

Marketing Scenario

Food Science Career Development Event – 2024

Memorandum

TO: Research and Development Group

FROM: Market Research & Opportunity Group

SUBJECT: Meeting Market Needs for a Protein Focused Ready to Eat (RTE) Snack Mix

TASK: Using the materials, ingredients, pricing, and nutritional information provided, create a protein based snack mix for elementary and middle school aged children.

The U.S. snack market is vast, consumer driven and one of the fastest growing segments within this category is kids snacking. According to Cognitive Market Research, the global kids snacking market was estimated to be around a \$61.5 billion dollar market in 2023 with the expectation that it will grow at a rate of nearly 8% each year until 2030. Snacking survey results have consistently shown that nearly 90% of consumers select snacks based on tastes they will enjoy. However, many parents of school aged children are becoming more health conscious about the snack options that they are providing to their children.

While the growth of the kids snack category at retail is expected to grow at a steady rate over the next several years, one key opportunity for this category is clear. That opportunity is that the nutritional component of these snacks needs to be improved.

We recognize the need to capture the attention of Millennial parents as they are the primary purchaser of snack items for their children. We must also acknowledge that many Millennial parents are paying more attention to what they are offering their children for snacks. Parents want snacks that appeal to their kids, while also providing nutritional benefits, as nearly 30% of a child's daily calorie intake comes from snacks. Additionally, given the rise of allergies among U.S. children, these parents also want to make certain that packages are clearly labeled if they contain nut products or other allergens.

One sector of the snack market we see as an opportunity for growth is in the area of protein-based snack mix. We envision this product having protein as the main ingredient and 2 to 4 additional components. Protein is a nutrient that nearly 1 in 7 U.S. school aged children do not get enough of daily.

The current economic situation calls for a very strategic packaging and pricing plan. Our preliminary research confirms that we should be developing a single serve product available for sale at retail stores. We recognize that we must adhere to guidelines related to serving size and nutritional benefits such as: the amount of protein; calories; and sugar content. Therefore, we envision this product having a finished size of 3 ounces.

Your research and development team has been challenged to formulate this product to be sold at a final sale price of no more than \$4.50 per package. This should allow enough profit margin for us and for retailers to include their own markup and set their retail price. In addition to calculating accurate ingredients and packaging costs, research and development teams must include \$0.50 per package to account for manufacturing, marketing, and distribution costs (fixed costs).

Your challenge is to develop a RTE protein focused snack mix for retail sale. As a product development team, you have access to smaller portions of multiple ingredient options already in packages.

These packages are not to be used as packaging options for or within your final product. You must use between 3 and 5 different components for your snack mix. Be sure you calculate the quantity of each component in the final product. You must also package your snack mix in the chosen packaging option.

Your team should use the nutrition information, ingredients, and packaging options included and determine a brand name, design marketing display panels for your selected packaging, develop an accurate nutrition panel, and create an appropriate ingredients statement (label paper provided). Your principal display panel and nutritional label should be drawn out on the provided blue paper and accompany whichever packaging option you select and incorporate the location of each on the design of your packaging.

Your team should be prepared to clearly identify key processes for production, packaging, and quality control within your production plan. You have also been provided white paper to draw a product flow chart on. You are required to provide your formulation, nutrition, and pricing calculations when you present your product. Your team has been provided hot pink paper as scratch paper to show your work for the formulation, nutrition, and pricing calculations.

We are eager to see the product you develop and are looking forward to hearing your full report.

GOOD LUCK!