

Daily Crunch

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Section 1

Decision Problem/Issues Statement

Since Daily Crunch's founding, the company has suffered many tribulations resulting in a troubling first launch of its sprouted almond snacks in the wake of the COVID-19 pandemic. As the world is starting to reopen in light of the vaccine, Daily Crunch looks to set up the opportunity to capture scalable growth by obtaining consumers' attention that will ultimately lead to sales, establish a prominent audience, and expand its distribution and brand awareness beyond the Nashville area.

External Analysis

The \$41.7 billion snack industry is highly competitive and saturated with dominating brands such as Pepsi Co., Campbell Soup, Snyder-Lance, Pepperidge Farms, and Conagra Brands being the top competitors, holding the largest market shares. While these companies have a plethora of universally known snacks – many of which are grossly unhealthy – they lack snacks that the health-conscious audience can enjoy. Much of the snack industry, for instance, consists of high salt content, artificial flavors, unnatural preservatives, and are typically fried in unhealthy oils. However, a new segment within the industry has emerged as the “better-for-you” snacks that offer a healthier alternative to traditional snacks. These better-for-you snacks follow the popular health-conscious diet trends such as keto, paleo, plant-based, gluten-free, and vegan with some offering other certifications like non-GMO and kosher. According to the case, as of 2015, 94% of Americans snacked once a day with 70% snacking twice a day. Considering this, it is safe to expect that the reported growth of 0.6% in the snack industry has only grown throughout the pandemic, making it a great time for new entrants in the better-for-you snack category. Established brands within this category include Living Intentions and Amazon's Wickedly Prime. Living Intentions serves as a direct competitor, for the company produces raw and sprouted nut blends, being the main contributor to the growth in the sprouted-nut category while Wickedly Prime provides trendy health food products for Amazon users. Other competitors within the better-for-you segment offer various roasted nuts, seeds, granola, and crackers.

Internal Analysis

Considering the opportunity to tap into not only the better-for-you snack category but also the limited sprouted-nut market, Daily Crunch was set to launch on March 4, 2020, initially by providing in-store sampling and demonstrations. However, with the rapid spread of the COVID-19 virus, the Daily Crunch in-store launch came to a halt. Despite the difficulties of launching a new product amid a global shutdown, Daily Crunch persevered by slowly using the founders' Nashville connections to distribute products through local smoothie shops, coffee shops, fitness studios, and boutique health food stores. Daily Crunch falls within the better-for-you category and may even be considered an “even-better-for-you” product on top of that, for its production process involves soaking and dehydrating nuts to remove phytic acid and maintain nutrients. This process ultimately provides customers with the benefit of eating a delicious snack that has a good source of nutrients, is easily digestible, and is made from raw materials while still

providing that “crunch” that everyone loves and makes a snack a “real” snack. Additionally, Daily Crunch hits all the health-conscious marks because it has its non-GMO verification, it is gluten-free, and it is plant-based as well as provides the perfect snack for those looking to cut or limit sugar and fat in their diets. In terms of marketability, Daily Crunch offers competitive pricing with its 2 and 6-packs of 5 oz. bags being \$14.99 and \$34.99 respectively, and its 12-pack of 1.5 oz. bags priced at \$39.99, providing the incentive of free shipping when orders are over \$29 on the website. Its pricing at first glance looks a bit pricey, but it is on par with the goal brand image since healthier food products cost more to produce as the company utilizes higher quality ingredients and thoughtful production practices. In attempts to spread brand awareness, Daily Crunch participated in several partnerships, product giveaways, shout-outs, brand ambassadors, and even infiltrated specialty social media group pages. Also, in 2020 the company launched on Amazon using the Fulfillment by Amazon program and consequently enrolled in the Amazon Marketing Services (AMS) program in order to use Amazon as a convenient distributor as well as gain marketing insights. However, AMS takes massive fees, making it much more difficult for Daily Crunch to turn a profit on Amazon. To accomplish this, Daily Crunch would need to cut costs, which is tough for new companies to achieve. On the other hand, Daily Crunch has successfully partnered with Lipari Food, a distributor to 14 states, as well as being selected for the KeHE Elevate program, which grew Daily Crunch sales by nine times in November of 2020 compared to the month prior. Overall, Daily Crunch has a lot of potential room to grow in the post-pandemic world.

