

Smart Ones®

~ TEAM 1 ~



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a report chock full of numbers & data, drizzled with facts, key benefits and brand promises

MARKET RESEARCH RESULTS



SERVING SUGGESTION

OCTOBER 10, 2019

KEEP FROZEN • SEE COOKING INSTRUCTIONS

READ THOROUGHLY

NET WT. 12 PGS

670	25	5	1
survey responses	live interviews	team members	brand in need

Kraft *Heinz*

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INTRODUCTION

Kraft Heinz, a publicly-traded, consumer-based (B2C) company and the 5th largest food and beverage company worldwide¹, is currently undergoing a large loss in market share and sales². Although the company is a merger of two mega brands, Kraft Foods and H.J. Heinz Company, the product mix is struggling to keep up with that of key competitors such as Nestlé, ConAgra and Mondélez. The market research findings proposed in this brief will outline the reasoning behind these losses, where Kraft Heinz may be able to explore potential solutions, as well as a recommended approach in where to go moving forward.

Highlighted in this market research is a sub-brand within Kraft Heinz's frozen food line; Smart Ones, a type of frozen, single-serving meal, was designed to be a healthier alternative to the offering of other products from Kraft Heinz sold in a variety of different cuisines (e.g. Italian, American, Asian). The brand offers both nutritional value and convenience, placing it among competitors such as Lean Cuisine, Healthy Choice, and Amy's.



Above: various varieties of Smart Ones³

CRITICAL RESEARCH FINDINGS

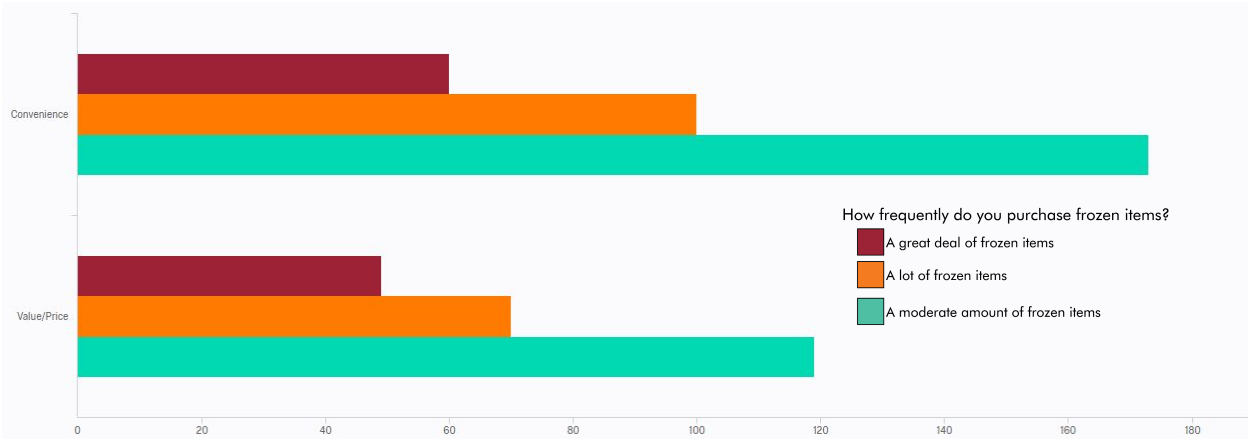
Research Methods

Secondary research was conducted by reviewing scholarly and publicly written articles, presentations and other online media. Primary research was conducted via online survey and live interviews. For the surveys, we used social media and personal connections to engage participants between the ages of 20-65 to take the survey. The data used was extracted from 670 online survey responses and 25 live interviews. The primary purpose of our research was to gather data on consumer shopping behaviors and understand their opinions on frozen foods. Additionally, we examined their purchasing frequency of brands in the frozen meal space and how competitive brands fared against Smart Ones.

Average Responses

While our primary research was targeted towards our recommended segment, we found that the survey reached those between the ages of 18-50 that mostly reside in suburban and urban communities.

70% of all participants said they regularly purchase frozen food items. Of that percentage, 70% choose frozen items for their convenience. Convenience and value served as the top 2 reasons for consumers to purchase frozen items overall.



