

## Peapod, LLC



Founded in 1989 by brothers Andrew and Thomas Parkinson, Peapod has grown to be one of America's leading Internet grocers. Peapod is a wholly owned subsidiary of international food provider Royal Ahold, and works in

partnership with Ahold USA supermarket companies including Stop & Shop and Giant Food.

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### Our Goals

- **Our Dream** - To fundamentally improve people's lives by bringing interactive shopping to a broad consumer market.
- **Our Mission** - To be the world's leading and preferred provider of interactive grocery shopping services.
- **Our Passion** - To amaze and delight each one of our customers.

## Become a Podster!

Join the Pod! Click for [careers](#).

## Become a Peapod Affiliate

The Peapod Affiliate Program offers a great way to generate revenue from your website. [Join the program](#) and you can earn money simply by creating links to the Peapod website.

## Pod Bugs -- spreading peas on earth!



You may have seen our Pod Bugs in your neighborhood. Just another way our Marketing department is spreading the word about Peapod.

## PEAPOD OFFERS SMART SHOPPING FOR BUSY PEOPLE

SKOKIE, Ill., -- When it launched as a small start-up back in 1989, Peapod pioneered the online grocery delivery concept with just 400 households in a suburb of Chicago. The innovative company has since mushroomed to become the nation's leading Internet grocer, serving 18 U.S. markets and delivering more than 8 million orders to date. Owned by Royal Ahold and working closely with Stop & Shop and Giant Foods, Peapod has revolutionized the way Americans shop for food.

"The biggest hurdle was convincing consumers they could shop online and still maintain control over the quality of their picks," says company founder and president Andrew Parkinson. "That's been Peapod's cornerstone all along. Today, customers see us for what we are: a lifestyle solution for their busy lives."

Peapod has come a long way since brothers Andrew and Thomas Parkinson began test marketing the fledgling grocery concept. During the early days, the Parkinsons performed all the picking and packing, making deliveries in their own vehicles with the help of their families.

Today, the Internet grocer serves more than 240,000 customers each year and is owned by Royal Ahold, the international food retail and food service company from The Netherlands. The acquisition (which took place in 2001) has allowed Peapod to employ a more integrated bricks-and-clicks business strategy: expanding its partnerships with Ahold U.S.A. stores (Peapod by Stop & Shop and Peapod by Giant); leveraging the buying power of Ahold to make higher volume, lower-priced purchases; lowering distribution and transportation costs; and boosting inventory management to reduce out-of-stocks.

It's a strategy, Parkinson says, that holds much promise in what will continue to be a growing business. "In the past this industry was overrated," he says. "But today, the sector is underrated. The increasing use of high-speed broadband, advances in portable technologies and the growing numbers of women in the online shopping ranks are mounting forces that will spur the industry to maturity."

### CUSTOMERS ORDER ONLINE

For customers, Peapod combines the value of a well-priced, diverse product selection with the ease of Internet shopping and delivery. It's a smart supermarket experience for a range of consumers: from dual career couples stocking up on basics for their families to time-starved professionals seeking the convenience of prepared foods to epicures in search of natural, organic and specialty fare-even new mothers with a need for baby products or personal health and beauty aids.

With more than 8,000 products for shoppers to choose from, Peapod boasts farm-fresh produce; a wide selection of grocery basics; restaurant-grade meats and seafood; an array of prepared foods and party trays; deli meats and cheeses (sliced to order); Kosher, organic and specialty foods; carb-conscious items; a vast selection of produce; a variety of beer, wine and beverages (in select markets); pet supplies; videos; office and school supplies and private label products from Stop & Shop and Giant.

Peapod enhances and organizes the shopping experience by organizing products and purchase history to ease the shopping experience with such features as:

- **Weekly Specials** - the "specials" tab lists hundreds of weekly specials; red tag symbols mark specials all through the site
- **New Items** - a "new arrivals" icon highlights new products and newly-stocked

items throughout the site

- **Express Shop** - a notepad feature lets shoppers jot down lists; product matches display at once
- **Shopping Lists** - the "my lists" tab lets consumers create new shopping lists; pull up previous orders; or save personalized lists (like a Thanksgiving list)
- **Sort Features** - pull-down tabs sort products by price, nutritional content like sodium, fat, calories carbohydrates, cholesterol, or even best-seller status
- **Aisle Browsing** - the "browse aisle" tab encourages shopping in the traditional grocery store aisle format
- **Item Search** - items/brand names entered in the search field locate specific products
- **Recipes & More** - recipes from leading brands and "Seasonal Solutions" (recipes, entertaining ideas, tips) from Kraft Foods

Another signature in the Peapod experience is the tailored product offerings. In Chicago, for example, perishables are sourced locally from South Water Market, one of the largest produce markets in the country. And the grocer's "Chicago's Best" lineup offers Windy City residents a top selection of hometown foods, from Portillo's roast beef and gravy to Charlie Trotter's citrus smoked salmon.

