Marketing Scenario
Food Science Career Development Event – 2023

Memorandum

TO:	Research and Development Group
FROM:	Market Research & Opportunity Group
SUBJECT:	Meeting Market Needs for a Hot Chocolate Charcuterie Board

Hot Chocolate:

The hot chocolate market has once again become a trending area of development in the beverage industry. Thanks to the popularity of hot cocoa bombs and do it yourself hot chocolate charcuterie boards, the hot chocolate share of the hot beverage market has exploded, beating out pumpkin spice lattes and whipped coffees. According to Industry Research, due to the COVID-19 pandemic, the global Hot Chocolate market size was worth an estimated USD 3.41 billion in 2022 and forecasted to grow to USD 4.6 billion in 2023. The report goes on to state that "The Global Hot Chocolate market is anticipated to rise at a considerable rate during the forecast period, between 2023 to 2029. In 2023, the market is growing at a steady rate, and with the rising adoption of strategies by key players, the market is expected to rise over the projected horizon." According to a YouGov survey of 1,000 US adults aged 21 and over, hot chocolate is the country's preferred winter beverage with 34% of Americans saying hot chocolate is their favorite holiday beverage.

Research has noted that hot chocolate has health benefits. Global information also reports that hot chocolate made with high-quality ingredients provides a source of nutrients, including calcium, magnesium, and iron. For instance, a 100-gram serving of dark chocolate can provide up to 70% of the recommended daily intake of iron according to USDA. Some studies have suggested that the flavonoids in cocoa may help improve cognitive function and memory. For example, a study of older adults found that consuming cocoa flavanols improved cognitive performance and increased cerebral blood flow.

Hot chocolate has a range of flavor profiles, from rich and creamy to bitter and earthy. According to a survey by Mintel, the most popular flavor profiles for hot chocolate in the US are classic chocolate (39%), followed by chocolate with caramel (14%), chocolate with mint (10%), and chocolate with marshmallow (8%). The sweetness level of hot chocolate can vary based on the amount of sugar or sweeteners used. According to the same Mintel survey, 56% of US consumers prefer their hot chocolate to be moderately sweet, while 25% prefer it to be very sweet and 19% prefer it to be not very sweet.

Charcuterie:

As the International Charcuterie Association noted, “The art of charcuterie has taken the world by storm, and savvy business owners are capitalizing on this delicious trend. All the food on a charcuterie board complements each other. You're able to pick at the bits you enjoy and share with a small group of loved ones.” As a result, charcuterie boards have found a permanent spot at the heart of social gatherings. According to the Charcuterie Association, “it's not just the visual feast that has captivated taste buds; it's the communal experience that comes with sharing a bountiful charcuterie board. The communal grazing and mingling around these edible works of art create an atmosphere of togetherness that brings people closer, sparking conversations and laughter.” Contemporary charcuterie boards have become much more than just prepared meats and now includes other foods such as breads and/or crackers, dips and/or spreads, cheeses, fruits, and sweets. The art form continues to grow, and a modern adaptation is the hot cocoa charcuterie board, or a shareable platter adorned with ingredients to customize a next-level cup of hot chocolate. Consumers love the idea of hot chocolate charcuterie boards because they are simple, fun, customizable, and perfect for parties.

Consumer Demographic:

Innova Marketing Insights releases its Top Ten Trends that capture the essence of consumer behavior for the coming 12 months. It states the number three trend for 2023 is “Generational Push,” and it’s here that we acknowledge the emerging voice of Gen Z. The Pew Research Group describes this group as having been born between about 1996 and 2006. That means today’s Gen Z includes those in their late teens and early to mid-twenties and it is a smaller cohort than the Millennials. A high proportion of Gen Z is in school or early career, most of these young adults are not yet part of a new household and have not yet started a family. Their childhood was shaped by several disruptive factors—including the financial crash of 2007 and its economic aftermath, changes in the job marketplace, and, most recently, the COVID-19 pandemic. Uncertainty and instability have been constant companions. Gen Z attitudes toward food tend to be driven more by cost than by cause. Therefore, financial challenges faced by Gen Z consumers may diminish their importance as the lead generation for future business strategies, at least for the near future. Furthermore, the COVID-19 experience means many Gen Z consumers experienced disruptions in education, social development, relationships, and employment—and now face great uncertainty along with higher overall stress. Gen Z is also genuinely concerned about the environment.

