

Marketing Scenario

Food Science Career Development Event – 2008

Memorandum

TO: Product Development Group
FROM: Market Research & Opportunity Group
SUBJECT: Meeting Market Needs for a Healthy After-School Snack

TASK: Using the materials, ingredients, pricing, and nutritional information provided, design a healthy, multi-component snack and dip kit for adolescents and teens.

Consumption of sweet and salty snacks remains a growing trend among consumers, especially adolescents and teens. According to a United States Department of Agriculture (USDA) survey of nearly 10,000 children, twice as many kids today eat snack foods, like crackers, popcorn, pretzels, and corn chips, as did just 20 years ago. It is estimated that between the years 1977 and 1996, the number of calories that children consumed from snacks increased by 120 calories per day. Until recently, what was missing was convenient, high-quality, low-calorie snacks. The “100 Calorie Snack” trend has gone from \$0 to more than \$150 million in sales in the last few years. However, there are growing concerns about the quality of such products.

Baylor nutrition professor Suzy Weems, Ph.D., R.D., has raised several concerns related to the “100 Calorie Snack” industry by suggesting that these items are just another way to give license to eating empty-calorie foods that we do not need. According to Dr. Weems, “We need to focus on foods that are needed for good health, and while these snacks are controlled in calories, they tend to produce few nutrients.”

There is no dispute that childhood obesity rates are increasing, leading many to call childhood obesity an epidemic in America. Dieticians are concerned with the dietary intake of adolescents and children and describe the current situation as one plagued by: (1) a reduction in regular breakfast consumption; (2) high fat intake; (3) inadequate consumption of high-fiber fruits and vegetables; (4) high consumption of energy-dense, nutrient-poor snack foods; (5) increased portion size at each meal; and (6) increased consumption of sugar, including sugar-sweetened drinks, candy, and desserts.

While dieticians are concerned about what kids eat, they agree that the best snacks satisfy hunger but also help meet the dietary needs of adolescents and teens, especially for fruits,

vegetables, whole grains, and low-fat dairy. During adolescence, a person's body requires more nutrients to grow. Snacking is a great way for these individuals to maintain even energy levels while at the same time managing hunger and preventing bingeing. Numerous scientific studies have shown that people who eat regular and healthy snacks are less likely to overeat and gain weight than people who skip meals or go for long periods without eating.

While snacking may be good for adolescents and teens, calories from snacks still count in the total calories consumed and therefore must be fairly low in calories. In their 2008 Healthy Food Awards, *Fitness Magazine* used two criteria to select "The Best Snacks": (1) zero trans fat and (2) less than 250 calories per serving. After some initial research, we have determined that in order for our product to offer a healthy snack alternative to and be competitive with "100 Calorie Snacks," the new product should meet the following dietary guidelines: (1) 35% or less of total calories from fat; (2) 10% or less of total calories from saturated fat; and (3) 250 calories or less per serving.

The key to our being competitive with the "100 Calorie Snacks" is to offer a premium, yet portable product that is nutritionally superior. Initial market research has suggested that the best type of product to compete with "100 Calorie Snacks" is a snack and dip kit. According to Mairlyn Smith, co-author of *The Ultimate Healthy Eating Plan*, "Most kids love to dip their food, so take advantage of it!"

The results of some preliminary consumer panels suggest that parents prefer to purchase either fruit/vegetable or whole grain snacks and taste panel results found adolescents and teens to be satisfied with such products. Most kids eat plenty of grain products, but too many of these grains come from cookies, snack cakes, sugary cereals, and other refined grains that are high in sugar. If chosen, our grain snack needs to be mostly a whole grain that provides more fiber, vitamins, and minerals than these refined grains. Fruits and vegetables have been shown to be a viable alternative to a whole grain snack. Fresh fruits and vegetables have been shown to be low in calories with many antioxidants and many have no fat with plenty of fiber. The type of dip preferred by taste panel participants varied widely based on the type of snack included, but most tended to fall into either a sweet or savory category.

In addition to the dietary guidelines outlined above, you must be able to make a minimum profit of 30% and include at least 20-25% mark-up to account for production, marketing, and

distributions costs. The marketing department has set a price ceiling of \$1.29 for the finished product.

Your challenge will be to: (1) develop a multi-component, healthy snack and dip kit using ingredients 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 (4) generate a “Nutrition Facts” label for the formulated product (making sure it meets the standards included above), (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.

Good Luck!!!

ITEM	Cost Per lb.	Serving Size	Calories	Fat (grams)	Saturated Fat (grams)	Trans Fat (grams)	Cholesterol (milligrams)	Sodium (milligrams)	Carbohydrates (grams)	Dietary Fiber (grams)	Sugars (grams)	Protein (grams)	Vitamin A (IU)	Vitamin C (milligrams)	Calcium (milligrams)	Iron (milligrams)
Pretzels	\$ 0.51	100g	397	5	1.0	0	0	1280	77	0	1	10.5	0	0.0	23.2	4.6
Bagel Chips	\$ 0.70	100g	394	5	1.5	0	0	734	76	3	9	14	0			1.7
Chex Cereal	\$ 0.22	100g	367	2	0.0	0	0	933	85	4	10	7	1667	20.0	333	30.0
Celery	\$ 0.27	100g	16	0	0.0	0	0	80	3	2	2	1	449	3.1	40	0.2
Carrots	\$ 0.63	100g	35	0	0.0	0	0	78	8	3	5	1	13790	2.6	32	0.9
Apples	\$ 0.80	100g	52	0	0.0	0	0	1	14	2	10	0	54	4.6	6	0.1
Seasoning--Savory	\$ 0.92	100g	221	2	0.0	0	0	16873	45	0	21	5	2053	2.0	28	1.0
Seasoning--Spicy	\$ 1.52	100g	304	4	0.5	0	0	9887	64	4	20	3	3410	0.6	43	1.7
Crackers--Wheat	\$ 0.81	100g	474	21	5	0	0	795	65	5	13	9	0	0.0	49	4.4
Crackers--Plain	\$ 0.78	100g	502	25	4	0	0	847	61	2	2	7	0	0.0	120	3.6
Crackers--Cheddar	\$ 0.80	100g	503	25	9	0	13	995	58	2	0	10	109	0.0	151	4.8
Pita Chips	\$ 0.70	100g	429	14	0	0	0	964	68	0	2	11	0	8.6	143	0.0
Teddy Grahams	\$ 0.83	100g	423	10	2	0	0	605	77	3	31	7	2	0.0	24	3.7
Marshmallow Cream	\$ 0.38	100g	322	0	0	0	0	80	79	0	47	1	1	0.0	3	0.2
Mayo	\$ 0.35	100g	334	33	5	0	35	797	8	0	4	1	185	0.3	6	0.2
Sour Cream	\$ 0.52	100g	214	21	13	0	44	53	4	0	0	3	648	0.9	116	0.1
Caramel	\$ 1.25	100g	436	13	8	0	13	325	79	0	74	1	170	0.0	52	0.1
Peanut Butter	\$ 1.04	100g	588	50	11	0	0	459	20	6	9	25	0	0.0	43	1.9
Yogurt	\$ 0.40	100g	63	2	1	0	6	70	7	0	7	5	51	1	183	0.10

Packaging	Cost per Each
Box	\$ 0.08
Box Liners	\$ 0.02
Reusable Tub with Lid	\$ 0.14
1 oz cup and lid	\$ 0.02
2 oz cup and lid	\$ 0.03