

Marketing Scenario Food Science Career Development Event – 2016

Memorandum

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

TASK: Using the materials, ingredients, pricing, and nutritional information provided, design a Ready to Eat Snack for Convenience Stores

The eating habits of American consumers have changed. While consuming three meals a day is often idealized in American culture, we rarely eat that way. “Consumers are eating more often, in greater isolation, in the moment and on the go” (Hartman Group, 2015). Wyatt (2014) noted that the average number of in-between meals snacks increased from 1.9 per person per day in 2010 to 2.8 per person per day in 2014. In fact, half of adults ate three or more snacks per day (Wyatt, 2014). As a result, bite-sized or handheld foods/drinks have continued to grow in popularity. In 2013, 27% of the best-selling new foods/drinks were bite-sized or handheld and 21% were on-the-go and ready-to-use (IRI, 2014).

In addition to the increase in snack consumption, it is also interesting to note how snacks are consumed. In 2013, the Hartman Group noted that snacks are increasingly being consumed on the same day they were purchased. In fact, 15% of all eating occasions involved food/beverages that were consumed within hours of purchase. This leads us to conclude that convenience continues to drive a consumers’ snack making decisions.

Convenience as a decision-making factor related to snacking is closely followed by energy needs, hunger, and nutrition (HealthFocus, 2013). Nielsen (2015) reported that one in five consumers purchase snacks for an energy boost or to improve mood. Convenience stores across the country are trying to capitalize on these trends. For example, Sunoco stores noted, “our consumers have told us they would like a wider selection of healthy, convenient snack foods” (Sunoco, 2016). As a result, Sunoco stores are now carrying smarter options for everyday snacking that are marketed as “not your typical convenience store food” (Sunoco, 2016).

Despite increases in snacking opportunities driven by convenience, only 37% of Americans plan and shop for snacks so that they always have one on hand. Few companies have taken advantage of opportunities to deliver healthy on-the-go snack options that take advantage of the added nutritional benefits of fruits, vegetables, grains, nuts, legumes, and seeds. Thus, we recognize that factors motivating consumers to consume more snacks and mini-meals coupled with the uniqueness of these food items provide an opportunity for growth in the market, especially within the ready-to-eat, on-the-go sector.

The current economic situation calls for a very strategic packaging and pricing plan. Our preliminary research indicates we should be developing a healthy snack busy Americans can find in convenience stores when they are seeking an energy boost but realize they have not planned ahead and do not have such a snack on hand. We envision this snack having a final serving size of 28-42 g, depending on ingredients selected. Our preliminary research also indicates that when marketing products in convenience stores, particular attention should be paid to convenience factors such as packaging and graphic design.

We recognize that we need to capture the attention of the Millennial generation (aged 19-36) who seek more adventurous flavor profiles, but cannot ignore the one-third of Americans aged 50-plus who still prefer more traditional flavor profiles. Recent statistics show more than a third of Millennials still live at home with their parents who are responsible for many of the purchasing decisions made for the entire household. Therefore, we need to be strategic in an effort to link the older and younger generations with shared food supplies.

Acknowledging and adhering to serving guidelines can help secure our place in the market by offering tasty and nutritious foods that busy Americans can easily incorporate into a well-balanced diet. We are developing a snack with a flavor profile and appearance that is attractive to a wide range of ages and should therefore meet the nutritional needs of average adults.

The snack developed should adhere to the following nutritional guidelines per serving:

- Contain no more than 200 calories
- Contain at least 3 grams of fiber
- Contain at least 5 grams of protein
- Contain no more than 150 mg of sodium
- Contain no more than 10 grams of fat
- Contain no more than 12 grams of total sugars from the foods

Your research and development team has been challenged to formulate this product so that the ingredients plus packaging costs no more than \$1.00 per serving. In addition to calculating accurate ingredients and packaging costs, research and development teams must add \$0.75 per package to account for manufacturing, marketing, and distribution costs (fixed costs). An additional 30% of the total per unit cost should be added for profit margin.

Your challenge is to develop a ready-to-eat snack for retail sale in convenience stores using ingredients provided in the ingredient list. It will be up to your team to determine the size of the final product. Your team should determine a catchy name, design marketing panels for your selected packaging, develop an accurate nutrition panel, and create an appropriate ingredients statement. 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. We recognize that the nutritional label will have to be developed by the graphics design department based on the packaging option you select. So, for your initial presentation of the product you develop, you may prepare a separate nutrition label on the provided $\frac{1}{4}$ sheet of poster board instead of attaching it directly to the product. However, be sure to bring your larger nutrition label to your presentation. Your principal display area should still be affixed to whichever packaging option you select.

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

GOOD LUCK!