Decision Criteria

Daily Crunch has four main goals:

- Develop an effective strategy to not only capture the attention of consumers but also actively convert that attention into sales.
- Establish itself as a prominent brand within the better-for-you snack industry by fostering a loyal audience that appreciates nutritious, high-quality snacks.
- Enhance product availability by obtaining partnerships with key distributors to increase distribution and grow market share within the sprouted-nut category.
- Disrupt the snack industry by continuously producing high-quality healthy snacks that are not only deliciously good for you but also leave a lasting impression on consumers.

Decision Alternatives

Daily Crunch should consider the following alternatives:

- Expand internationally to European countries that are more health-conscious and value healthy snack alternatives such as Sweden, Germany, and Norway.
- Temporarily expand the product line to include limited edition seasonal flavors, surrounding major holidays like Christmas, Halloween, and St. Patrick’s Day.
- Partnering with subscription box companies like SnackNation, which sends curated healthy snacks to their subscribers.

- Specifically target athletes looking for a healthy source of protein and fiber before competitions by partnering with the most well-known 2024 Olympians such as Simone Biles, Katie Ledecky, and Ilona Maher.
- Incentivize repeat purchases and brand loyalty by implementing a Daily Crunch rewards program that would offer the ability to earn points towards earning a free prize.

Evaluation of Alternatives

	Captures Attention that Leads to Sales	Creates a Loyal Customer Base	Adds to Distribution	Inspires Brand Awareness
Expand Internationally	X		X	X
Limited Edition Seasonal Flavors	X	X	X	X
Subscription Boxes	X		X	X
Athletes & Olympians	X	X		X
Rewards Program		X		X

Introducing Daily Crunch to the European market would allow the company to reach more health-conscious consumers looking for a healthier and tasty alternative to traditional snacks; thus, inspiring brand awareness and presenting the company with more potential consumers. However, some challenges surface with going overseas such as finding a trusted source for raw materials as well as an established and reliable co-packer that would be prepared to take on the process of soaking and dehydrating the product. Along with this, obtaining adequate funding to reach beyond the United States as well as earning international certifications could be rather expensive for the new brand.

As the decision matrix presents, expanding the product line to temporarily include limited edition seasonal flavors would check the four main goals of Daily Crunch. Because the festivities surrounding seasonal holidays already inspire spending, Daily Crunch would have the opportunity to promote its brand through new flavors. For instance, during the winter holiday, flavors could include sugar cookie, peppermint/candy cane, gingerbread, and roasted chestnuts while in the fall, Daily Crunch could produce pumpkin spice, cinnamon, apple, and caramel. By rolling out these seasonal flavorings, the brand could create excitement through various social media channels and allow for consumer marketing to take effect, allowing the opportunity for customers to share their favorites on social media. This would essentially create more brand awareness as well as customer loyalty while also adding the products to trendy markets that value seasonal products such as Trader Joe's. There may be a few issues regarding finding the

perfect mix of ingredients to accomplish the desired flavor as well as the potential cost of sourcing more materials.

Partnering with subscription box services like SnackNation allows for a new distribution channel and provides the opportunity for new customers to be introduced to Daily Crunch. This would ultimately capture the attention of a new audience, spreading brand awareness and hopefully turning into individual sales from Daily Crunch's website. However, these subscription services most likely take a fee from Daily Crunch's sales, which depending on the percentage taken, could be difficult for a new company to withstand.

Specifically targeting athletes and other active individuals would be the perfect way to differentiate Daily Crunch from its competitors. To reach this audience, Daily Crunch could look to partner with top athletes from the 2024 Olympics such as Simone Biles, Katie Ledecky, and Ilona Maher to inspire individuals to try Daily Crunch since it is a healthy source of protein and fiber. With this, Daily Crunch could look to sponsor various athletic events like marathons and triathlons to help create attention, loyalty, and awareness. However, a new company may struggle to finance partnerships with athletes of such magnitude as well as sponsor athletic events.