### PEAPOD SHOPS

Working in one of the company's two state-of-the-art freestanding warehouses or in any of eight smaller warerooms (adjacent to supermarket partners Stop & Shop and Giant Food), Peapod personal shoppers are trained to prepare quality meats and seafood and to improve the ritual of hand-picking, squeezing and smelling perishables. Customers can even provide directives for some picks, by selecting yellow or green bananas and thin or thick-sliced deli meats during their shop.

Once assembled, customer orders are carefully packed in bags and special temperature-controlled, crush-proof containers. The company's Stay Fresh delivery system exceeds food safety standards and maintains products at their optimum temperature and freshness, from the distribution center all the way to a customer's front door.

"Our warehouses and warerooms maintain different climate zones for each food category," says Parkinson. "It is quality assurance that frozen items like ice cream will arrive rock hard but that delicate perishables like produce won't."

### PEAPOD DELIVERS

From the company's freestanding warehouses and warerooms, Peapod trucks fan out each day to make deliveries into neighborhoods around the country. For a fee as low as \$6.95, most customers can place orders for delivery as soon as next-day (within a two-hour window) or even days or weeks in advance.

Founded in 1989 as a smart shopping option for busy people, Peapod today stands as the country's leading Internet grocer, serving 18 U.S. markets including the metro areas of Chicago, Milwaukee, Boston, Suburban N.Y. and Washington, D.C., and communities in the states of Illinois, Wisconsin, Maryland, Massachusetts, Connecticut, Virginia, New Jersey and Rhode Island. The Skokie, Illinois-based company, a wholly-owned subsidiary of Royal Ahold in The Netherlands, has achieved over 8 million deliveries since its late 1980s inception. For more information on Peapod, call 1-800-5-PEAPOD (573.2763); e-mail [service@peapod.com](mailto:service@peapod.com) or visit [www.peapod.com](http://www.peapod.com).

**Media Contact:** Elana Margolis, 847.583.6313

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## PEAPOD LLC Corporate Fact Sheet

### **Founded**

1989, by brothers Andrew and Thomas Parkinson

### **Corporate Headquarters**

9933 Woods Drive, Skokie, IL 60077

### **Web site**

www.peapod.com

### **Consumer Contact Info**

1-800-5-PEAPOD(573.2763)/service@peapod.com

### **Parent Company**

Peapod is a wholly-owned subsidiary of Royal Ahold (based in The Netherlands)

### **Growth**

Year over year, Peapod has experienced a sales growth rate of over 25 percent

### **Executive Officers**

President, Andrew Parkinson

SVP/CTO, Thomas Parkinson

SVP/CIO, John Burchard

SVP/Marketing and Customer Service, Mike Brennan

SVP/General Manager, Chicago and Peapod by Giant, Scott DeGraeve

VP/General Manager, Peapod by Stop & Shop, Dave McHugh

### **Markets Served**

Peapod delivers to 1,500 zip codes and over 12,700,000 households in the following metro areas:

- Boston
- Cape Cod, Mass.
- Fairfax County, Va.
- Montgomery County, Md.
- Washington, D.C.
- Cromwell, Conn.
- Fairfield County, Conn.
- Hartford, Conn.
- New Haven, Conn.
- Long Island, N.Y.
- Mt. Vernon, N.Y.
- Medford, N.Y.
- Rhode Island
- Chicago
- Baltimore
- Watchung, N.J.
- Milwaukee, WI
- W. Danbury, Conn.

### **Products**

Peapod features over 8,000 products in a range of categories: produce; meat and seafood; deli items; prepared foods; natural and organic foods; Kosher foods; office and school supplies; seasonal items; and video products; pet items; health and beauty aids; wine, beer and spirits (in specific markets) and private labels from Peapod by Stop & Shop and Peapod by Giant

### **Supermarket\* Partners**

Peapod by Stop & Shop (Boston, Long Island, Connecticut, Rhode Island, New Jersey)

Peapod by Giant (Washington, DC, Virginia and Maryland)

\* Ahold USA supermarket companies

### **Centralized Distribution**

Peapod serves customers with two freestanding, 75,000-square-foot warehouses in:

- Chicago (Lake Zurich, Ill.)
- Washington, DC (Gaithersburg, Md.)

