

2011 Kilwins Fall Regional Meeting

Welcome
Franchisee's
Regional Meetings
Recap Webinar

Please Dial

866-740-1260

Access Code: 7583923

Passcode: 4800

"Sweet in every Sense since 1947"



Today's Webinar Agenda

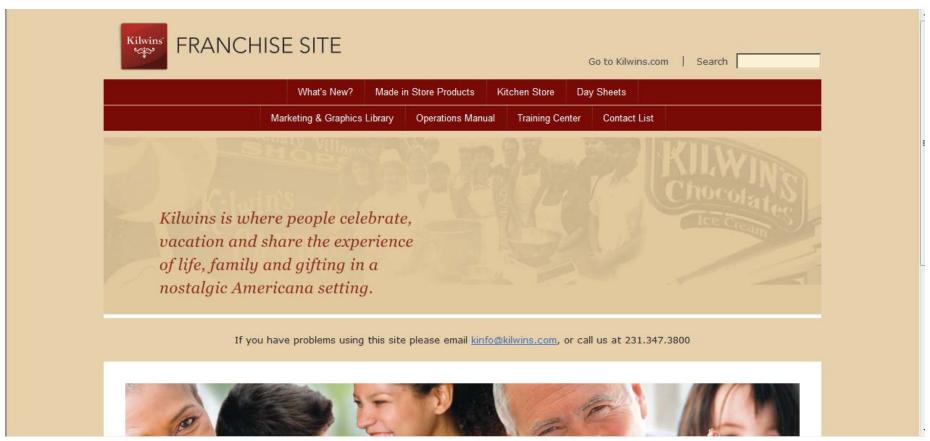
- Welcome & Agenda Tom Kollar
- Opening Remarks & Brand Experience
- Style Guide Update Ron Brunette
- Brand Planning Calendar 2012 Ron Brunette & Jeff Hall
- "My Kilwins Club" Jeff Hall
- Franchise Relations / Store Support Update Tom Kollar
- Distribution Discounts Joe Audia
- Packaging Update Ron Brunette





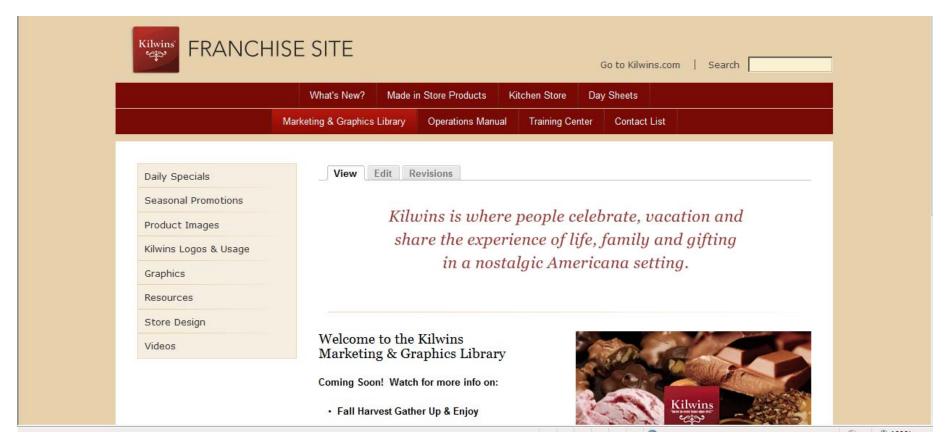


New Franchise Site





Marketing and Graphics Library



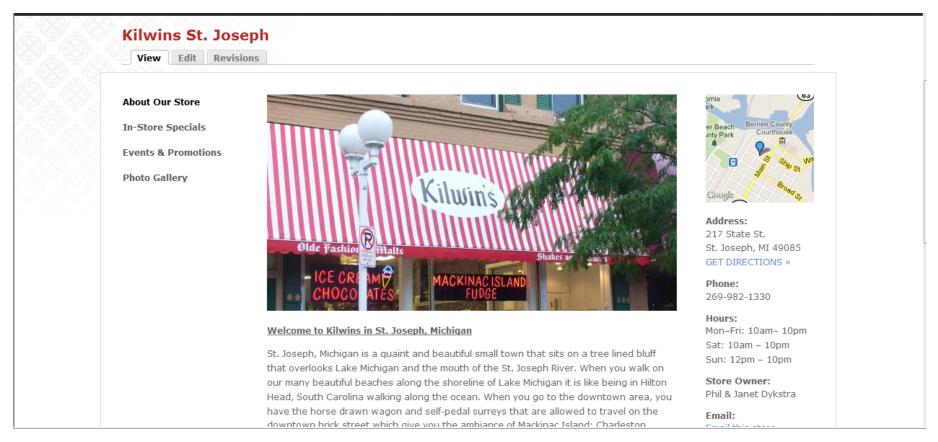


Kilwins Global Website





Store Web Pages

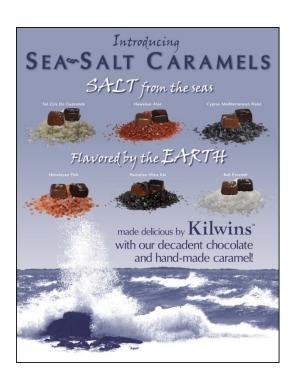




Seasonal and Promotional Collateral











"Sweet in every Sense since 1947"