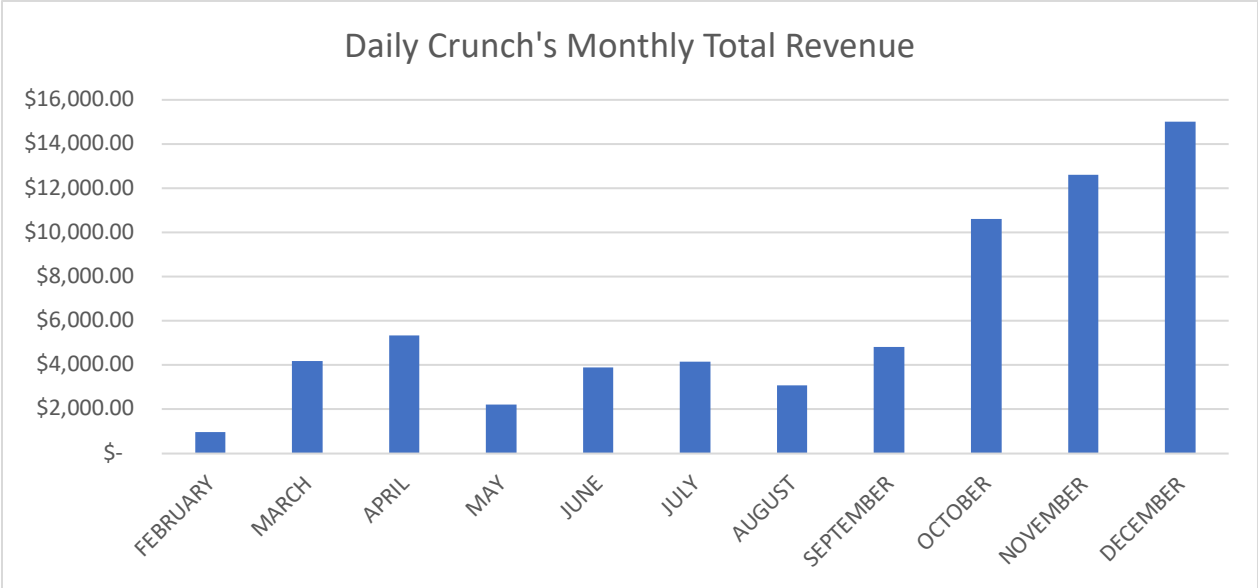
Establishing a rewards program would help the existing customers pledge their loyalty to the Daily Crunch brand while also potentially spreading brand awareness through word-of-mouth advertising. With a rewards program points system in place, active members will have the opportunity to generate points through purchases that will eventually go towards a free prize, which would consist of merchandise or a bag of a new flavor of Daily Crunch. To further incentivize consumers, the rewards program could offer exclusive discounts and opportunities to purchase new flavors before stores receive them. On the downside, this does not help attract new customers or generate new distribution channels.

Recommendation

Based on the decision matrix above, I recommend that Daily Crunch pursue offering limited edition seasonal flavors because it checks all the boxes concerning the company's goals. By introducing seasonal flavors around major holidays, Daily Crunch will be able to build excitement and awareness around the brand and even market the product to be included as a healthy alternative item in holiday gift baskets or stocking stuffers for Christmas. With the product becoming an expected gift around the holiday, like luxury chocolate, Daily Crunch will be able to achieve customer loyalty that will in turn result in more distributors wanting to carry its products in their stores. On the other hand, sourcing and perfecting the flavor combinations to achieve these seasonal flavors along with the necessary market research and testing may become expensive for Daily Crunch; however, by tapping into this opportunity, I believe Daily Crunch will have a large and timely return on investment, creating the growth it needs to become an established brand within the industry.