The company also hosts "warerooms" (7,000 square feet each) adjacent to partner stores in:

- Connecticut (4 locations)
- Massachusetts (4 locations)
- New York (3 locations)
- New Jersey (2 locations)
- Rhode Island (1 location)

### **Peapod Customers**

As of April 2006, Peapod has delivered to 240,360 customers.

### **Customer Profile**

Typical Peapod customers are dual income couples and dual income families; however, Peapod serves a wide range of people.

### **Total Deliveries**

Since its inception, Peapod has delivered more than 8 million orders

### **Delivery Service**

Most customers can place orders up to seven days a week for delivery as soon as next-day, or two weeks, in advance. When they choose a day, they choose a two hour window that is convenient for them.

### **Order Averages**

Average basket size is \$150; customers typically shop twice a month

### **Delivery Fees**

As low as \$6.95 for orders greater than \$100; \$9.95 for orders between \$50-\$100.

### **Shop Features**

**Weekly Specials** - click the "specials" tab for hundreds of weekly specials; or, look for the red tags as you browse

**New Items** - look for the new arrivals icon, highlighting new products and newly-stocked items throughout the site

**Express Shop** - jot down a shopping list in the notepad; product matches will display all at once

**Shopping Lists** - create new shopping lists; pull up previous orders; save personalized lists (like a holiday list)

**Sort Features** - sort products by price, nutritional content (including carbs) or even best-seller status

**Aisle Browsing** - browse for products in a traditional grocery store aisle format

**Item Search** - enter an item or brand name in the search field to locate specific products

**Coupons** - redeem manufacturer coupons with Peapod drivers; coupons are credited to customers accounts. Peapod also offers exclusive online coupons

**Recipes & More** - find recipes from leading brands and "Seasonal Solutions" (recipes, entertaining ideas, tips) from Kraft Foods

### **Employees**

1,800 employees/associates country-wide

### **Media Contact**

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## Peapod Company History

- 1989** 1989 Andrew and Thomas Parkinson pioneer the online grocery delivery concept, establishing Peapod in Evanston, Ill. Combining backgrounds in consumer product marketing (Andrew was a brand manager with Procter & Gamble and Kraft) and technology expertise (Thomas was the founder of a software company), the brothers establish Peapod as a lifestyle solution for busy families
- 1990** Peapod partners with Chicago-area Jewel Food Stores to fulfill orders. Peapod begins test marketing to about 400 households in Evanston, Ill. The company provides software and modems for customers who have to dial-in directly to the Peapod shopping system
- During the early days, Andrew, Thomas and their families do the picking and packing-making deliveries with their own cars
- 1991** With Evanston, Ill., proving a success, Peapod expands its service to the surrounding suburbs and Chicago
- 1993** Peapod launches service in San Francisco with Safeway
- 1995** Peapod launches its first advertising campaign; the company gains 4,600 members. (Until this time, Peapod built its customer base largely through word of mouth.)
- Peapod initiates service in Columbus, Ohio with The Kroger Company
- 1996** Peapod reaches a customer base of 43,200
- Peapod partners with Stop & Shop to offer "Peapod by Stop & Shop" in the Boston metro area
- Peapod joins the Internet, launching its own Web site: [www.peapod.com](http://www.peapod.com)
- Inc. magazine names Peapod to the "Inc. 500" ranking of the fastest-growing U.S. private companies
- 1997** Peapod opens the first Stop & Shop wareroom in Watertown, Mass., just outside Boston
- In June, Peapod completes a successful initial public offering listing its shares on the NASDAQ
- 1998** Peapod initiates service in Long Island, N.Y., with Stop & Shop, and in Texas with Randalls and Tom Thumb
- In July, Peapod delivers its 1 millionth order, to a customer in Chicago
- 1999** After growing business in the Chicago market, Peapod pursues a centralized distribution model: moving from 12 store locations to one dedicated warehouse outside Chicago, in Niles, Ill.
- 2000** In June, Royal Ahold takes a 51 percent ownership

Peapod names current president and CEO Marc van Gelder. Van Gelder joins the company from Stop & Shop, a subsidiary of Royal Ahold. Peapod initiates service in Norwalk, Conn. with Stop & Shop

In September, Peapod acquires Streamline.com operations in Chicago and Washington, DC

In November, Peapod partners with Giant Food (a Royal Ahold subsidiary) to launch "Peapod by Giant" in the Washington, DC, metro area

**2001** Peapod begins servicing communities in Virginia and Maryland, partnering with Giant Food

In August, Royal Ahold buys the remaining shares of Peapod, establishing the Internet grocer as a wholly-owned subsidiary of the international food retailing and foodservice company

Peapod pursues a bricks-and-clicks strategy, engaging in exclusive relationships with Ahold U.S.A. grocers--Stop & Shop and Giant Food--and planning growth in markets where these grocers have a presence.