Facebook Pages





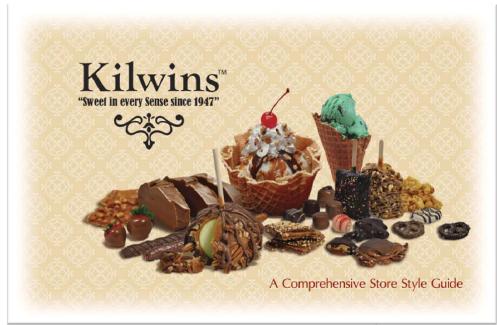
2011 Kilwins Fall Regional Meeting

Style Guide Update



NEW CONCEPT STORES & IN-STORE UPDATES

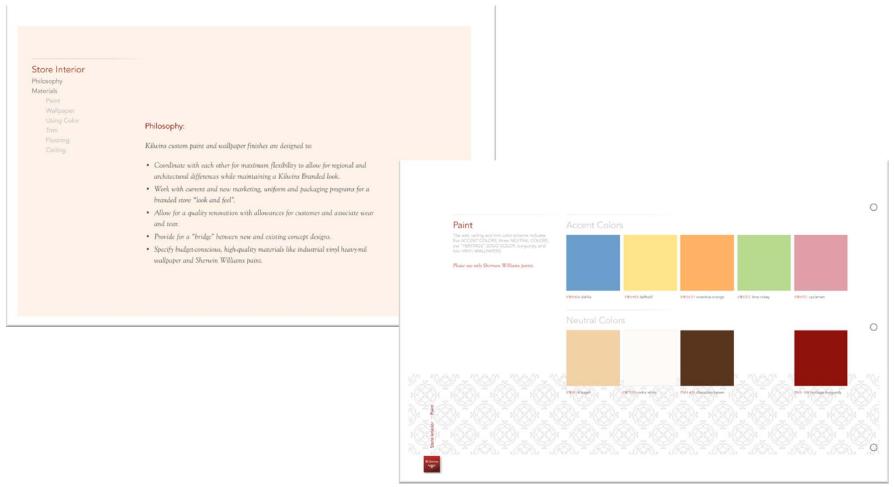






| Store Lock and Feed | State States | States States | State States | States States | States

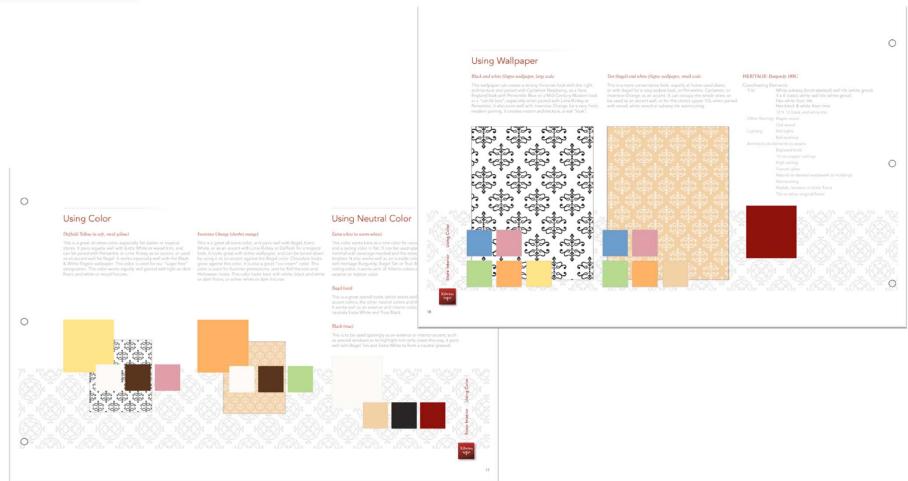




















"Sweet in every Sense since 1947"









"Sweet in every Sense since 1947"