Above: bar graph showing data for purchase reasoning; convenience and value dominate the graph

CRITICAL RESEARCH FINDINGS

(CONT'D)

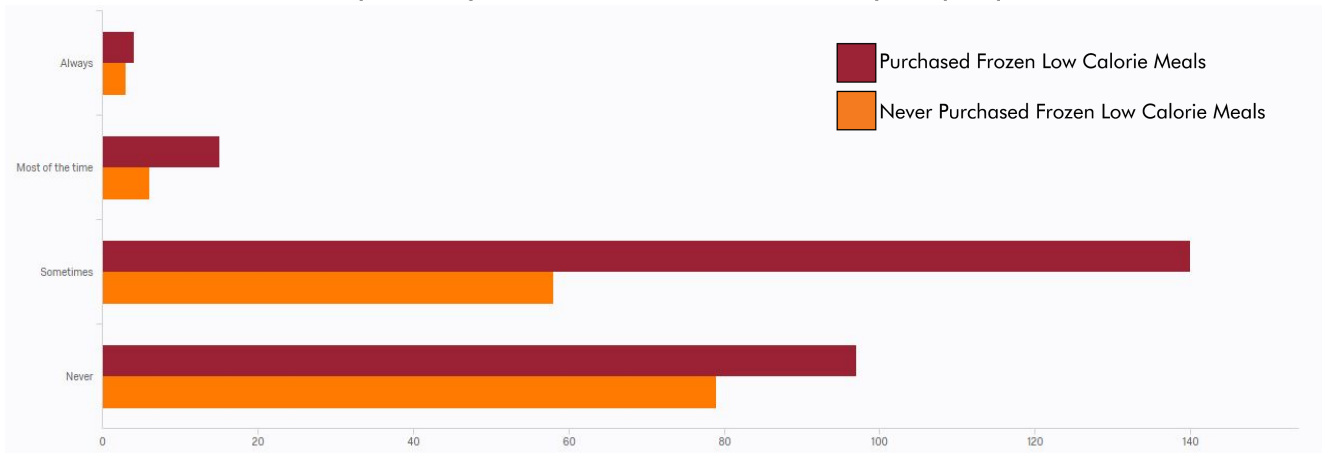
Smart Ones proved to be least recognizable for its value at 9%, while key competitors such as Lean Cuisine, Amy's, and Healthy Choice were recognized with higher brand value at 37%, 33%, and 21%, respectively.



Above: graph showing breakdown of consumer recognition of Smart Ones and its competitors

Overwhelmingly, our respondents felt that they could make meals at home that were much healthier than what they could purchase in the frozen aisle. Yet, over 50% of consumers still regularly purchase frozen meals. According to our respondents, access to healthy food was not an issue. This means that convenience is a major factor in their purchasing decision.

Is the frozen food you buy healthier than the food you prepare at home?



Above: Graph compares all respondents who purchase frozen foods.

IMPORTANT FACTORS



The words above appeared with the highest frequency within our research when participants offered their opinion on frozen meals and why they don't buy them.

Kraft Heinz and Smart Ones have large competitors with strong brand awareness.

RECOMMENDED SEGMENTATION

Primary Segment

The recommended segmentation is household decision-makers, ages 25 and up who come from a few different backgrounds such as: suburban-dwellers who work full-time while maintaining a household, super savers who understand the power of a coupon, and those who aren't necessarily professionals in nutrition but are making conscious efforts in the dietary choices they make. The purpose of targeting these groups is to explore those who are most impacted by and influenced by societal trends and meet the needs that are currently unmet in the frozen food space.

Secondary Segment

Convenience driven consumers are looking for a quick and filling meal that is a reasonable price. Smart Ones is a convenient meal product at a low price and customers looking for that option will find value in Smart Ones.



FREEZER BURNT FARAH

- Suburban, between the ages of 26-35
- Household decision driver
- Not afraid to stock up in the frozen food aisle
- Burnt out by 9-5 job and child, pops frozen meals in the microwave after work



BARGAIN BUYER BARB

- Between the ages of 36-50, college degree
- Seeks out the best bang for her buck
- Clips coupons and checks classifieds



HEART HEALTHY HARRIET

- Reads nutrition labels and checks sodium content
- Shops at Whole Foods and Target
- Prefers organic products, but often settles for low calorie low sodium items



CONVENIENCE CRAVING CHRIS

- Always on the go, college student between the ages of 18-25
- Commuting to class (any amount of time)
- Likes frozen products
- Looking to save time and money but still craving taste

RECOMMENDED SEGMENTATION

(CONT'D)

Tertiary Segment

Those who shop online are less conscious of brand variety and will often strive for items based on sale price rather than brand or quality comparison.

Untargeted Segment

Nutritional/dietary specialists, medical professionals, and formally or self-educated/aware individuals are those who understand nutritional facts, ingredients and their composition and are more likely to refuse to purchase items like a frozen meal.