Peapod replaces its Niles, Ill., warehouse with a new 75,000 -square foot, climate-controlled distribution center (a former Streamline.com facility) in Lake Zurich, Ill.

**2002** Peapod by Stop & Shop expands service to Cape Cod, Mass.

Peapod continues to grow revenues 20% despite having closed 5 markets not strategic to Ahold (Columbus, Dallas, Houston, Austin and San Francisco).

**2003** Peapod achieves profitability in four out of five markets

In April, Peapod introduces service in Hartford, Conn., with Stop & Shop

In July, Peapod delivers its 5 millionth order, to a customer in Chicago

In October, Peapod initiates service in New Haven, Conn. with Stop & Shop

**2004** In April, Peapod introduces service in Rhode Island with Stop & Shop

In July, Peapod introduces service in Mt. Vernon, NY with Stop & Shop

In August, Peapod introduces service in Baltimore with Giant

In September, Peapod introduces service in Cromwell, CT. with Stop & Shop

Peapod names Andrew Parkinson as President and General Manager. Parkinson is the company founder and past CFO.

In December, Peapod introduces service in Watchung, NJ with Stop & Shop

**2005** In April, Peapod introduces service in Milwaukee, Wisconsin

In August, Peapod introduces service in Danbury, CT with Stop & Shop

In November, Peapod introduces service in Wanaque, NJ with Stop & Shop



In November, Peapod introduces service in Somerset, NJ with Stop & Shop

**2006** In March, Peapod introduces service in Medford, NY with Stop & Shop

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## Background on Peapod

### Origins

Brothers Andrew and Thomas Parkinson founded Peapod in 1989 in Evanston, IL. The Parkinson brothers' goal was to offer a convenient way for consumers to accomplish their grocery shopping.

Peapod began test marketing in Evanston in July, 1990 with about 400 households. The orders were placed online, just not over the Internet. Peapod would provide software to customers and even sell the modems customers would need to dial in directly to Peapod. During these early days, Andrew and Thomas would do the picking and packing themselves, and make deliveries using their own cars - with their wives and other friends helping out as needed! As demand for the service grew, Peapod expanded operations to include much of the greater Chicago area, which is currently its largest market. Peapod soon extended into additional markets, and began taking orders over its own web site ([www.peapod.com](http://www.peapod.com)) in 1998. To date, Peapod provides service in Greater Chicago area, Greater Boston area, Connecticut, Long Island, New Jersey, New York, Baltimore and Washington D.C.

### Founders

Andrew and Thomas brought both consumer product marketing and technology experience to the Peapod venture. Andrew gained experience in consumer product marketing while working for Procter & Gamble and later Kraft Foods. Thomas, a former sales representative for Procter & Gamble, went on to found his own software company, which he sold upon joining Andrew to start Peapod.

The brothers remain very actively involved in Peapod today. Andrew is the president and Thomas is the chief technology officer.

### The Early Days

Peapod first began picking orders right from the shelves of the local supermarkets. In Chicago, they were partnered with Jewel Food stores, in San Francisco the partner was Safeway, in Ohio you could find them filling orders at the local Kroger and in Texas, Randall's was the retail partner. In these early days, Peapod partnered with the grocery stores just to fill the orders, but it soon became evident co-branding with the store was the route to survival. Peapod was by far ahead of the curve, and was fast becoming the format of the future.

### Joining Royal Ahold

In 2000, Peapod entered into a partnership with Netherlands-based international food provider Royal Ahold; in mid-2001, Royal Ahold purchased the remaining outstanding shares of Peapod, positioning the e-retailer to emerge as the leader in the online grocery industry.

Since joining forces with Ahold, Peapod has pursued a "clicks and bricks" strategy. This strategy employs what we believe is a winning model with meaningful advantages for our customers. This partnership also allowed Peapod to expand our partnership with Stop & Shop from Boston and Long Island to Southern Connecticut (Peapod by Stop & Shop) and in Washington D.C. with Giant Foods, (Peapod by Giant). The D.C. opening was accelerated by the acquisition of the Chicago and Washington operations of Streamline.com. The acquisition brought us two state-of-the-art facilities, added talent and knowledgeable management and employees to our business. These advantages go hand in hand with the efficiencies that our employees are working hard to achieve on the logistics and distribution side of the business. Our objective is to pick, pack and deliver Peapod's orders in the most efficient manner possible, while maintaining the high quality of our products and our service.

