

TO: Product Development Team
FROM: Marketing Research Team
SUBJECT: Snack Mix for Working Women

Snack foods remain the fastest growing supermarket category with 21% growth over the last four years (Baking & Snack, March 2000). More Americans were snacking on granola bars, trail mixes, and other snacks in 2002- up 20% from 2001 (Food Technology, July 2003). Our marketing team has been researching current trends in the snack foods category, and we think that our company can benefit from entering the market with a new product- a snack mix.

Snack mixes are growing in popularity as more and more people seek variety and convenience. As a pretzel company, we already have the reputation of being a “healthier” snack than fried potato chips and corn chips. But pretzels can also get lost on the shelf compared to the exciting flavors of these other types of snacks. Mixing our pretzels into a snack mix can give us the best of both worlds.

We are interested in targeting the consumer with (1) the money to spend on this type of product; (2) willingness to try products that they believe will benefit them; and (3) a love of snacking. Our research indicates that women age 18-35 are a great match for this description. Women are interested in good nutrition, but are usually unwilling to give up good taste. Women are also more concerned with the benefits they can receive from a product rather than the biggest and flashiest product. (Page 2 gives more information about the target audience.)

Your job is to develop a snack mix containing pretzels using the information provided in this packet. You are responsible for making the formulation using the provided list of ingredient possibilities on page 6. You will need to calculate the cost using the information provided on page 5. You are also responsible for choosing the type of packaging and designing the label and calculating the nutrition facts for the label. (You need to name our product.) You will also need to write a summary that addresses the questions at the end of this packet.

Here is some key information you need to know:

- The distribution price will be set at \$2.25 for 8 oz. product.
- The marketing department has set a ceiling of \$1.60 for the ingredients and packaging of the product- this is the maximum that you as a product developer have to spend. You will need to calculate how much your choices of ingredients and packaging will cost in the final product.
- Your final product must weigh 8 oz.
- The serving size has been established at 1 oz.
- Your product must contain 3 oz. of pretzels and you must use at least 2 different shapes of pretzels.
- You must use one of the flavors (recommended use is 0.5 oz.)
- In addition to the pretzels and flavor you may use up to 4 other items.

Target Audience

Here are some facts about your target audience to help you design your product to best meet their needs. Remember, your target audience is women age 18-35. It is difficult to imagine what another age group or gender likes. That's why it is important that companies use the market research information to help understand how to make products more appealing to them. Some of this information might be useful for you as you write your product summary.

- Women crave sweet foods 60% of the time and savory foods 40% of the time. (Science & Technology, Vol 80, No 1).
- Nearly half (44%) of all eating occasions for women 18-34 are snacks, and nearly 25% of their total calories per day come from snacks. (Prepared Foods, June 2003)
- 50% of all women are on a weight loss diet at any given time. One of the most popular current diet trends is the low carbohydrate/ high protein diet. (<http://www.annecollins.com/eating-disorders/statistics.htm>)
- 72% of Americans snack at least once a day, 69% try to make healthy snack choices, 30% consider fruit or vegetables their favorite snacks, 24% prefer chips or crackers (The Food Industry Newsletter, April 10, 2000)
- Over 25% of adult women snack one or more times per week in their car and 44% snack one or more times per week at work. (The Food Industry Newsletter, April 10, 2000)
- A growing number of women in the age group either live alone or are married with no children, therefore single-serve portions can be desirable (Prepared Foods, June 2003)
- A key characteristic in many of today's most successful new products is that they do a good job of satisfying more than one need or wish for today's time-pressured women. For example, portable, indulgent taste and low in calories all in the same product. (Prepared Foods, June 2003).

Little extras to consider when designing your product...

Achieving a consistent seasoning application for any snack requires knowing many product and process parameters. Coating type and quantity, as well as product shape and fragility, all contribute to the finished product's quality. Generally, applying seasoning/oil-based slurries to snacks requires a rotating tumble-drum system. The amount of product tumbling and agitation is determined by the height, spacing and contour of flights. Typically, a seasoning powder adheres to a snack via surface oil, either from the fryer or a spray

A number of bold flavored cheese snacks have entered the market over the past year fueling the category's 4.4% growth in 2000. Frito-Lay's recently added several new flavors to its Rold Gold pretzel line, including bite-sized honey mustard and Parmesan herb flavors. Another new variety from Frito-Lay is Rold Gold Colossal Cheddar snack mix that includes pretzels. Dollar sales of pretzels declined 2.2% in 2000 to \$1.19 billion. Pretzel manufacturers could grow their business by introducing new flavorful products and targeting emerging consumer groups.

Positive health news about snacks can have a positive impact on sales. A good example is snack nuts. A number of studies, including one conducted at Harvard School of Public Health and published November 14, 1998 in the *British Medical Journal*, have shown that consumption of peanuts and other nuts is associated with a lower risk of coronary heart disease. Other recent studies, including one conducted at Purdue University, have shown that snacking on peanuts leads to more eating satisfaction and subjects automatically adjust their diets to compensate for most of the additional calories. This news led to an 11.2% increase in pounds of snack nuts sold between 1998 and 1999. During 2000, snack nut sales increased 4.2% to reach 503.9 million pounds.