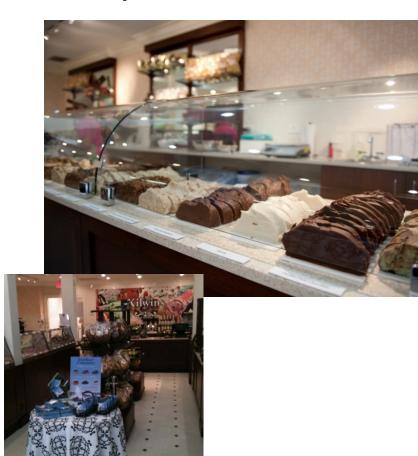


"Sweet in every Sense since 1947"



Key West, FL







Key West, FL









Wyckoff, NJ



"Sweet in every Sense since 1947"



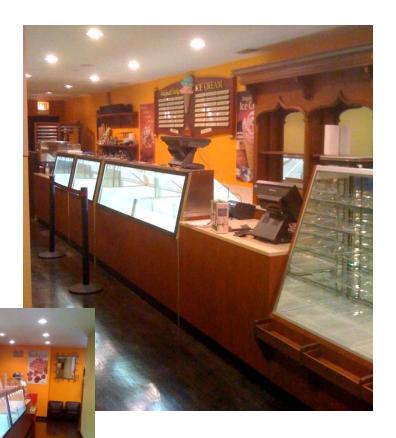
Holland, MI



"Sweet in every Sense since 1947"



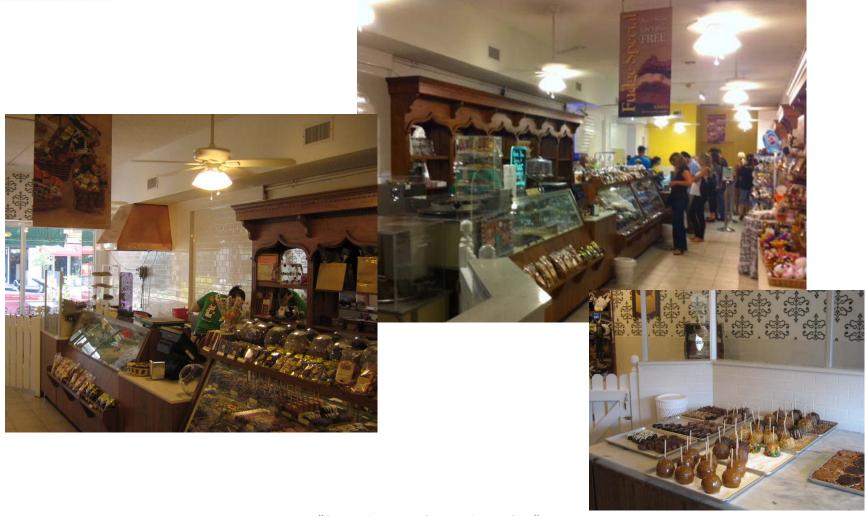
Chicago, IL





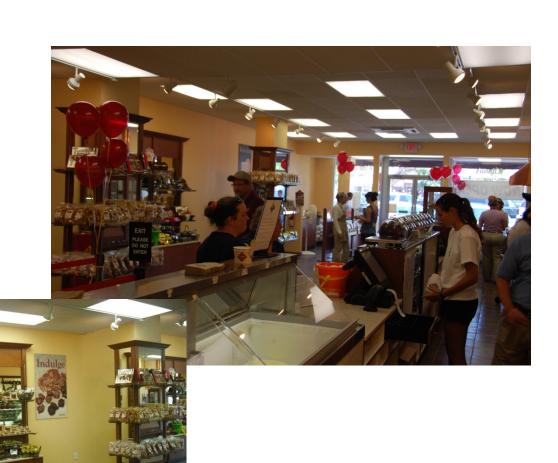


Ft. Lauderdale, FL





Rehoboth Beach, DE





Updated Stores



Gettysburg

Panama City

"Sweet in every Sense since 1947"





The Next 18 Months



Build Awareness To Brand



- Grow Store Sales and Profitability
- Connect & Build Relationships With Customers
- Build a Cadence For Seasonal Promotions



Calendar Activation Model

- Seasons
- Holidays
- Events
- Customer Emotion

- Frequency
- Relationships
- Unique / Wow Factor
- Scarcity OK
- Solutions



Calendar Activation Model

Season/Holidays/Events

- Products
- Marketing Package
- Digital Plan
- Training

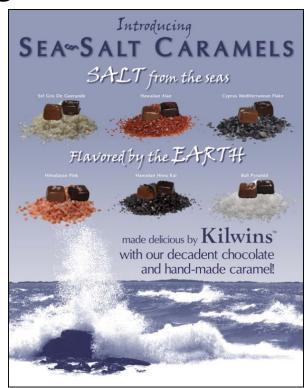




Calendar Activation Model

Event = Sea-Salt Product Introduction Launch

- Product
- Marketing and Collateral Package
 - Displays, Graphics, Coupons
- Digital Plan
 - On-line
 - Facebook
 - eBlasts
- Training
 - Webinar Series





Spring 2012

- Valentine's Day
- St. Patrick's Day
- Easter
- Administrative Assistant Day
- Mother's Day





Summer 2012

- Americana Summer Fun
- Father's Day
- Graduation
- Weddings / Parties



Brand Planning Calendar

Fall 2012

- Fall Harvest Theme
- Halloween
- College Care Package
- Hunting/Football/World Series Themes
- Grandparents Day
- Bosses/Sweetest/Veterans Day
- Thanksgiving



Brand Planning Calendar

Holiday 2012

- Christmas
 - Nutcracker Theme



Announcing My Kilwins Club!





