

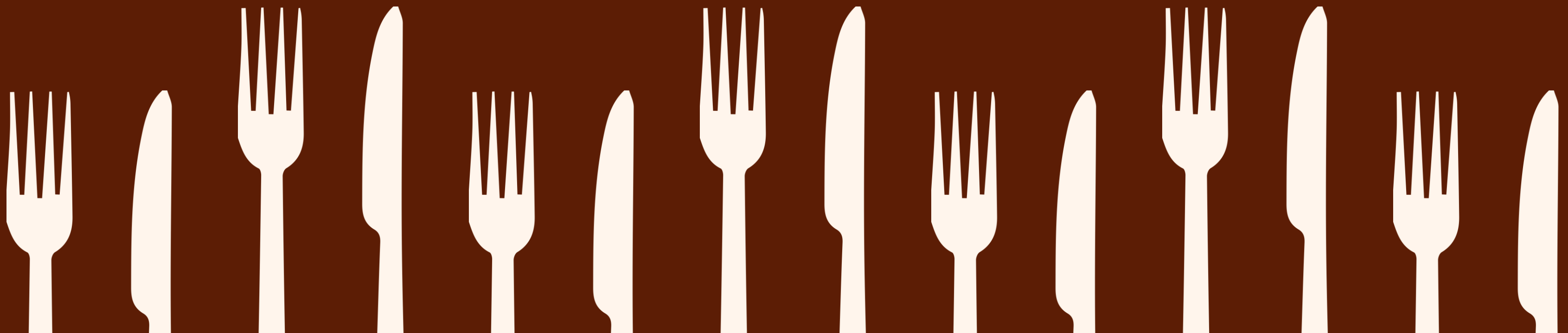
# Lays

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**Do you want some  
ketchup chips?**



# Content

- **Executive Summary**
  - **Situation Analysis**
  - **Positioning/Value Proposition**
  - **Marketing Mix Recommendations**
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# Executive Summary

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# Executive Summary

## Cluster analysis result

Respondent	Pringles vs. Lays	Oishi_Raw vs. Lays	sweat potato vs. potato	Chinese yam vs. potato	cheese vs. original	barbeque vs. original	ketchup vs. original	bar vs. round chip	ball vs. round chip	\$0.99 vs. \$1.99	\$1.49 vs. \$1.99
1	-0.25	-0.30	-0.16	-0.18	-0.03	-0.02	-0.30	0.08	-0.26	2.85	1.42
2	-0.89	-0.73	-0.53	-1.03	-0.01	0.76	0.90	-0.27	-0.60	1.21	0.49
3	-0.21	-0.47	-0.52	-0.83	-1.33	-0.66	-0.95	-0.80	-1.32	1.23	0.42
4	0.02	-0.09	0.02	-0.14	-0.30	0.06	-0.06	0.00	0.02	0.80	0.31
Avg	-0.33	-0.40	-0.30	-0.55	-0.42	0.03	-0.10	-0.25	-0.54	1.52	0.66

The second cluster: “Love The Flavors and Lays”

(prefer potato chip and ketchup flavor; Loyal to Lays)