Appendices

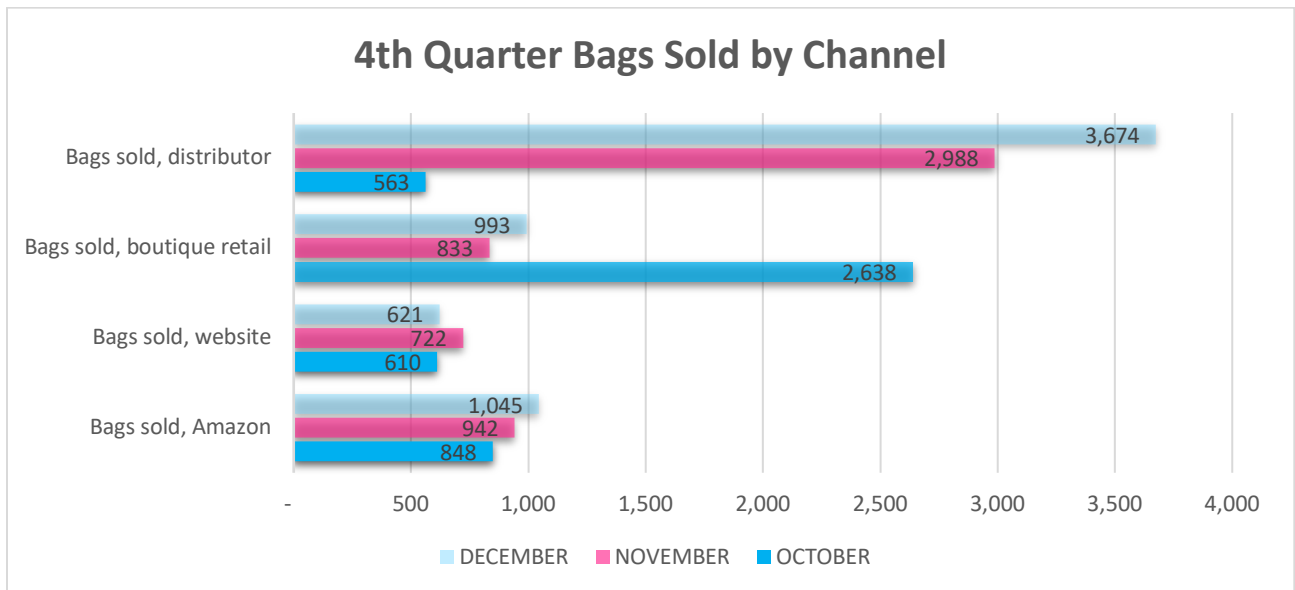
Exhibit 1



In 2020, we can see that Daily Crunch is seeing consistent monthly revenue growth, providing a strong indication of the potential 2021 has to offer. The growth can be attributed to Daily Crunch entering distribution partnerships with Lipari Food and KeHE, which significantly expanded the brand’s reach starting in August of 2020. However, seasonal festivities may also be a factor, as sales may have increased due to entering the holiday season.

To ensure Daily Crunch can capitalize on this substantial growth, the company should conduct market research surrounding its customers’ behavior and motivations behind their Daily Crunch purchases. By gaining these insights, Daily Crunch can better understand whether these purchases were driven to provide a healthier alternative to typical holiday treats, such as chocolates and other candies, revealing valuable insights into seasonal purchase patterns.

Exhibit 2



When focusing on the major holiday months – October, November, and December – Daily Crunch’s most effective sales channel is through distributors, demonstrating that partnering with key distributors around the country will be the most successful way to create brand awareness and drive sales.

By establishing limited edition seasonal flavors, Daily Crunch’s products will likely secure prime real estate at the front of stores by being featured in major holiday displays. These prominent displays are hard to miss and will likely attract consumer attention. In the event consumers wander into the holiday display’s treat section, Daily Crunch will be sure to stand out by offering a healthy alternative to the standard assortment of seasonal chocolates and candies. As the lone, health-conscious seasonal snack, Daily Crunch will establish a differentiating factor among not only seasonal candy but also its competitors within the better-for-you snack industry, increasing the likelihood of gaining the attention of shoppers looking for a seasonal, guilt-free indulgence.