- Brand Experience
- Promote "My Kilwins"
- Build the Customer Base
- Sign-up and Club Activation



Store Reverse Royalty Program



Club Sign-Up

- Via Website
 - 10-15/day
- In-Store
 - Form
- QR Code





	Sign up	Form		
Kilwins	Name:			
ct3,	Em ail Address: REQUIRED			
	Address:			
	Phone:	CITY	STATE	ZIP
Please tell us	about yourself: I'm () male () female		
My favorite Ki	lwins store is:			
	h: My a			



Club Activation

- Current Membership (1522)
 - MUST have valid email address (required)
 - Option to Select "My Favorite Kilwins Store"
 - In Store via form (consider offering weekly \$25.00 drawing)
 - Web Site (historically 10-15 per day)
- eBlast Marketing Campaigns
 - Welcome to the "My Kilwins Club"
 - Don't Let Go Of Summer (10% off)
 - Sea-Salt Caramels (\$1.00 Off 12 piece assortment)
 - eBlast for Miami Beach Sea-Salt Caramels



Reverse Royalty Program*

- 5% Reverse Royalty Paid to Stores For "My Favorite Kilwins" Online Store Royalty Sales
- KCF Fulfills All Orders
- 1% Monthly Contribution to Marketing Fund Paid By Kilwins Online
- My Kilwins Club "Kick-Off" Incentive Program**

^{*}We may change the Reverse Royalty Program and Policy in the future

^{**}Incentive program runs from November 1, 2011 – December 31, 2012



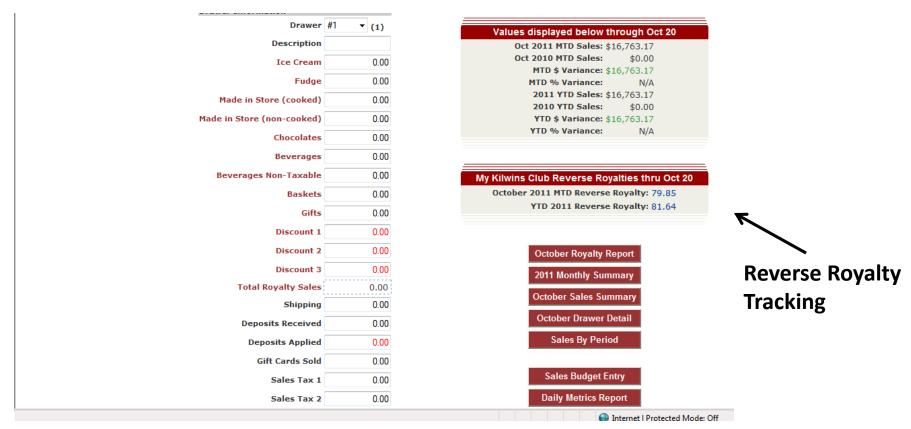
Reverse Royalty Program

- 5% Reverse Royalty Paid on Online Sales less discounts, shipping, gift cards, taxes, returns
- Determined By Valid Customer email Address and "My Favorite Kilwins" Store Selection
- Tracked Via Day Sheet Application on Franchise Site
- Reverse Royalty Checks Cut Quarterly





My Kilwins Club Reverse Royalty





My Kilwins Club Reverse Royalty



Reverse Royalty Report

Begin Date: 10/01/2011 End Date: 10/20/2011

Order ^	Date	Order Amt	Qualified Amt	Percent	Royalty Amt
311	10/01/2011	34.00	25.50	5.00	1.28
312	10/02/2011	120.96	66.98	5.00	3.35
313	10/02/2011	28.99	23.74	5.00	1.19
314	10/02/2011	25.50	17.00	5.00	0.85
319	10/03/2011	25.98	12.99	5.00	0.65
320	10/03/2011	42.50	25.50	5.00	1.28
321	10/04/2011	59.98	35.99	5.00	1.80
322	10/04/2011	572.80	286.40	5.00	14.32
323	10/04/2011	572.80	0.00	5.00	0.00
324	10/05/2011	25.50	17.00	5.00	0.85
325	10/05/2011	45.49	34.99	5.00	1.75
327	10/06/2011	53.94	26.97	5.00	1.35
328	10/06/2011	59.50	29.75	5.00	1.49
329	10/06/2011	54.25	37.25	5.00	1.86
330	10/06/2011	38.50	30.00	5.00	1.50
331	10/07/2011	47.00	30.00	5.00	1.50
332	10/07/2011	74.85	24.95	5.00	1.25