Reading Label Lingo

In addition to requiring that packaged foods contain a Nutrition Facts label, the FDA also regulates the use of phrases and terms used on the product packaging. Here's a list of common phrases you may see on your food packaging - and what they actually mean.

- No fat or fat free: Contains less than 1/2 gram of fat per serving
- Lower or reduced fat: Contains at least 25 percent less per serving than the reference food. (An example might be reduced fat cream cheese, which would have at least 25 percent less fat than original cream cheese.)
- Low fat: Contains less than 3 grams of fat per serving
- Sugar free: Contains less than 1/2 gram of sugar per serving
- Low sodium: contains less than 140 mgs of sodium per serving
- High fiber: 5 g or more per serving (Foods making high-fiber claims must meet the definition for low fat, or the level of total fat must appear next to the high-fiber claim)
- Good source of fiber: 2.5 g to 4.9 g. per serving

<http://www.foodproductdesign.com/archive/1997/0997DE.html>

http://www.ecrm-epps.com/Expose/V5_2/snacking.htm

Please answer the following in your written product summary...

- What words or images appear on your packaging to make it especially desirable for women age 18-35?
- Explain why you chose each of your ingredients- or why you didn't select some of the ingredients. (i.e., because of your target audience, processing factors, etc.)
- What considerations did you give to the nutritional needs of your target audience when choosing your ingredients?
- What is the most important physical characteristic of pretzels that allow them to stay safe during their relatively long shelf life?
- What are the ingredients in pretzels?
- Explain or draw a process flow chart of the steps in your pretzel manufacture and snack mix assembly. (Attach drawing to summary.)
- How will you add your flavor to your snack mix- in your pretzel dough or added as a coating? Why did you make this choice?
- How will you fill your packages- will you mix all your ingredients together first or add them to the bags at different times? What are advantages of the method you chose?
- How will you ensure the quality of your product- in other words, what aspects of your product will you need to test to be sure that your product is consistent?
- Which ingredient in your snack mix will cause the shelf life to decrease the most?
- What have you calculated as the ingredients/packaging portion of the final price? What other costs besides ingredients/packaging influence the distribution price that is set by the Marketing Team?

ITEM	UNIT COST
PRETZELS	
Twists	\$0.06/oz
Sticks	\$0.06/oz
Nuggets	\$0.09/oz
Rings	\$0.09/oz
CRACKERS/PUFFS	
Crackers	\$0.08/oz
Graham crackers	\$0.08/oz
Popcorn	\$0.12/oz
Corn puffs	\$0.10/oz
NUTS	
Peanuts	\$0.25/oz
Honey Roasted Peanuts	\$0.30/oz
Cashews	\$0.35/oz
FRUIT/CHOCOLATE	
Raisins	\$0.25/oz
Dried cranberries	\$0.35/oz
Candy-coated chocolate	\$0.20/oz
SEASONING	
Honey	\$0.25/oz
Cinnamon Sugar	\$0.25/oz
Spicy BBQ	\$0.25/oz
Cheddar Cheese	\$0.25/oz
Ranch	\$0.25/oz
Honey Mustard	\$0.25/oz
PACKAGING	
8 oz. foil pouch	\$0.05/package
8 oz. resealable foil pouch	\$0.10/package
(8) 1 oz. foil pouches in a cardboard box	\$0.15/package

ITEM	Information for	Calories	Total Fat	Saturated Fat	Cholesterol	Sodium	Total Carbohydrate	Dietary Fiber	Sugars	Protein
			g	g	mg	mg	g	g	g	g
PRETZELS										
Twists	1 oz.	109	1	0	0	485	22	1	0	3
Sticks	1 oz.	109	1	0	0	485	22	1	0	3
Nuggets	1 oz.	114	2	0	0	485	21	1	0	3
Rings	1 oz.	109	1	0	0	485	22	1	0	3
CRACKERS/PUFFS										
Crackers	1 oz.	124	4	0	0	182	20	0	0	2
Graham crackers	1 oz.	119	3	0	0	145	21	1	6	2
Popcorn	1 oz.	109	1	0	0	1	22	4	0	3
Corn puffs	1 oz.	109	1	0	0	200	23	4	5	2
NUTS										
Peanuts	1 oz.	174	14	2	0	3	7	3	1	5
Honey roasted peanuts	1 oz.	173	13	2	0	95	8	2	4	6
Cashews	1 oz.	169	13	3	0	5	9	1	1	4
FRUIT/CHOCOLATE										
Raisins	1 oz.	92	0	0	0	10	22	2	16	1
Dried cranberries	1 oz.	104	1	0	0	1	25	2	20	0
Candy-coated chocolate	1 oz.	148	8	3	2	32	17	1	15	2
SEASONINGS										
Honey	0.5 oz.	56	0	0	0	52	13	0	6	1
Cinnamon Sugar	0.5 oz.	56	0	0	0	52	13	0	6	1
Spicy BBQ	0.5 oz.	56	0	0	0	156	13	0	6	1
Cheddar Cheese	0.5 oz.	96	8	3	0	121	5	0	2	1
Ranch	0.5 oz.	81	5	2	0	145	8	0	4	1
Honey Mustard	0.5 oz.	56	0	0	0	113	13	0	6	1