Consumer State of Awareness

According to all consumers surveyed who had purchased frozen meals, only 21% of them had purchased Smart Ones. The most commonly purchased competitor was Lean Cuisine followed by Healthy Choice.

Understanding how customers perceive the frozen meal category and acting on and improving those perceptions is essential in retaking market share.



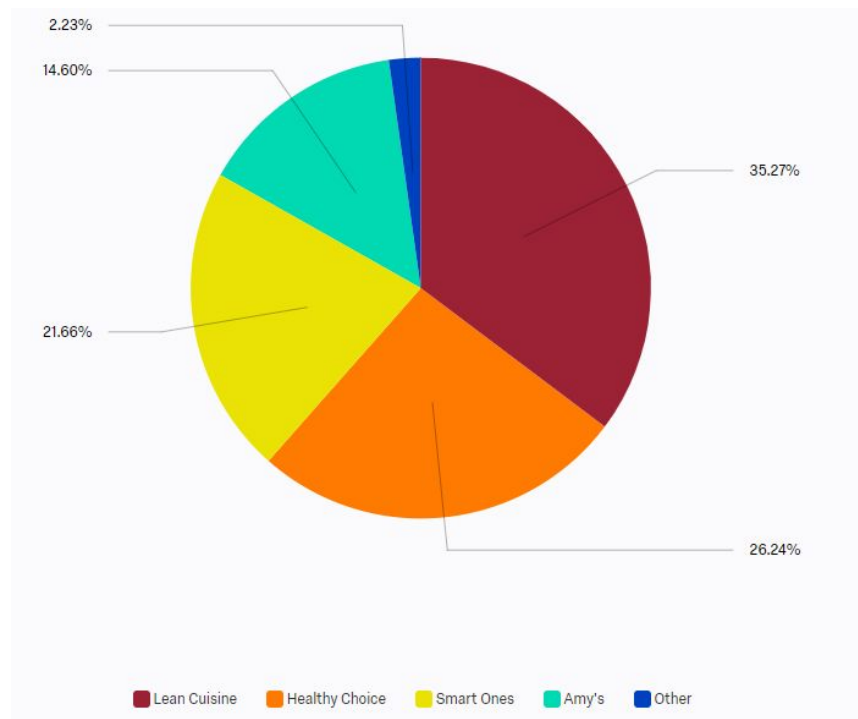
ONLY ONLINE OSCAR

- Purchases groceries online through Amazon or Instacart
- Purchases heavily influenced by sale prices and promoted products

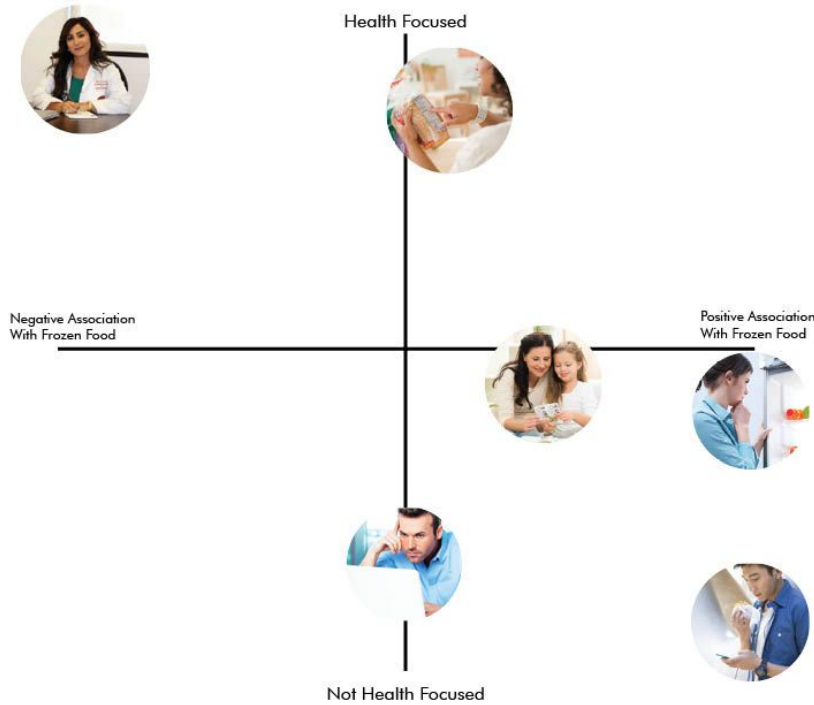


NUTRIENT KNOWING NANCY

- Makes most of her meals at home, enjoys a meal prep routine
- Reads ingredient labels and buys brands she's done her research on
- Rarely purchases frozen meals, but usually uses frozen ingredients



PERCEPTUAL MAP



Most customers who purchase frozen meals believe that the food they make at home is healthier than the frozen meals they buy. Our segments “Freezer Burnt Farah” and “Convenience Craving Chris” predominantly care about how easy their food is to prepare while maintaining a positive perception of frozen meals.