[&]quot;Sweet in every Sense since 1947"



2012 "Kick-Off" Incentive Program*

emails**	Reverse Royalty		
Up to 2000	5%		
2000+	7%		
3000+	10%		
4000+	15%		
5000+	20%		

^{*}Program runs November 1, 2011 – December 31, 2012

^{**}Must be unique valid email address selecting your store as My Favorite Store, opting into club, calculated monthly





Standard Reverse Royalty

Store Supplies 5000 emails**

Reverse Royalty = 5%

Assume 13 orders/mo

Avg on-line order = \$25.62

Monthly Payout = \$16.65

Annual Payout = **\$199.84**

^{*}Incentive Program runs November 1, 2011 – December 31, 2012

^{**}Must be valid unique email address, selecting your store as My Favorite Kilwins store





Reverse Royalty Incentive*

Store Supplies 5000 emails**

Reverse Royalty = 20%

Assume 13 orders/mo

Avg on-line order = \$25.62

Monthly Payout = \$66.61

Annual Payout = **\$799.34**

^{*}Incentive Program runs November 1, 2011 – December 31, 2012

^{**}Must be valid unique email address, selecting your store as My Favorite Kilwins store





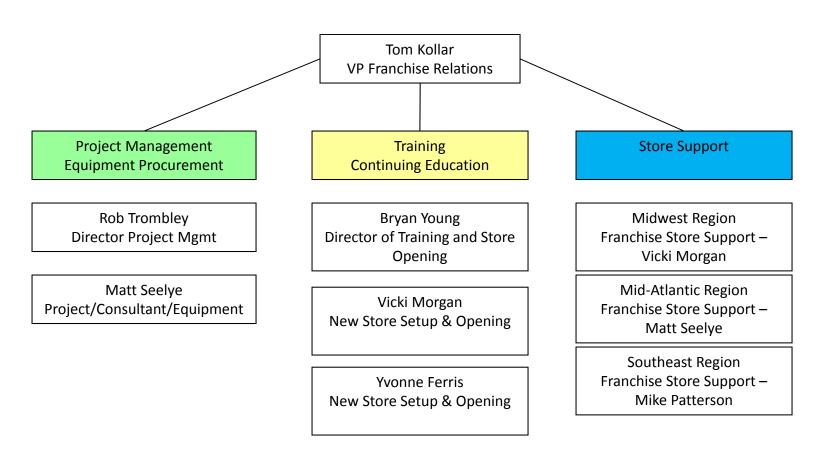


2011 Kilwins Fall Regional Meeting

Franchise Relations & Store Support



Franchise Relations Team



[&]quot;Sweet in every Sense since 1947"



Franchise Relations and Store Support

Objectives:

- To support franchisees in achieving sales growth and profit.
- To build stronger relationships between the franchise relations team and store teams.
- To enhance two way communication between franchise relations team and store teams.
- To deliver operations standards and maintain store alignment with Kilwins Brand Objectives.
- To Celebrate Success and Reward Performance



<u>Stores</u>

- Store Visits
 - Regular visits
 - Consistent expectations
- Store Wellness Check "5 Star Certification"
 - Tool to assist with measuring Brand Right standards
 - Development completed
 - Currently being used in stores
 - Will be completed in all 4th Quarter store visits



"5 Star Wellness Check"

Date: Kilwin's Chocolates & Ice Cream In-store Consultation for:

Store Environment

Is store entry (sidewalk, windows, seating if any) clean / good repair

1 2 3 4 5

2. Are floor, ceiling and light fixtures (lights out) clean / good repair

1 2 3 4 5

3. Chocolate / fudge case – Well stocked, clean, proper case tags, hand written 1 2 3 4 5

4. Chocolates dated, using product rotation methods

1 2 3 4 5

5. Dipping cabinet – IC (no bottom), defrosted, proper case tags, hand written $1\ 2\ 3\ 4\ 5$

6. Is the production area and equipment clean / good repair

1 2 3 4 5

7. Are employees properly groomed for food service

1 2 3 4 5

8. Back Room – Clean / organized

1 2 3 4 5

9. Storage Freezer – Clean / organized and product dated

1 2 3 4 5

- Store Environment
- Customer Service
- Merchandising & Marketing
- Approved Products
- Personnel
- Accounting Financials
- On-Line Resources
- Action Plan and Ideas



Communication

- Kilwins Spotlight
 - New Format with linked articles and attachments
 - Continue upgrades to make more informative

SPOTLIGHT NEWS

Gift Wrap

In our Spotlight two weeks ago, we mentioned that we would be unveiling our Christmas Holiday 2011 gift wrap selections, with custom-design, proprietary wrapping paper and ribbon. However, due to ongoing in-store evaluations and testing of the quality and weights of the papers, we now anticipate having them available for Valentine 2012. It is especially important that we run quality testing as we will be using a version of this paper all year long going forward, with and without ribbon, in a classic black & white, and colored holiday versions.