**Peapod's Service Model**

Peapod has one model (centralized distribution) with two formats (wareroom/fast-pick center and warehouse). Both provide next-day delivery, capitalizing on a supply chain that keeps the cold chain intact. This allows us to use the assets of the store as we open markets, and then transition to warehouses as the business grows; leveraging the power of Ahold stores helps us maximize quality, minimize out-of-stocks, control inventory and provide superior service.

**Customer Service**

Peapod prides itself on exceeding customer's expectations and providing friendly and superior service for each and every customer. The company stands by its 100% Satisfaction Guarantee - meaning that if something about the shopping experience or order is not to a customer's liking, Peapod will make it right.

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## **PEAPOD**

### **Frequently Asked Questions (FAQs)**

**Q: How does Peapod select products? How do they stay fresh?**

**A:** Peapod's proprietary Stay Fresh delivery system maintains products at their optimum temperatures, from the farm all the way to a customer's front door. Warehouses, trucks and delivery bins are all climate-controlled. Peapod also trains perishable selectors to prepare quality meats and pick superior produce. And customers can provide directions for some picks, such as yellow or green bananas and thin or thick-sliced deli meats.

**Q: Wasn't Peapod a victim of the dot-com bust?**

**A:** Peapod started in 1989 and was not a "dot com baby." The business was grown slowly and wisely by leveraging partnerships with other established companies. In 2000, Peapod entered into a partnership with Royal Ahold, the international food provider based in The Netherlands. In mid-2001, when competitors like Webvan were going out of business, Royal Ahold purchased the remaining outstanding shares of Peapod, establishing the company as the leader in the online grocery space.

**Q: What's changed since Peapod joined forces with Royal Ahold?**

**A:** Today, the Internet grocer serves more than 225,000 customers each year and has an owner in Royal Ahold, the international food retail and food service company from The Netherlands. The acquisition (which took place in 2001) has allowed Peapod to employ a more integrated bricks-and-clicks business strategy: expanding its partnerships with Ahold U.S.A. stores (Peapod by Stop & Shop and Peapod by Giant); leveraging the buying power of Ahold to make higher volume, lower-priced purchases; lowering distribution and transportation costs; and boosting inventory management to reduce out of stocks.

**Q: What is Peapod's business model?**

**A:** Peapod operates under a centralized distribution model with two formats: warehouses and warerooms. Both provide next-day delivery, but warerooms, which are dedicated areas attached to Ahold U.S.A. stores, are used as business is developing in new markets and leveraging the stores infrastructures. Unlike Safeway and Albertson's, who operate under an "in-store pick" model, centralized distribution allows Peapod to design a shopping space that supports efficiency and accuracy in order fulfillment. Peapod also retains more control over inventory and logistics under this model.

**Q: Who is Peapod's competition?**

**A:** Any non Ahold company that sells groceries, whether online or in store.

**Q: What are Peapod's plans for expansion?**

**A:** In the near term, Peapod's focus is to expand market share on the East Coast in locations where Ahold U.S.A. has a significant presence with its Stop & Shop and Giant Food stores.

**Q: What is Peapod's outlook on the Internet grocery industry?**

**A:** In the past this industry was overrated. But Peapod believes today, that the sector is underrated. President Andrew Parkinson says the increasing use of high-speed broadband, advances in portable technologies and the growing numbers of women in the online shopping ranks are mounting forces that will

spur the industry to maturity.

**Q: Can customers use manufacturer's coupons with Peapod?**

**A:** Customers can redeem valid manufacturer's coupons with Peapod drivers; the coupon is credited to a customer's account. Peapod also features hundreds of weekly specials online.

**Q: Isn't Peapod affiliated with Jewel Food Stores?**

**A:** No longer. When it first launched in the Chicago area, Peapod established a relationship with Jewel Food Stores to fulfill customer orders. But in 2000, when the company became a wholly-owned subsidiary of Royal Ahold, Peapod pursued exclusive relationships with Ahold U.S.A. grocers: Stop & Shop and Giant Foods. (Peapod also owns and operates two 75,000-square-foot warehouses and thirteen 7,000 -square-foot warerooms for inventory and order fulfillment.)

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