Heart Healthy Harriet is diligent about the sodium and calories she consumes, without caring much about pricing. By changing our packaging to highlight lower sodium content we can meet Harriet’s needs.

Both “Online Oscar” and “Bargain Barb” are highly driven by price. Barb goes to the grocery store and purchases items that provide the best deal for her dollar with a slight interest in ingredient labels. Oscar shops online and primarily compare sales and pricing, without paying much attention to nutritional information.

70% of our respondents said they purchase frozen products frequently when they purchase groceries, showing that frozen foods are a large part of every grocery store trip for most customers, for the other 30% they generally have a negative perception of frozen foods. This segment is represented by “Nutrient Knowing Nancy” and her vigilance on checking ingredient labels, nutrients and a focus on home cooking. We will omit ingredient-conscious people from our target segments because Smart Ones and other frozen meal products suffer from a complicated ingredient list.

BRAND POSITIONING & VALUE PROPOSITION

Positioning Statement

Smart Ones is a product for the consumer who is highly focused on convenience and on-the-go mealtime solutions in order to keep up with their busy lives while finding a healthier single-serving option. Smart Ones is a brand of delicious, well-portioned, frozen convenience products that simplify meal preparation because it offers the cheapest price for the best value while still being a healthy option for consumers on-the-go.

Value Proposition

Smart Ones offers convenient, affordable, and trustworthy products in every day nutritious meals that offer the sought after healthy alternative without compromising taste and value. Our promise is to satisfy your hunger and cravings with delicious, nutritious, single-serve mealtime solutions.



ANGEL HAIR MARINARA

200	2.5g	4g	7g
Calories	Fat	Fiber	Protein

Al dente angel hair pasta in an herbed marinara sauce with spinach and zucchini.



ASIAN STYLE BEEF & BROCCOLI

170	5g	4g	15g
Calories	Fat	Fiber	Protein

Seasoned beef and broccoli florets in a sweet and spicy sauce



BALSAMIC CHICKEN MARGHERITA

240	4g	2g	14g
Calories	Fat	Fiber	Protein

Roasted white meat chicken and radiatori pasta in a balsamic tomato sauce topped with a cheese...

Above: graphic depicting nutritional information on EatYourBest.com, Smart Ones' official website

STRATEGIC IMPLICATIONS

Moving forward, it is recommended that Kraft Heinz implement the following strategies in order to increase market share and boost sales:

Emphasize what makes Smart Ones different from powerhouse competitors. Smart Ones offers the best bang for your buck. With almost all competitors offering similar convenience options in frozen meals, Smart Ones differentiates itself with its price and variety. Included in Smart Ones' frozen meal product line are 78 different cuisine options at a cost average between \$1.79 and \$3.99. When the price doesn't matter to the consumer, brand awareness takes over. Therefore, developing Smart Ones' unique offerings strengthens their position amongst their competitors.

Redesign packaging to highlight low sodium content products. A large majority of survey respondents and interviewees have cited both printed sodium content and perceived high sodium content as primary deterrents for not purchasing frozen meal products. From secondary research, we have found that none of Smart Ones' primary competitors follow this practice. With an eye on health, *Smart Ones* is one of the only brands with "no preservatives freezing".⁴

Leverage store sampling in supermarkets, big-box and wholesale stores and track sales success.- Over 90% of our survey respondents purchase their groceries in-store, and 70% of those customers purchase frozen items more than half the time they visit the grocery store. According to our data, 78% of consumers spend more than 31 minutes at the grocery store, this time could be spent sampling Smart Ones. By offering to sample, the perceived idea that Smart Ones tastes bland would be mitigated, creating a positive brand touchpoint as consumers receive a free snack

These strategies will meet the needs of customers who currently do not purchase frozen meal products and will separate Smart Ones from their competition. Each of these factors also adheres to the values of convenience and low pricing consumers look for in their frozen meal purchases.

REFERENCES & RESOURCES

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Kraft Heinz Question Guide:

<https://drive.google.com/file/d/1xgMIVQA0yCBatyYaYKh2upvNL4W0wlw9/view?ths=true>

Kraft Heinz Survey Report:

<https://drive.google.com/open?id=1JLuGrMip7i7oqyGrkXmia6hrp3O7CFfL>