Pringles's original flavor potato chips

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\$1.02

\$2.40

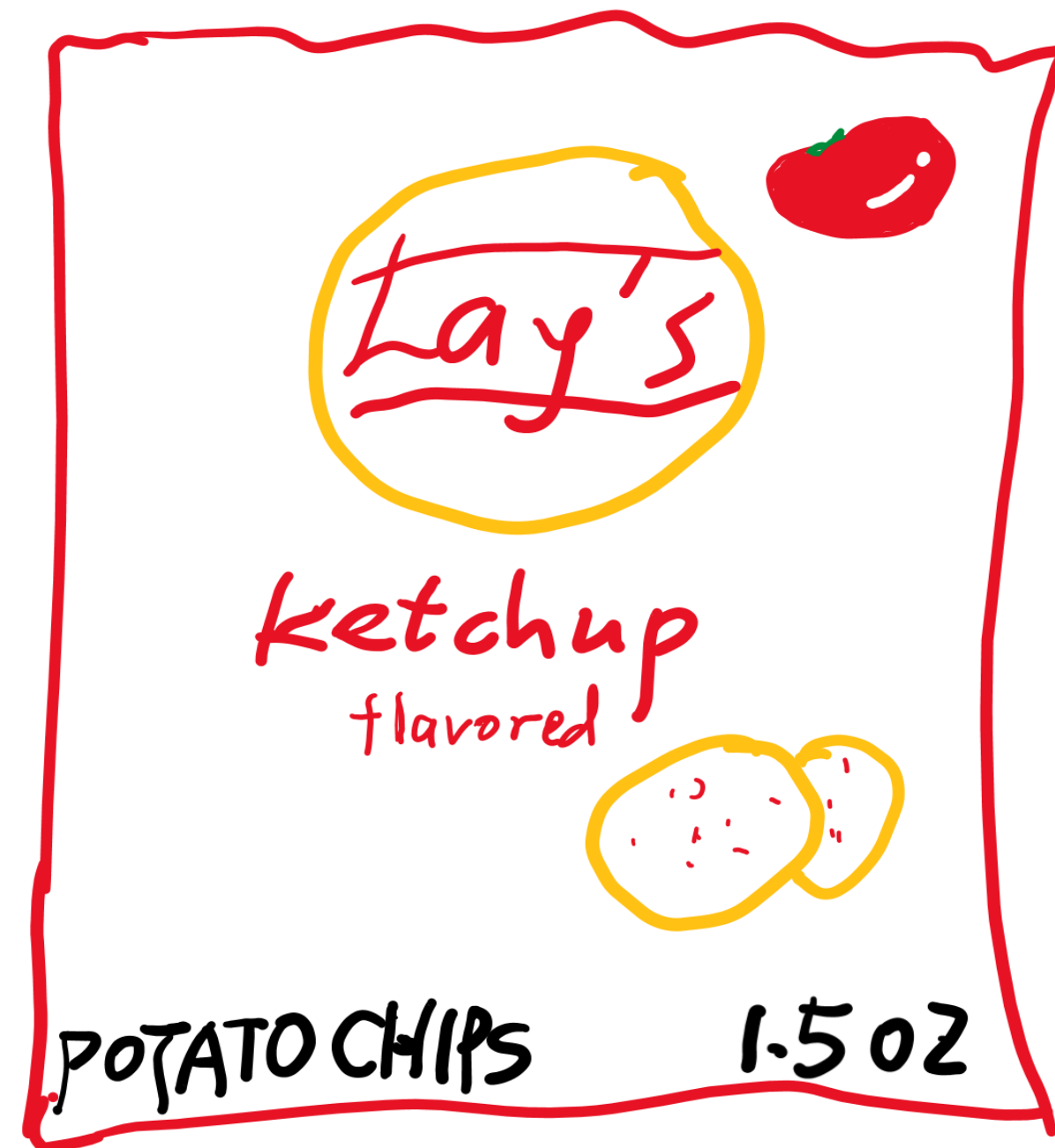


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Oishi's barbecue Chinese yam bars

# Our new product !

**Lays round-shape, ketchup flavor, potato chips**



**\$1.77**

# huge potential in profitability

- **Market share**

24%

- **Profit**

\$262.56 in 1000 people

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# Situation analysis

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**Company, Competition and Customers**

# A Brief History



## Frito Lays

Worldwide famous snack food company

Found in 1932

Subsidiary of PepsiCo

## 29 snack food brands

Lays, Fritos, Cheetos, Doritos, sun chips, etc

## Lays

Sales revenue of \$1.7 billion

30% market share





# Strengths

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## Various flavors

22 flavors  
→ maintain large  
customer base

## Strong brand image

Market leader  
Good reputation & loyal customers  
Target young adults

## Distribution network

PepsiCo's widespread  
distribution channel

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# Weaknesses

## Growing health concerns

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Avoid high fat and excessive additives intake  
→ reduction in snack consumption

