

Marketing Scenario

Food Science Career Development Event – 2015

Memorandum

TO: Product Development Group
FROM: Market Research & Opportunity Group
SUBJECT: Meeting Market Needs for Dry Soup Mix

TASK: Using the materials, ingredients, pricing, and nutritional information provided, design a dry soup mix

The global soup industry is worth over \$5 billion in annual sales. Market research reports have documented a 30% growth rate of soups over the last five years. Mintel International notes that the global economic recession has made consumers recognize the economic and nutritional value of soups as convenient, high quality foods offering numerous health benefits. In fact, a 2000 study conducted by researchers at the University of Nebraska Medical Center found chicken soup contains anti-inflammatory agents that may actually help reduce the symptoms of the common cold.

There are many other reasons consumers eat soups: (1) canned and dry soup mixes can be quick and easy to prepare, (2) they can be made with minimal supervision, (3) they can be very forgiving (it can be difficult to over- or undercook some soups), (4) they can be great ways to increase the amount of vegetables consumed, (5) they can be very economical, and (6) they can be a meal on their own. Consumers are extremely attracted to the convenience aspect of soups (Market Research Reports, 2015). More than half of American adults report using dry soup mixes (Experian, 2014). In fact, Nielsen Scarborough (2014) released research showing that 97 million of the 240 million adults in the United States reported using dry soup mix within the last 7 days.

Demographic research shows that soup consumers tend to be older males from urban areas. While the population of the United States is fairly evenly split between males and females, males represent a larger value share of the soup market. As compared to other age groups, older consumers report higher average frequencies of soup consumption and account for the single largest share of the market value. While two-thirds of the United States population describe themselves as Urban, they represent over three-quarters of the value share of the soup market.

Based on consumer tracking and modeling data, we have found that the development of a dry soup mix would be beneficial for this market. Traditional canned soups may be viewed as "over-processed." Growth areas in the soup category have been moving soup into other packaging formats including the pouch, carton (tetra-pak), as well as expansion of the dry soup category. Dry soup mixes fulfill several consumer needs resulting in several themes to keep in mind during the development of such a product. First, convenience and ease-of-preparation is critical. The packaging option selected should make clear the ingredients consumers are purchasing, yet preparation instructions should indicate the consumer can be involved in the preparation of the soup, making them feel more like they are "cooking," while still providing convenience. Second, the mix you create must be hearty enough for a meal, yet flexible enough to allow for customization if the consumer wishes to add additional ingredients not provided in the mix. Third, it is important to balance health benefits while maintaining taste profiles. For example, older adults are concerned with sodium levels, yet often associate sodium with taste. It is recommended that adults consume no more than 2,300 mg of sodium per day. Next, be sure to reinforce the reason consumers should purchase and consume your product. Soups run the risk of becoming a staple in the pantry and consumers need to be reminded of other reasons to eat soup as a meal. Finally, you need to include preparation instructions for your soup mix. Assume that 1/3 cup of dry mix will yield 1 cup of prepared soup and one cup of water is needed for rehydrating each serving of soup.

The current economic situation calls for a very strategic packaging and pricing plan. Our preliminary research indicates we should be developing a dry soup mix that serves as a stand-alone meal option. We envision the ingredients, packaging, and labeling costs to not exceed \$3.00 per package. Profit margin, marketing and distribution expenses should be added to your product cost at a rate of 30% per package.

Your challenge is to develop a dry soup mix for retail sale using ingredients provided in the ingredient list. Looking at the overall market and consumer behavioral characteristics, it is fair to assume that our product should emphasize health benefits such as vegetable servings and be marketed as a meal for older males from urban areas. It will be up to your team to determine the weight of the final product, but we anticipate a final dry product weight between 12 and 16 ounces, depending on ingredients used. After

consumer preparation, it will weigh more than this, but our financials are calculated on the product as sold.