A report on “Gen Z Trends” published July 2023 by Innova Marketing Insights stated that “social media plays a significant role in shaping Gen Z’s food preferences, making them more likely to follow food and beverage trends on social media and share their experiences online.” These younger consumers are accustomed to sharing their views widely and willingly. Moreover, they expect companies to listen to their opinions when developing products, flavors, and strategies. Gen Z consumers are trend creators who define what markets should provide. They also believe that the food and beverage industry is accountable for taking action and standing up for shared values and beliefs.

As these consumers are looking for ways to get products prepared quickly, charcuterie boxes are now becoming a trend. Companies are placing all the items needed for a charcuterie board in a box and offering them for purchase. Charcuterie boxes offer a convenient and visually appealing way to indulge in a diverse range of flavors. Whether enjoyed as a solo indulgence or shared with friends and family, a charcuterie box is a versatile and elegant option for elevating your dining experience. Charcuterie boxes allow a company to provide all the ingredients in a box and the consumer can create the board when they are ready to use the items.

With the holiday party season just around the corner, consumers are looking for fun ways to take their parties to the next level. Hot chocolate charcuterie boards are a perfect way to liven up holiday gatherings. Hot chocolate charcuterie boards can range from simple, including just chocolate and marshmallows, to more elaborate, with different candies and snacks, allowing for the perfectly customized drink. As noted on Prepared Foods.com "The rate of change in US consumers' eating behaviors continues at a dizzying pace," noted David Portalatin, NPD food industry advisor and author of Eating Patterns in America. Furthermore he states, "Anyone hoping to return to normal must understand that there is no normal, only an ongoing evolution as we respond to new realities."

Project Scope:

Your challenge is to create a product targeting the Gen Z population with a hot chocolate charcuterie box that provides a variety of items that can be placed on a charcuterie board that they have in their home. The **first task** is to create a four serving package of hot chocolate mix that will be placed in the box. You will use one milk source, one chocolate source, and one sweetener source. You will place your hot chocolate mix components into one of the pouches provided. You must provide directions to the consumer so that they can properly prepare the hot chocolate beverage with water (recommended amount customarily consumed for hot chocolate is 8 fluid ounces). For your **second task** you must create a charcuterie box by selecting the box type that will fit the hot chocolate mix and four of the eight inclusion options. The charcuterie box you are creating will serve four people. The finished product will be marketed and sold in a club store such as SAMs and Costco. Your product launch will be on December 1, 2023. Using the pink paper you should **provide a proposed layout** of your charcuterie board to assist the consumer in creating a thoughtful presentation of the items included in their box.

In addition to calculating accurate ingredients and packaging costs, research and development teams must include $1.00 per package to account for manufacturing, marketing and distribution costs (fixed costs) and profit margin. As a product development team, you have access to smaller portions of multiple ingredient options already in packages. You will put these as individual packages in your product so the person preparing the charcuterie board at home can place them on a display piece of their choice. You may not portion the products into smaller components and you are required to keep them in the portioned bags provided. Your target price is $7.99 or under.

Your team should be prepared to clearly identify key processes for production, packaging, and quality control within your production facility. Your team should use the nutrition information, ingredients, and packaging options included to determine the following: a brand name, design marketing display panels for your kit, a nutrition panel (hot cocoa mix only), and an appropriate ingredient statement (hot cocoa mix only). Your principal display panel should be affixed to whatever package option your team chooses. You may prepare and present the hot cocoa mix nutrition facts panel on the blue colored paper provided, but you must still indicate where on the package the nutrition facts panel should go.

You are required to provide your formulation, nutrition, and pricing calculations when you present your product. Purple colored paper has been provided as scratch paper to show your work for the formulation, nutrition and pricing calculations.

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

GOOD LUCK!!