## Poor profit margin

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Fierce competition  
Little differentiation  
Price-sensitive customers

## Potential cannibalization

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Cannibalization among other Frito Lays brands



# Competitors

## Pringles & Oishi



## Pringles

potato and wheat-based stackable chips

originally developed by P&G in 1967

sold to Kellogg's in 2012

second largest chip brand

sales revenue of \$549.7m → 10%

## Strengths

Creativity of packaging

Various flavors



## Weaknesses

Low brand awareness

# Competitors

## Pringles & Oishi



## Oishi

Snack brand based in Philippines  
started in 1946

began distributing snack food in 1974  
made a revenue of \$491m

## Strengths

Special flavors



## Weaknesses

Limited channels  
Higher price



# Customer-Overview

Respondent	Pringles vs. Lays	Oishi_Raw vs. Lays	sweat potato vs. potato	Chinese yam vs. potato	cheese vs. original	barbeque vs. original	ketchup vs. original	bar vs. round chip	ball vs. round chip	\$0.99 vs. \$1.99	\$1.49 vs. \$1.99
1	-0.25	-0.30	-0.16	-0.18	-0.03	-0.02	-0.30	0.08	-0.26	2.85	1.42
2	-0.89	-0.73	-0.53	-1.03	-0.01	0.76	0.90	-0.27	-0.60	1.21	0.49
3	-0.21	-0.47	-0.52	-0.83	-1.33	-0.66	-0.95	-0.80	-1.32	1.23	0.42
4	0.02	-0.09	0.02	-0.14	-0.30	0.06	-0.06	0.00	0.02	0.80	0.31
Avg	-0.33	-0.40	-0.30	-0.55	-0.42	0.03	-0.10	-0.25	-0.54	1.52	0.66

Main Concern:

Gaining weight

	Concern			Purchase Way			willingnesss	Age	Gender	
Frequen cy 4-5	Gaining weight	additive	extra expense	Online	Supermarket	Vending Machine	Try new snacks	21-23	Female	Size
6	0.736842	0.526316	0.368421	0.157895	0.842105263	0.210526	0.127273	0.145455	0.1	0.172727
5	0.666667	0.333333	0.296296	0.407407	0.962962963	0.296296	0.154545	0.209091	0.163636	0.245455
4	0.666667	0.380952	0.333333	0.285714	0.952380952	0.142857	0.145455	0.172727	0.109091	0.190909
4	0.604651	0.465116	0.232558	0.255814	0.720930233	0.232558	0.245455	0.327273	0.227273	0.390909
Average	0.67	0.43	0.31	0.28	0.87	0.22	0.17	0.21	0.15	

Most popular purchase way:

Supermarket



# Customer-Cluster1: Bargain Hunters

Respondent	Pringles vs. Lays	Oishi_Raw vs. Lays	sweat potato vs. potato	Chinese yam vs. potato	cheese vs. original	barbeque vs. original	ketchup vs. original	bar vs. round chip	ball vs. round chip	\$0.99 vs. \$1.99	\$1.49 vs. \$1.99
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3	-0.21	-0.47	-0.52	-0.83	-1.33	-0.66	-0.95	-0.80	-1.32	1.23	0.42
4	0.02	-0.09	0.02	-0.14	-0.30	0.06	-0.06	0.00	0.02	0.80	0.31
Avg	-0.33	-0.40	-0.30	-0.55	-0.42	0.03	-0.10	-0.25	-0.54	1.52	0.66

## Price sensitive:

1. highest part worth on “0.99 vs. 1.99” and “\$1.49 vs. \$1.99”