Your team should determine a catchy name, design marketing panels for your selected packaging, develop an accurate nutrition panel, provide preparation instructions, and create an appropriate ingredient statement. The nutrition facts panel for a dry soup mix should be based on dry weight. Be sure to clearly identify key processes for production and quality control within your production plan. Your team should package the product using the packaging option of your choice and identify the price point for selling the item. The principal display area should be affixed to whichever packaging option you select. The nutrition facts label can either be affixed to the packaging option selected OR presented on the quarter sheet of poster board provided in your bag of ingredients/materials.

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

GOOD LUCK!

Ingredients	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 (mg)	Calcium (mg)	Iron (mg)
Dry Pasta- Rotini (contains wheat)	\$0.52	100g	367.0	2.1	0.4	0.0	0.0	7.0	74.0	3.0	4.1	13.0	0.0	0.0	16.0	3.6
Dried Beans - Great Northern	\$0.50	100g	339.0	1.0	0.0	0.0	0.0	14.0	62.0	20.0	2.0	22.0	0.0	5.3	175.0	5.5
Dried Beans - Pinto	\$0.44	100g	347.0	1.0	0.0	0.0	0.0	12.0	63.0	15.0	2.0	21.0	0.0	6.3	113.0	5.1
Split Peas	\$0.40	100g	341.0	1.0	0.0	0.0	0.0	15.0	60.0	26.0	8.0	25.0	149.0	1.8	55.0	4.4
Brown Rice	\$0.30	100g	362.0	3.0	1.0	0.0	0.0	4.0	76.0	3.0	0.0	8.0	0.0	0.0	33.0	1.8
Chicken Bouillon Granules	\$3.00	100g	267.0	14.0	3.0	0.0	13.0	18585.0	18.0	0.0	17.0	17.0	2.0	1.1	187.0	1.0
Beef Bouillon Granules (contains Milk)	\$4.05	100g	238.0	9.0	4.0	0.0	10.0	16981.0	24.0	0.0	17.0	16.0	0.0	0.0	60.0	1.0
Dried Instant Potato Flakes	\$0.70	100g	354.0	0.0	0.0	0.0	0.0	104.0	81.0	7.0	3.0	8.0	11.0	81.0	27.0	1.0
Dried Oregano	\$4.35	100g	306.0	10.0	3.0	0.0	0.0	15.0	64.0	43.0	4.0	11.0	6903.0	50.0	1576.0	44.0
Dried Thyme	\$4.78	100g	276.0	7.0	3.0	0.0	0.0	55.0	64.0	37.0	2.0	9.0	3801.0	50.0	1890.0	124.0
Dried Garlic	\$2.72	100g	363.0	0.3	0.0	0.0	0.0	41.0	75.0	14.0	3.0	15.0	20.0	0.0	362.0	2.0
Black Pepper	\$6.00	100g	225.0	3.0	1.0	0.0	0.0	44.0	65.0	27.0	1.0	11.0	299.0	21.0	437.0	29.0
Salt	\$0.15	100g	0.0	0.0	0.0	0.0	0.0	38758.0	0.0	0.0	0.0	0.0	0.0	0.0	24.0	0.0
Dried Onion	\$1.67	100g	356.0	1.0	0.0	0.0	0.0	54.0	81.0	12.0	40.0	10.0	0.0	15.0	363.0	3.0
Dried Carrots	\$1.38	100g	341.0	1.0	0.0	0.0	0.0	275.0	80.0	24.0	39.0	8.0	68460.0	15.0	212.0	4.0
Dried Peas	\$2.89	100g	290.0	2.0	0.0	0.0	0.0	204.0	64.0	22.0	29.0	25.0	0.0	0.0	99.0	10.0
Dried Broccoli	\$5.46	100g	372.0	3.0	0.5	0.0	0.0	220.0	63.0	9.0	36.0	24.0	12520.0	755.0	390.0	7.0
Dried Red Peppers	\$4.20	100g	290.0	2.5	0.7	0.0	0.0	54.0	70.0	20.0	42.0	11.0	14633.0	200.0	74.0	10.0

Package Options	Cost per item
Glass Jar small	\$0.80
Glass Jar large	\$0.92
Brown Bag with window pane	\$0.28
White Bag with window pane	\$0.35
White Label Paper	\$0.02