

Marketing Scenario

Food Science Career Development Event – 2007

Memorandum

TO: Product Development Group
FROM: Market Research & Opportunity Group
SUBJECT: Meeting Market Needs for a Cookie Dough Fundraiser

TASK: Using the materials, ingredients, pricing, and nutritional information provided, design a “Frozen Cookie Dough for use as an FFA Fundraiser.”

Fundraising is becoming a critical factor in the sustainability and effectiveness of school organizations. According to the Association of Fundraising Distributors and Suppliers (AFRDS), 7 out of 10 principals report an increased need for fundraising over the last decade. In fact, the AFRDS now estimates that school and youth groups annually raise \$2 billion through product sales fundraisers. FFA chapters are not immune to the need for fundraisers and for many years have included a variety of products in their fundraising efforts. The National FFA Organization has even begun to sanction certain products as fundraising opportunities for FFA chapters.

The type of product that sells best during a fundraiser is one that appeals to potential buyers. According to the AFRDS, 8 out of 10 parents purchase items to support school fundraising. However, having great products that consumers would probably buy anyway only increases the likelihood of a successful fundraiser. Recent sales figures show that cookie sales hit \$7 billion in 2006. According to P. J. Hamel, Editor/Writer of *The King Arthur Flour Cookie Companion*, most Americans grew up with their first sweet memory having something to do with cookies. Market surveys conducted in 2006 showed that 80% of individuals surveyed reported that someone in their household eats cookies and the percentage of respondents who frequently purchase cookies was up 10% since 2004.

Given these factors, it is no surprise that frozen cookie dough is quickly becoming one of the most popular fundraising products and is in high demand by many organizations. In fact, in 2003, frozen cookie dough was identified as a Best Merchandising Idea by Gourmet Retailer Magazine. The National FFA Organization is considering adding frozen cookie dough to their list of sanctioned fundraisers. They have contacted us to develop a frozen cookie dough product for their programs.

No matter the type of product sold in a fundraiser, the merchandise should be appetizing and of good quality. Latest market research shows that shifts towards premium and health-oriented cookies will hold more appeal to adult consumers. In fact, the premium cookie market continues to expand. Our goal is to develop a premium frozen cookie dough formulation that will appeal to the different segments of our customer base, but especially to the adult parents who are most likely to purchase this product when sold through a fundraising program. Customer surveys conducted with parents of school-aged children indicates a preference for new approaches to traditional favorite cookie varieties. Survey respondents indicated that two to three added ingredients was enough to meet the desired tastes and textures of premium cookie varieties.

Research shows that successful fundraising programs offer between 25-75% commission for the organization. While programs with 50% commission are preferred, the price of the individual item(s) must be taken into consideration. The research team has found that unless we offer a program that includes a stepped scale with commissions varying based on the number of products sold, a 50% commission is not realistic. Because of the nature of this product as a fundraising item, we are also expected to include the development and production of promotional materials and order forms. Given the fact that we also have to include a profit margin for our company, the research team has determined that in order to be profitable for both our company and FFA chapters, the price point for the individual cookie dough products must include 5% for development and production of promotional materials and order forms, a 15% profit margin for us, and a 35% commission for the FFA chapters.

The research team has also identified packaging as a key factor related to the success of frozen cookie dough as a fundraising product. They have suggested two packaging options for your consideration. Both options should yield a two pound final product. The first is a box containing individually proportioned, preformed cookies. Layers of the preformed cookies are separated within the box by liners. Portion control packaging such as this is becoming more widespread and offers several advantages. First, consumers can bake a few cookies at a time or the entire box. Second, although the National FFA has only asked us for one cookie formulation at this time, if the product proves to be a success and additional formulations are added later, mixed boxes such as variety packs become an option. If this packaging option is selected, your team will have to decide on the exact size and number of individual cookies within the box while still meeting the two pound final product target. The second packaging option identified by the

research team is a reusable tub. Like the boxes, tubs offer several advantages. First, the consumer can decide on the size of the cookies they bake. Second, like the boxes, the tubs offer consumers the option to bake only a few cookies at a time if desired. The selection of packaging is important in that the packing must preserve the quality of the product. Preliminary tests using both packing options show that cookie dough can be stored in a refrigerator for at least one month and in the freezer for at least six months. The cookie dough can also be thawed and frozen several times. Regardless of the packaging option chosen, it is critical that your group develops packaging graphics that attract your target audience.

Because of the fundraising aspect of this product, challenges and additional costs related to distribution are minimal. However, additional challenges related to defining production methods and costs, quality control requirements, and production costs associated with promotional materials still exist. Your group must be able to explain and discuss how to accomplish each of the elements necessary to bring this new product from concept to the production.

Your challenge will be to: (1) develop a premium cookie formulation using select items provided in the ingredient list, (2) select and package the product using one of the packaging options, (3) identify the price point for selling the item, including a 35% commission (at a minimum) for the organization selling the item, a 15% profit margin for our company, and 5% for production and distribution of promotional materials, (4) generate a “Nutrition Facts” label for the formulated product, (3) assemble an ingredient list based on the formulation, and (4) create a principle display area of the package containing all relevant and required information. As a reminder, please adhere to the following disclaimer: Cookie dough must be baked before consumption. Do not consume raw.

Good Luck!!!

ITEM	Cost	Serving Size	Calories	Fat	Saturated Fat	Trans Fat	Cholesterol	Sodium	Carbohydrates	Dietary Fiber	Sugars	Protein	Vitamin A	Vitamin C	Calcium	Iron
	Per lb.	(grams)		(grams)	(grams)	(grams)	(milligrams)	(milligrams)	(grams)	(grams)	(grams)	(grams)	(IU)	(milligrams)	(milligrams)	(milligrams)
Semi Sweet Chocolate Chips - 1000ct	\$ 0.89	100	464	27	16	0	0	24	66	7	52	5	0	0	38	3
Semi Sweet Chocolate Chips - 2000ct	\$ 0.90	100	464	27	16	0	0	24	66	7	52	5	0	0	38	3
Semi Sweet Chocolate Chunks	\$ 1.15	100	531	29	17	0	0	47	65	0	52	0	0	0	26	2
White Chocolate Chips	\$ 1.22	100	531	28	24	0	0	101	64	0	64	6	0	0	215	0
Chocolate Candies (i.e. M&Ms) - mini	\$1.63	100	517	26	16	0	3	2	66	7	53	4	74	0	34	3
Peanut Butter Candies - mini	\$ 1.77	100	508	24	16	0	0	196	62	3	55	11	1	0	56	1
Peanut Butter Cups - mini	\$ 1.69	100	529	29	22	0	0	276	56	2	52	13	200	0	118	2
Oatmeal	\$ 0.27	100	384	6	1	0	0	4	67	11	1	16	0	0	52	4
Raisins	\$ 1.04	100	325	1	0	0	0	19	79	4	67	3	0	2	48	2
Dried Cranberries Diced	\$ 2.31	100	335	1	0	0	0	4	85	6	73	0	0	0	14	1
Pecans	\$ 4.35	100	690	68	5	0	0	1	18	7	4	8	48	2	36	2
Macadamia Nuts	\$ 4.15	100	767	75	14	0	0	6	15	9	5	8	0	0	50	2
Cookie dough base	\$ 0.28	100	442	22	10	0	24	441	57	1	32	4	13	0	13	1

Packaging	Cost per Each
Box and Liner	\$ 0.10
Reusable Tub and Label	\$ 0.13