	Concern			Purchase Way			willingnesss	Age	Gender	
Frequen cy 4-5	Gaining weight	additive	extra expense	Online	Supermarket	Vending Machine	Try new snacks	21-23	Female	Size
6	0.736842	0.526316	0.368421	0.157895	0.842105263	0.210526	0.127273	0.145455	0.1	0.172727
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Average	0.67	0.43	0.31	0.28	0.87	0.22	0.17	0.21	0.15	

2. primary concern is an extra expense

3. the largest number of people buying snacks 4-5 times a week



# Customer-Cluster 2: Love the Flavors and Lays

Respondent	Pringles vs. Lays	Oishi_Raw vs. Lays	sweat potato vs. potato	Chinese yam vs. potato	cheese vs. original	barbeque vs. original	ketchup vs. original	bar vs. round chip	ball vs. round chip	\$0.99 vs. \$1.99	\$1.49 vs. \$1.99
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Avg	-0.33	-0.40	-0.30	-0.55	-0.42	0.03	-0.10	-0.25	-0.54	1.52	0.66

## Love the Flavors:

- a particular preference for barbeque and ketchup flavors
- the most significant average part-worth values on “cheese vs. original”

## Love the Lay's:

- The smallest part-worth values on both “Pringles vs. Lays” and “Oishi vs. Lays”

# Customer-Cluster 3: Loyal Original Style Supporters

Respondent	Pringles vs. Lays	Oishi_Raw vs. Lays	sweat potato vs. potato	Chinese yam vs. potato	cheese vs. original	barbeque vs. original	ketchup vs. original	bar vs. round chip	ball vs. round chip	\$0.99 vs. \$1.99	\$1.49 vs. \$1.99
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4	0.02	-0.09	0.02	-0.14	-0.30	0.06	-0.06	0.00	0.02	0.80	0.31
Avg	-0.33	-0.40	-0.30	-0.55	-0.42	0.03	-0.10	-0.25	-0.54	1.52	0.66

Dominating the **lowest part-worth values** on almost all kinds of comparisons **between new stuff and original stuff**.

	Concern			Purchase Way			willingnesss	Age	Gender	
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Average	0.67	0.43	0.31	0.28	0.87	0.22	0.17	0.21	0.15	

- ✓ Potato
- ✓ Original flavor
- ✓ Round chip



# Customer-Cluster 4:

## Featureless But Full of Possibilities

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4	0.02	-0.09	0.02	-0.14	-0.30	0.06	-0.06	0.00	0.02	0.80	0.31
Avg	-0.33	-0.40	-0.30	-0.55	-0.42	0.03	-0.10	-0.25	-0.54	1.52	0.66

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Average	0.67	0.43	0.31	0.28	0.87	0.22	0.17	0.21	0.15	

- does not have significant distinctions on attributes
- least price-sensitive customers
- the highest percentage of people who said they are willing to try new snacks



# Positioning/Value Proposition

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# Positioning / Value Proposition

“We offer round potato chips with exciting tomato seasoning to Lays-loyal customers to fit their demand for this particular flavor.”





# Why customers will buy our new product?

Lays-loyalty

Potato and  
ketchup fans

Marketing  
strategy

**‘Make life flavorful’**

**a. Promote sales in  
Supermarket**

**b. Christmas holiday**

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# Marketing Mix Recommendations

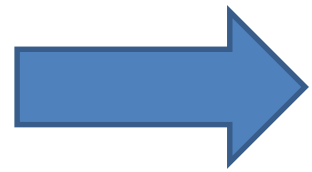
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# Marketing Mix Recommendations