As we anticipate a reduced cost for our new paper, and as we promised that it would be ready by this holiday, we decided to match these prices on our existing paper, and have reduced the price of our current wrap and current ribbon to reflect proposed pricing for the new product, once testing is completed. For this holiday season we have combined the Kilwins gold crest paper and the two wide Kilwins velveteen ribbons to come up with the look shown in the photograph below.. These item numbers are as follows:

instructions for use.



Communication

- New Webinar Series
 - Web-based learning featuring various areas of interest and continuing education
 - 2011 Webinars
 - Spring Regional Meeting
 - KCK Grand Opening Highlights
 - Store Web page
 - Social networking policy
 - Store Web page Best Practices
 - Sea-Salt Caramel Launch
 - 2012 Topics and dates forthcoming
 "Sweet in every Sense, Since 1947"



Recognition Program for your Employees

- "Exceptional Customer Experience Program"
 - Monetary Award Five (5) \$100 Winners each quarter
 - Wall Certificate
 - Spotlight Recognition
 - Began July 1st Third Quarter 2011



- "Exceptional Customer Experience Program"
- Results for 3rd Quarter 2011
 - Mary Dunham Ann Arbor, Michigan Store
 - Randy Gerencser South Bend, Indiana Store
 - Aubrey Smith Charleston, South Carolina Store
 - Reid Compagner Holland, Michigan Store



2011 Kilwins Fall Regional Meeting

Distribution Discount Program



Kitchen

Distribution Discount Program Update

As of October 26th, seven stores have hit their 2010 distribution fee threshold:

- 1. Blowing Rock #1
- 2. Blowing Rock #2
- 3. Wilmington
- 4. Chicago
- 5. Panama City Beach
- 6. Ludington

These stores have now realized a combined savings in distribution fees of \$23,000!



Kitchen

Distribution Discount Program Update

- In order to provide more value to the retail stores, we began testing a simplified pricing structure and lower distribution fees on Sugar, Pecans, Evaporated Milk and Butter, starting this past February.
- The test pricing structure was originally to last until July 31^{st,} and then, based on the encouraging response, it was extended through the end of the year, at which point we would reevaluate the progress.
- Based on continued encouraging response from the stores, Kilwins will now keep the test pricing structure in place on these four items through June 2012, at which point we will again reevaluate our progress.



Kitchen

Distribution Discount Program-YTD Data

ltem	Description	YOY Unit Change
9014	EVAP MILK #10 CAN (97oz) CS6	92 / CS
9027	GRANULATED BEET SUGAR 50#	1140 / BG
9105	RAW MED PECAN PCS CS30#	-16 / CS
9152	BUTTER SALTED	115 / CS



2011 Kilwins Fall Regional Meeting

Packaging Update



DESIGN CONCEPTS

A. BAGS		F. PRODUCT BAGS	
The Packaging Concept	1	Cello Bag Label	24
Formal Bags	2	Proposed Clear Bags	25
Formal Bags with Promotional Tissue	3	Clear Bag Labeling	26
Colored Formal Bags with Promotional Tissue	4	Mixed Chocolate Bag	27
Casual Bags	5	Kilwins At Home Bags	28
Casual Bags Reverse Side	6	Large Clear Bag	29
Kids Bags	7		
		G. LABELS, TAGS & STICKERS	20
B. BOXES		Sauce Jar Labels	30
K/D Boxes	8	Multiple-Use Sticker	31
Bow Boxes	9	Multiple Product Labels	32
Proposed Solo Apple Window Box	10	Sugar-Free Designation	33
Proposed Quad Apple Window Box	11	Sea-Salt Caramels Menu Hang Tag	34
Premium Box & Premium Box with sleeve	12	Truffle Menu Hang tag	35
Truffle Box	13	Taffy Menu Hang tag	36
Premium Box Sizes	14	, 3 3	
C. WRAP		H. PROMOTIONAL IDEAS	
	15	Mother's Day 2011 Promotion	37
	16	Father's Day 2011 Promotion	38
		Summer Fun 2011 Promotion	39
D. CLEAR BOXES		Fall Harvest 2011 Promotion	40
Clear-Top Boxes	17	Sea-Salt Caramels Introduction	41
Ribbon Ideas for Clear-Top Boxes	18	Sea-Sait Carameis introduction	41
Clear Boxes	19		
E. CONTAINERS			
	20		
Cold Cup, Napkin & Straw	21		

22

Coffee Cups and Ice Cream Containers

Ice Cream Cone Sleeves



THE PACKAGING CONCEPT

Product packaging is, along with marketing, store design, and promotional strategies, one of the most important levers to convey a brand to the customer. A well-designed package can create brand levers.

