

Peanut Co.

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Agenda

- Company Overview and Problem Statement
- Guesstimate the market
- Industry analysis
- Proposed Solution

Company Overview and Problem Statement

Company Overview

- Peanut Co. is a U.S. snack foods company specialized in snacking peanuts.
- Almond Co. is another U.S. snack foods company specialized in snacking Almonds.

Problem Statement

- Peanut Co. is planning to acquire Almond Co.

Guesstimate the market

Assumptions:

- U.S. population: 300M
- 1 snack almonds packet: 16 ounces
(1 ounce is about a handful, 23 almonds, 1/4 cup)
- Price of packet: \$2

Total number of packets: $750M + 1800M + 1800M = 4.3B$
cost of 1 packet = \$2
Total market = $4.3B * \$2 = 8.6B$
Thus,
Total market size: \$8 - 10B

	Don't Snack nuts	Casual customers	Health conscious customers	Frequent cutomers
% of U.S. population	70%	10%	10%	10%
Population size	210M	30M	30M	30M
Number of packets consumed/year	0	25 (2 per month)	60 (5 per month)	120 (10 per month)
Total	0	750M	1800M	1800M

Industry analysis

Assumptions:

- Almond Co's current market share: 10%
- Almond Co's profit margin: 50%
- Purchase price for PeanutCo: \$1.5B

The U.S. market size: \$10B

Almond Co's revenue: \$1B

Almond Co's profit: \$500M

purchase price: \$1.5B

payback period: $\$1.5B / \$500M = 3$ years

Benefits:

- Cross sell almond products to existing customers
- Understand the marketing of another variety of nuts
- Additional sales strategy (e.g. flavor, packaging, etc.)

Risks

- cannibalization
- Competitor market growth (if not acquired)

Proposed Solutions

Aquire/not	Acquire	NotAquire
Justification	<ul style="list-style-type: none">• Large and growing market• Quick payback period of 3 years	<ul style="list-style-type: none">• Cannibalize current sales• could impact current margin structure• could dilute brand
Risks	<ul style="list-style-type: none">• Cannibalize exisiting products• Dilute brand	Competitor's market growth
Next Steps	<ul style="list-style-type: none">• can get more favorable deal price• determine what exact innovation can be carried over from peanut business	Understand other competitor's market contribution

THANK
YOU