**Product: round-shape, ketchup flavor, potato chips**

**Price: \$1.77 for 1.5oz**

**Speculate the  
Costs**



**Define  
Competitors**





**Product  
Optimization**



# Cost Speculation – Walmart Grocery

## Raw Materials








**\$0<sup>41</sup>** each (58.0 cents/LB)

Russet Baking Potatoes, each

Final cost based on weight

 **Add to Cart**








**\$0<sup>50</sup>** each (62.0 cents/LB)

Sweet Potatoes, each

Final cost based on weight


 **Add to Cart**





**\$1<sup>48</sup>** (\$1.48/LB)

Baked Yam, 6 oz

 **Add to Cart**

# Cost Speculation – Walmart Grocery

## Flavors



**\$0<sup>84</sup>**

(3.2 cents/OZ)

Morton Iodized Table Salt, All-Purpose Iodized Salt for Cooking, Seasoning, and Baking, 26 OZ Canister

 Add to Cart



**\$2<sup>08</sup>**

(10.4 cents/OZ)

Heinz Tomato Ketchup, 20 oz Bottle

 Add to Cart



**\$1<sup>88</sup>**

(10.4 cents/OZ)

Sweet Baby Ray's Barbecue Sauce, Original, 18 Oz

 Add to Cart



**\$1<sup>98</sup>**

(24.8 cents/OZ)

Great Value Finely Shredded Colby & Monterey Jack Cheese, 8 oz

 Add to Cart



# Cost of Each Attribute Level

	Listed Price at Walmart Grocery Store for 42.5g	Percentage of Total Weight	Attribute Level Cost
potato	\$0.0637	90%	\$0.05733
sweet potato	\$0.0581	90%	\$0.05229
chinese yam	\$0.1387	90%	\$0.12483
	Listed Price at Walmart Grocery Store for 42.5g		
original	\$0.0375	10%	\$0.00375
cheese	\$0.4095	10%	\$0.04095
barbecue	\$0.1935	10%	\$0.01935
ketchup	\$0.1605	10%	\$0.01605
round chip (Baseline Marginal Costs Included, e.g.frying, packaging, transportation, marketing)			\$0.6
bar			\$0.65
ball			\$0.7

# Competitors – Amazon



Oishi Chips (Potato Sticks (Tomato), 3 Pack)

★★★★☆ ~ 11

\$12<sup>98</sup>

✓prime FREE Delivery Wed, Dec 4

Only 1 left in stock - order soon.

Oishi's barbecue Chinese yam bars, with a price of \$2.4



Pringles Chips - Original - 5.68 oz - 3 pk

★★★★☆ ~ 31

\$11<sup>98</sup> (\$0.69/Ounce)

✓prime FREE Delivery Wed, Dec 4

Only 14 left in stock - order soon.

Pringles's original flavor potato chips, with a price of \$1.02



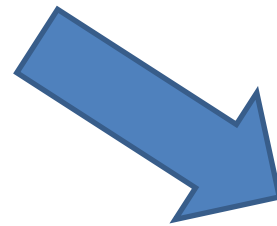
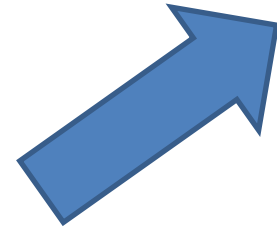
# Product Optimization

Combination  
of Product  
Features



**Price**

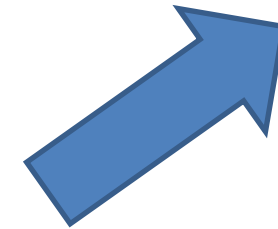
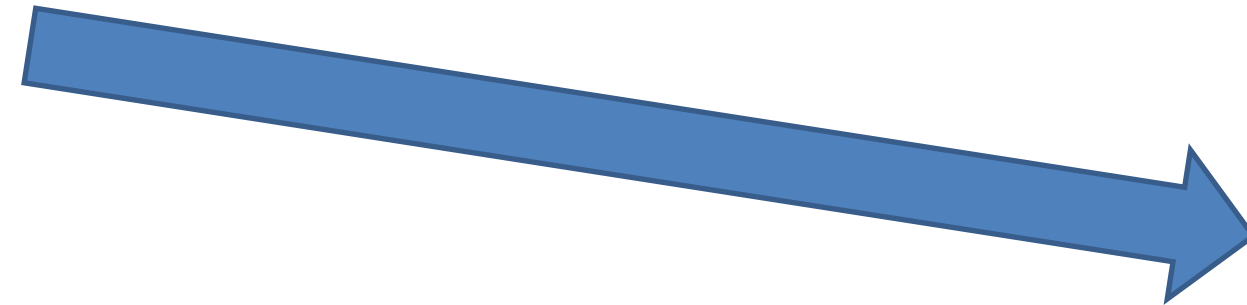
**Cost**