BRAND LEVERS

- · heighten the value perception of the product or the brand.
- · are illustrative as to the use or type of product inside.
- can convey brand heritage, mission, values, and attitude.
- · create product and brand cohesion.
- · make the product and store look great, as packaging becomes part of the overall look and feel of the store environment.
- create excitement for the product, category or brand, and support sales.

PACKAGING AS A PRACTICAL FOUNDATION

- can convey timelessness and have the ability to "morph" and change design as needed without sacrificing any of the brand levers.
- · creates a cost/value equation as a basis for the packaging.
- supports practicality and ease of use for both associates and customers.

KILWINS PACKAGING

The packaging project was targeted to create brand lever opportunities and achieve maximum practical considerations. As to brand considerations, we wanted to create a uniquely "American" look, that also conveyed a sense of fun, that "something special" was in store, a "vacation", either actual or of the mind. While the style was important, the look had to be whimsical for some product (fudge, kids candy, apples, etc.) and more sophisticated for other items (truffles, single-origin chocolates, etc.) while still remaining a cohesive package throughout.

We also looked to each category of packaging to ensure that the design was mindful of the different uses and demands of the packaging. For example, handled bags needed to be high-end, sturdy, and bold enough to support the marketing purpose that they serve, while a smaller, cheaper, more "immediate" bag was created with different materials and a different design to convey that type of need.

Kilwins is "Sweet in Every Sense since 1947", so a sense of heritage has to be a large part of the design. High quality is built into our product, and that has to come through in the packaging. As to practical considerations, packaging is expensive so we need to be mindful of not spending money where it does not provide value to the consumer or create a decided advantage to us.

Our goal is that the packaging, without relying on the verbiage "Kilwins", will become recognizable in the marketplace.







