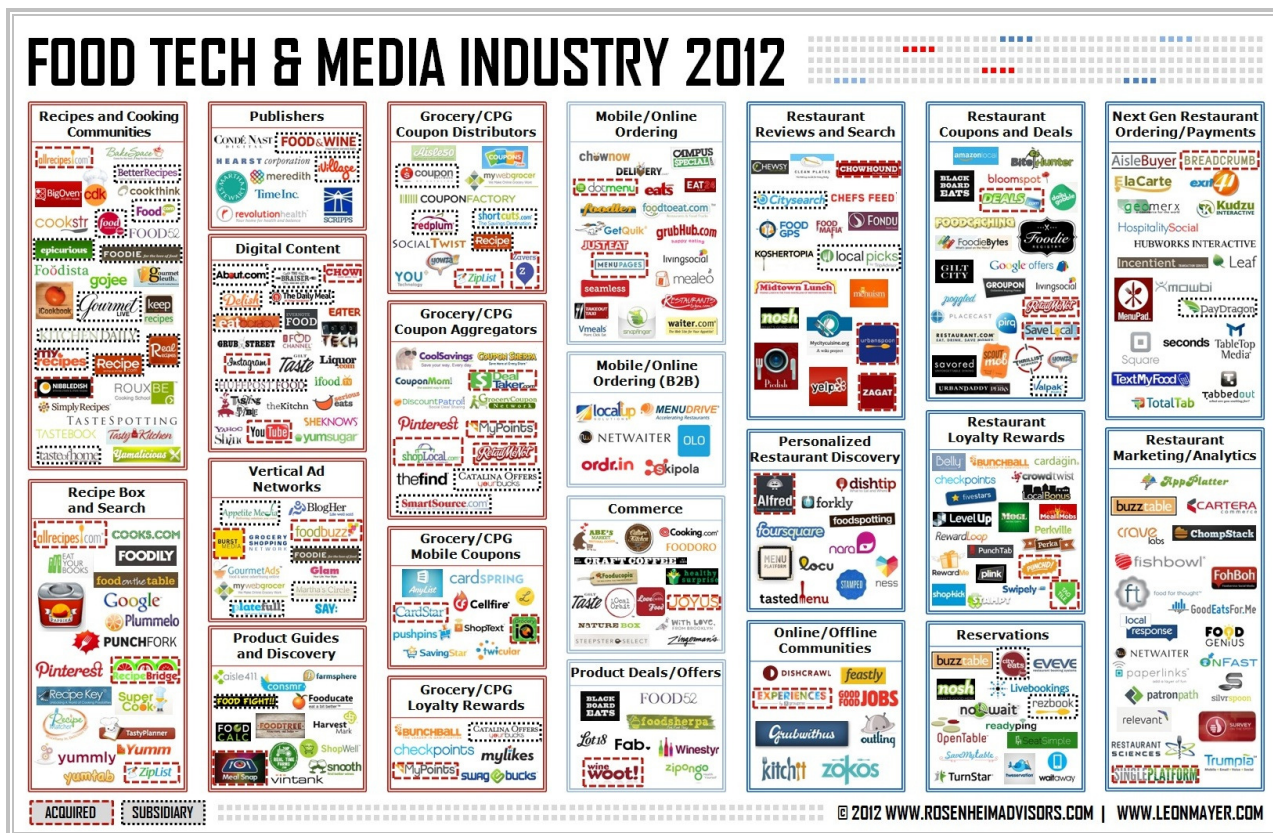
“Whether through ‘Likes,’ ‘Pins,’ ‘Check-ins,’ Sponsored Tweets, group coupons, local ad spend, mobile payments, digital commerce or curated content – every major consumer Internet company is already focused on food as a vertical, and many have been actively acquiring start-ups with significant exposure to the space,” explains Brita Rosenheim, Principal of Rosenheim Advisors, a strategic and financial consulting firm. “As competition for consumer mindshare intensifies, maintaining a leading edge in this space will be integral to the growth strategies of tech and media giants,” she continued.

In an effort to categorize the variety of technology and media players transforming how consumers discover, cook, order, consume, and enjoy food today, Rosenheim Advisors and León, Mayer & Co. have partnered to create the **Food Tech & Media Industry Map**. The Map highlights over 300 start-ups and veterans operating in the primary segments of the sector, and reveals areas that have been heavily targeted by established brands and acquirers, as well as the areas where near-term consolidation is likely to continue. The Map may be viewed or downloaded at: www.rosenheimadvisors.com.

The last several years have seen a vast proliferation of start-ups in the food-related tech and media industry. In the past 18 months approximately \$1.5 billion has been invested in private U.S. companies with a focus on this vertical; more than 50 significant investments have been made in 2012 alone. After a period of broad, start-up led innovation, the sector is now witnessing notable institutionalization and consolidation with Google, Facebook, Groupon, Meredith, Condé Nast, Constant Contact, Amazon.com, AOL Inc., Scripps Networks Interactive, and Catalina representing some of the prominent participants and acquirers.

Among the numerous segments in the ecosystem, consumer Internet companies are likely to bolster their platforms through food-related investments in the following areas:

- *Social Media* – Food is inherently social and is already a robust vertical among community-focused companies, as partly revealed by food’s prominence in the online and mobile advertising categories. Driven by sharing and discovery using both traditional and visual social networks, these users are a highly sought-after audience.
- *Mobile Technologies* – Consumers are increasingly dependent on their mobile devices to search for recipes, create grocery lists, store coupons, order take out, make reservations and decide where to eat. Mobile is a key component in helping brands and businesses identify, court and retain high-value customers, thus closing the redemption loop.
- *Local Discovery* – Restaurants, bars and food shops have realized that a digital platform is imperative in order to increase visibility, and a proliferation of new merchant services helps them connect directly with customers in compelling ways. Furthermore, just as the broader tech industry is increasingly using metadata to enhance personalization, consumers are beginning to expect local search results to deliver foods, experiences and offers aligned with their preferences.
- *Commerce* – From mobile payments to subscription boxes to loyalty rewards to content commerce (a retail-editorial hybrid), innovators have begun to disrupt traditional models within areas of food-related commerce. Beyond simply selling items or collecting transaction fees, successful new models merge the physical and virtual worlds by utilizing data, analytics and ingenuity to generate new methods of creating and capturing value.



The **Food Tech & Media Industry Map** breaks down the industry into the following key segments: Recipes and Cooking Communities, Recipe Box and Search, Publishers, Digital Content, Vertical Ad Networks, Product Guides and Discovery, Grocery/CPG Coupon Distributors and Aggregators, Grocery/CPG Mobile Coupons, Grocery/CPG Loyalty Rewards, Mobile/Online Ordering, Commerce, Product Deals/Offers, Restaurant Reviews and Search, Personalized Restaurant Discovery, Online/Offline Communities, Restaurant Coupons/Deals/Loyalty Rewards, Reservations, Next Gen Restaurant Ordering/Payments, and Restaurant Marketing/Analytics. The Map is meant to change as the industry changes, and as such depends on the ongoing insight of the food tech and media community. For feedback, suggestions, or questions, please email brita@rosenheimadvisors.com.

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Rosenheim Advisors (www.rosenheimadvisors.com) is a strategic and financial consulting firm based in New York City, focused on the food-related tech and media sectors. The firm delivers targeted advice to start-ups and entrepreneurs, and has a strong track record of creatively and strategically positioning clients for maximum market impact.

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