

Marketing Scenario

Food Science Career Development Event – 2018

Memorandum

TO: Research and Development Group
FROM: Market Research & Opportunity Group
SUBJECT: Meeting Market Needs for a Popcorn-based Snack Mix

TASK: Using the materials, ingredients, pricing, and nutritional information provided, create a popcorn-based snack mix for Millennials with children

The snack market is vast and consumer driven. Results of the 2017 Information Resources, Inc. (IRI) snacking survey show that 91% of consumers select snacks based on tastes they will enjoy. Results of the survey also showed that 61% of millennials noted the importance of product label and packaging in choosing snacks. Population projections from the U.S. Census Bureau indicate that as early as 2019, Millennials (aged 22-37) are likely to surpass Baby Boomers as the nation's largest living adult generation. We recognize the need to capture the attention of the Millennial generation who seek a balance between traditional and more innovative flavor profiles.

We must also acknowledge that many Millennials now have kids, and as parents they are paying more attention to what they are feeding their children. In addition to considering their own taste preferences, Millennials with kids want snacks that appeal to their kids. 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 is a popcorn-based snack with popcorn as the main ingredient and 2 to 4 additional components. Popcorn is quickly becoming a mainstream snack. Equities.com reports that Americans consume 13 billion quarts of popcorn per year with the average American individual consuming 41 quarts annually. Popcorn is consumed in two forms – microwave popcorn and ready-to-eat (RTE) popcorn. Despite popcorn growing as a snack, the demand for microwave popcorn has been decreasing. There are already numerous RTE popcorn products on the market, but fewer products designed for our customer base that include a mix of RTE popcorn and other snack items.

One allergen of particular interest to us as we formulate this popcorn snack is gluten. Despite growing evidence that, unless you have Celiac disease and your body can't process the protein in gluten, there is no proven benefits to going gluten-free, the Wall Street Journal has

reported that almost one-third of Americans are trying to avoid gluten. In fact, global retail sales of gluten-free products have nearly doubled since 2007.

The current economic situation calls for a very strategic packaging and pricing plan. Our preliminary research confirms that we should be developing a multiple serving product available for sale to retail stores. We recognize that we must acknowledge and adhere to guidelines related to serving size and calories. Therefore, we envision this product having a finished size of 6 ounces and contain no more than 150 calories per serving.

Your research and development team has been challenged to formulate this product to be sold to retailers at a price of \$2.20 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 \$0.30 per package to account for manufacturing, marketing, and distribution costs (fixed costs). 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.

Your challenge is to develop a RTE popcorn-based snack mix for retail sale. 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. Your principle display panel and nutritional label should be affixed to whichever packaging option you select. Your team has been provided colored paper as scratch paper to show your work for the formulation, nutrition, and pricing calculations.

Your team should be prepared to clearly identify key processes for production, packaging, and quality control within your production plan. The nature of this product calls for an opaque package design to protect the product from light oxidation. However, we would still like to see the product created by your team. Therefore, rather than packaging your product, we request that your team prepare a single serving of the final product and present it separated by component on the plate provided. Be sure you calculate the quantity of each component in this single serving as well as the final product. You are required to provide your formulation, nutrition, and pricing calculations when you present your product.

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

GOOD LUCK!