**Utilities**



**Market  
Share**



**Profits**

# Cost of Each Attribute Level

potato barbecue chip

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Raw material	Potato	Potato	Potato	Potato	Potato	Potato	Potato	Potato	Potato	Potato	Potato	Potato	weat potat	weat potat	weat potat	weat potat	weat potat
Flavor	Original	Original	Original	Cheese	Cheese	Cheese	Barbecue	Barbecue	Barbecue	Ketchup	Ketchup	Ketchup	Original	Original	Original	Cheese	Cheese
Shape	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar
Price	\$1.47	\$1.55	\$1.60	\$1.61	\$1.79	\$1.83	\$1.64	\$1.77	\$1.92	\$1.77	\$1.84	\$2.09	\$1.64	\$1.78	\$1.81	\$1.85	\$1.96
Market Share	31%	24%	20%	21%	17%	14%	31%	24%	19%	24%	20%	15%	23%	17%	15%	16%	14%
Total Unit Cost	\$0.66	\$0.71	\$0.76	\$0.70	\$0.75	\$0.80	\$0.68	\$0.73	\$0.78	\$0.67	\$0.72	\$0.77	\$0.66	\$0.71	\$0.76	\$0.69	\$0.74
Profit (1000 people)	\$254.84	\$205.86	\$166.06	\$194.27	\$173.74	\$142.90	\$300.83	\$255.69	\$215.72	\$262.56	\$226.50	\$193.84	\$224.34	\$187.46	\$161.37	\$184.52	\$168.98
Profits rank							1			3							

18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
weat potat	weat potat	weat potat	weat potat	weat potat	weat potat	weat potat	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan	Chinese yan
Cheese	Barbecue	Barbecue	Barbecue	Ketchup	Ketchup	Ketchup	Original	Original	Original	Cheese	Cheese	Cheese	Barbecue	Barbecue	Barbecue	Ketchup	Ketchup	Ketchup
Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball	Chip	Bar	Ball
\$1.98	\$1.77	\$1.84	\$1.94	\$1.88	\$1.94	\$2.19	\$2.01	\$1.86	\$2.25	\$1.89	\$1.90	\$2.01	\$2.03	\$1.91	\$2.34	\$2.01	\$2.07	\$3.01
12%	25%	21%	17%	20%	18%	13%	14%	14%	10%	13%	12%	10%	17%	17%	12%	16%	13%	7%
\$0.79	\$0.67	\$0.72	\$0.77	\$0.67	\$0.72	\$0.77	\$0.73	\$0.78	\$0.83	\$0.77	\$0.82	\$0.87	\$0.74	\$0.79	\$0.84	\$0.74	\$0.79	\$0.84
\$143.67	\$277.34	\$236.20	\$203.45	\$247.75	\$215.52	\$191.62	\$179.42	\$152.35	\$136.44	\$149.96	\$133.57	\$120.50	\$217.48	\$187.25	\$174.28	\$197.88	\$171.84	\$162.61
	2																	

Sweet potato barbecue chip

# Marketing Mix Recommendations

**Product: round-shape, ketchup flavor, potato chips**

**Price: \$1.77 for 1.5oz**



**Market Share: 24%**

**Total Profits: \$262.56 per 1000 people**





**Thanks for listening!**