FORMAL BAGS





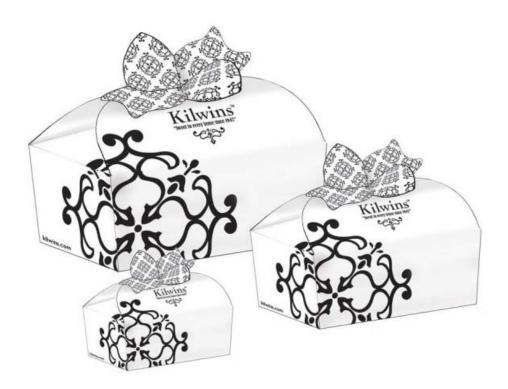
CASUAL BAGS





K/D BOXES





BOW BOXES





PROPOSED SOLO APPLE WINDOW BOX





PROPOSED QUAD APPLE WINDOW BOX

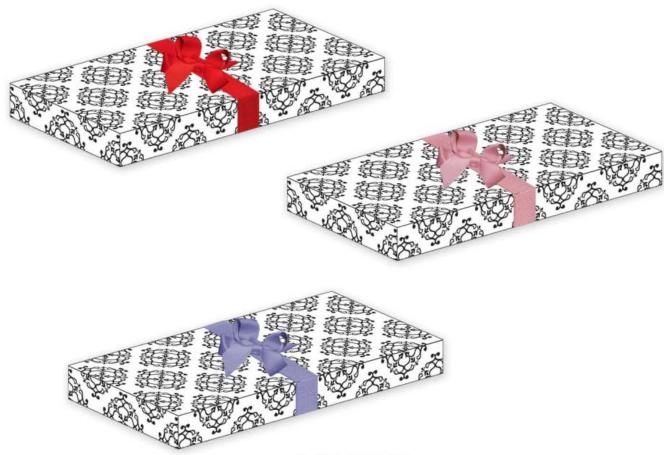






PREMIUM BOX & PREMIUM BOX WITH ADDITIONAL SLEEVE





CLASSIC GIFT WRAP





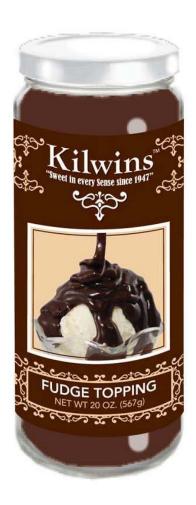
COFFEE CUPS AND ICE CREAM CONTAINERS





CELLO BAG LABEL







SAUCE JAR LABELS



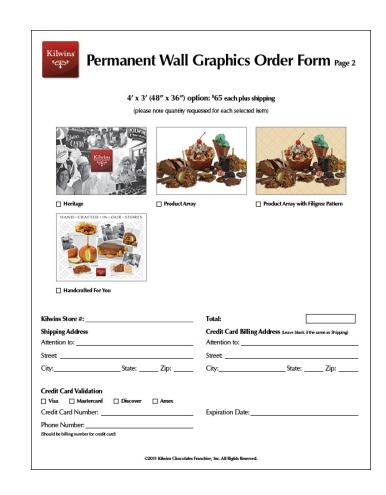
Franchise Sign Project





Permanent Wall Graphics







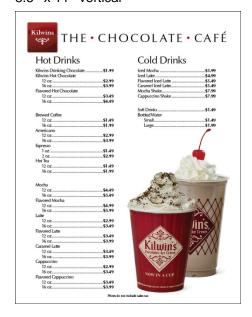
Ice Barrel Wrap Project





Menu Price Board Template Project

8.5" x 11" vertical



2 acrylic sign holders per set Each set priced at \$40

11" x 17" horizontal



2 acrylic sign holders per set Each set priced at \$40





Menu Board Inserts Order Form Project

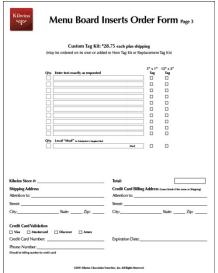
(New Tag Kit: \$150 each plus ship	ping
	tandard 5" x 1" and 12" x 2" elements lis	
then tag the contains and	☐ New Tag Kit	nea in the replacement rag ray
	☐ New tag Nt	
Replacement T	ng Kit: Case Line Tags Options: *	4.50 each plus shipping
•	5" x 1", select required tags from below of	
	5 X 1 , select required ags from below t	эрионя)
	- 1	
Double Dark Chocolate	Fudge ☐ German Chocolate	☐ Vanilla
Chocolate Black Walnut	☐ Maple Walnut	☐ Vanilla Cherry Walnut
Chocolate caramel Cashew	☐ Mint Chocolate Chip	☐ Vanilla Pecan
Chocolate Cherry Walnut	☐ Toasted Coconut Chocolate Chunk	☐ Kilwins Mud
Chocolate English Walnut	Peanut Butter	French Silk
Chocolate Mint	☐ Maple	☐ Chocolate Caramel
Chocolate Peanut Butter	☐ Penuché	☐ Vanilla Caramel
Chocolate Pecan	Peppermint Stick	☐ Key Lime
Cherry Cordial Fudge	☐ Praline Pecan	☐ Triple Chocolate Caramel
Chocolate Raspberry	☐ Pumpkin Walnut	□ Double Dark Chocolate Pecan
Butter Pecan	Rocky Road	□ Crunchy Peanut Butter
Cappuccino	☐ Toasted Coconut	☐ Chocolate Almond
Cookies & Cream	Our Signature Turtle	Peanut Butter Chocolate Chunk
	Ice Cream	
Chocolate Caramel Cashew	☐ Georgia Peach	☐ Superman
Blue Moon	☐ Java	☐ Toasted Coconut
Blueberry Waffle Cone	☐ Mackinac Island Fudge	☐ Traverse City Cherry
Butter Pecan	☐ Maple Walnut	Our Signature Turtle
Cake Batter	☐ Pumpkin	☐ Turtle Cheesecake
Cappuccino Chocolate Chip	☐ Mint Chocolate Chip	Banana Fudge Pie
Cashew Toffee	☐ Kilwins Tracks	☐ Key Lime Pie
Chocolate (two tags)	☐ Kilwins Mud	☐ Chocolate Yogurt
Chocolate Chip	☐ New Orleans Praline Pecan	Peach Yogurt
Chocolate Chip Cookie Dough	Old-Fashioned Vanilla (two tags)	Apple Pie (No Sugar Added)
Chocolate Peanut Butter	Orange Pineapple	Caramel Ripple (No Sugar Added)
Cinnamon Crumb Cake	Peppermint	Chocolate Ripple (No Sugar Added)
Cookies & Cream	Pistachio	Lemon Sorbetto
Dulce de Leche	Rocky Road	Raspberry Sorbetto
French Silk	Rum Raisin	
Fudgie Brownie	Strawberry Chunk	

Menu Board Tag 5"	x 1'
Kilwins Tracks Key West Mud	

Menu Board Tag 12" x 2"

Fresh-Squeezed Limeade







2011 Kilwins Fall Regional Meeting

Open Discussion