

TO: Product Development Group

FROM: Market Research & Opportunity Group

SUBJECT: Meeting Market Needs for a cereal-based, convenience product for food service entities.

TASK: Using the materials, ingredients, pricing, and nutritional information provided (**be given on the day of the activity**), develop a cereal-based, convenience product that can be purchased at convenience stores (e.g., Casey's, Kwik Star). Ideally, the product should include high protein and high fiber and have no more than 250 calories per unit. The price of the item should be no more than \$4.50 for one serving, which will be the serving size made available by the convenience store. There are no restrictions on the form of the product, but it is one that someone would likely purchase when traveling and then eat in a vehicle.

### Background Information

An explosion of protein products has entered the market, from cereal products to meat alternatives. These markets are expected to be strong, which supports long-term demand for protein. For example, meat alternatives based on plant protein are expected to reach \$140 billion by 2029, a tenfold increase from current value. Millennials and younger generations are driving the development of convenience products. Furthermore, this population of consumers make dining choices based on nutrition/health, social and environmental (i.e., sustainability) issues. Recent population statistics indicate that 61% of the American population (341 million) falls under Millennials or younger generations. The combination of consumption behaviors and population of younger consumers supports a long-term demand for food products made from sustainable protein- and fiber-based ingredients.

In addition to stagnant incomes, Americans are facing increased costs of goods and services due to inflationary cost associated with higher raw material and fuel costs. The convenience market is no exception; however, consumers find value in protein and fiber enhanced convenience foods due to the perceived value of protein and fiber as an essential nutrient. Furthermore, the adaptability of convenience foods is well suited for the on-the-go lifestyle of younger Americans. This often means traveling to shows, concerts, and sporting events. Purchasing convenience foods that are nutrient dense and have a greater satiety than traditional snacks like chips and candy are becoming more widely available as convenience stores as they re-shape their marketing image and branding.

Growth in the convenience food market is expected. The U.S. convenience market has an annual value \$654 billion, which is expected to grow to \$891 billion by 2029. As a result, the marketing team believes that there is enough room in the convenience food market for additional products, especially products that are high protein and high fiber, and has asked your team to create a product for this market. The marketing team is most interested in Millennials and younger but the product is not restricted to this population. Furthermore, no stipulated package size, flavor, or format. However, they are interested in delivering a nutrient claim that is an excellent source of protein and fiber. This combination is unique because protein is not typically present in significant amounts in products that also contain high fiber.

The product must be a cereal-based convenient food item that is sold at convenient stores and delivers no more than 250 calories per unit. Your choice of packaging and labeling should be

based on the above desired interests. You must provide consumers with information so that they can properly consume the product. In addition, to calculate accurate ingredients and packaging costs, your research and development team must include \$0.50 per package to account for manufacturing, marketing, and distribution costs (fixed costs). A profit margin of 20 cents or more per unit would allow the company to compete with other companies. As a product development team, you have access to multiple ingredient options. Some of the ingredients are a mixture and must be accounted for when presenting the product. Although not required, the fewer the allergens present in the product the better. Your price for the package is \$4.50.

Your team should be prepared to identify key processes for production, packaging, food safety and quality control within your production plan. Your team should use nutrition information, ingredient list, and packaging options included in data sheets available in the room. Other activities include determining a brand name, designing marketing display panels for your product, development of an accurate nutrition facts panel and ingredient statement. You need to include other relevant information that must be on the food package.

Marketing and communications sell products. Therefore, you must include how you intend to gain consumers for the product. You may present your nutrition facts panel on 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. Include scratch paper to show your work for formulation, nutrition, and pricing calculations. (Note that the Market Research & Opportunity Group will retain your documents)

We are eager to see the product you develop and look forward to hearing your full report.  
GOOD LUCK!!